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Audit copy

Fraport Facility Services GmbH (formerly: GCS Gesellschaft für Cleaning Service mbH & Co. Airport Frankfurt/Main KG), Frankfurt am Main

Annual financial statements as of December 31, 2022 and management report for the fiscal year from January 1 to December 31, 2022

INDEPENDENT AUDITOR’S REPORT

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Contents **Page**

Management Report for the 2022 Fiscal Year 1

Annual Financial Statements for the Fiscal Year from January 1 to December 31, 2022 1

1. Balance Sheet as of December 31, 2022 2
2. Income Statement for the Period from January 1 to December 31, 2022 5
3. Notes to the Annual Financial Statements for the 2022 Fiscal Year 7

   Statement of Changes in Fixed Assets for the Fiscal Year from January 1 to December 31, 2022 (Annex to the Notes) 25

INDEPENDENT AUDITOR'S REPORT 1

Fraport Facility Services GmbH

(Formerly: GCS Gesellschaft für Cleaning Service mbH & Co. Airport Frankfurt/Main KG), Frankfurt am Main

Management Report for the 2022 Fiscal Year

I. Basic information on the company

1. Business activities

Fraport Facility Services GmbH generates its sales mainly at and in the area near Frankfurt Airport.

Its primary areas of activity at these premises include infrastructure and technical services. Infrastructure services include, in particular, building cleaning, parking garage cleaning, glass cleaning, and construction site and specialist cleaning. Services are also provided for pest control, baggage cart management, and moving logistics. The technical services include work primarily in connection with plumbing, heating, mechanics, electrical engineering, and cleaning of air conditioning and ventilation duct systems. A range of activities covering sewage and waste disposal services was added in 2022. The company has also been carrying out maintenance on trailers as of the second half of the year.

2. Financial and non-financial key performance indicators

The key financial performance indicators are sales, net return on sales, EBITDA (earnings before interest and taxes, depreciation and amortization), and net income for the year. EBT will be added as a key performance indicator from 2023 onward.

The key non-financial performance indicators are derived from quality scores taken from the FraQS evaluations performed by Fraport AG. These are systemically based quality indicators on the basis of on-site inspections. Passenger ratings collected by Fraport AG of the cleaning services provided in the passenger area hold just as much importance. A further key performance indicator is the sickness rate.

II. Economic report

1. Business performance in the reporting year

General economic development

2022 was a turbulent and challenging year for the entire aviation industry and for related segments. The situation with coronavirus lockdowns at the start of the year followed by a sharp rise in demand put a lot of strain on all process partners when operations started up again. Added to this was global uncertainty triggered by the start of the war in Ukraine on February 24, 2022. There were sudden disruptions to supply chains and some broke down. Delivery times for numerous products became significantly longer. There were shortages in the supply of raw materials, particularly energy sources such as oil and gas, as a result of the EU imposing sanctions on Russia, which inevitably led to high price volatility on the capital markets. Though other commodity groups reacted to the political developments as well. According to the German Federal Statistical Office, in 2022 as a whole consumer prices rose by 7.9% year-on-year, with price rises just 3.1% in 2021.

In 2022, Frankfurt Airport welcomed around 48.9 million passengers altogether. This was roughly double the figure for the previous year (+97.2%). After the subdued start to the year following the spread of the omicron variant of coronavirus, an extremely dynamic rise in passenger volumes set in from March that persisted until the end of the year. The easing of measures to protect against infection and the lifting of travel restrictions boosted demand among leisure travelers in particular. Vacation periods easily saw triple-digit growth rates year-on-year. At their peak in April, they were over 300%. In the fourth quarter of the year, total volumes moved between +40% and +50%. There was a steady improvement in business travel interest as well toward the end of the year, but passenger volumes remained down on the pre-crisis level of 2019 by 30.7%. For service providers at Frankfurt Airport, this coincided with an improvement in orders. Almost all companies has a focus on recruiting staff. However, the existing personnel shortages in Germany made the hunt for both skilled workers and low-skilled workers much tougher. The situation is especially strained in technical professions more than any other.

Despite all these challenges, German gross domestic product grew by 1.9% in 2022, with the service industries in particular benefiting from catch-up effects.

Cleaning contract between Fraport AG and Fraport Facility Services GmbH (Terminal 1, service units, and administrative area)

The major cleaning contract that Fraport Facility Services GmbH has with Fraport AG has a term until April 30, 2024, and gives the client an option to extend the contract for an additional year (until April 30, 2025).
This provides a stable baseline for the order situation.

Development of the company

Numerous measures pertaining to corporate law were implemented in 2022 within Fraport Facility Services GmbH (formerly: GCS Gesellschaft für Cleaning Service mbH & Co. Airport Frankfurt/Main KG). In the course of the fiscal year, the company changed its legal form and its name to Fraport Facility Services GmbH. The former management company VCS GmbH, which has been left without a purpose following the change of legal form, was merged with Fraport Facility Services GmbH. In addition, the three companies owned by the Fraport Group, Flughafen Kanalreinigungsgesellschaft mbH, Frankfurter Kanalreinigungsgesellschaft mbH, and Fraport Beteiligungs-Holding GmbH, which operated in the field of waste disposal and were designated internally as sewer cleaning companies, were integrated into Fraport Facility Services GmbH by way of a string of mergers. The merger saw all current operational activities, 29 employees, and existing contracts transferred to Fraport Facility Services GmbH. The entire portfolio of services will be continued in the accustomed scope and quality. Consequently, the location in Hainburg will also continue to be used and, effective immediately, will be a non-independent unit of Fraport Facility Services GmbH. All transactions of the former sewer companies were acquired retroactively as of January 1, 2022. On the one hand, the merger is expected to reduce the number of intra-Group interfaces. The other aim is to generate efficiency improvements through the sharing of resources.

By a resolution on December 20, 2022, the Shareholders' Meeting agreed to conclude a domination and profit and loss transfer agreement with the parent company Fraport AG. The relevant Fraport departments are working together in 2023 to implement this agreement. Furthermore, the domination and profit and loss transfer agreement is still awaiting the approval of the Annual General Meeting of Fraport AG.

The company's operating and financial performance were pleasing in 2022. The easing of the coronavirus pandemic from March in particular as well as holiday travel led to an increase in activity at the airport, which in turn had positive effects on orders in the existing business. Furthermore, the "technical service" unit established itself as a strong partner to Fraport AG capable of providing comprehensive support, particularly for simple facility services. A major order in this connection that commenced in 2022 was the maintenance of trailer units. Trailer units refers to trailers (e.g. baggage trailers) that are used by Fraport AG Ground Services out on the apron. A decision was made to expand the infrastructure service portfolio, with the addition of ground maintenance services. A corresponding contract has been concluded with Fraport AG and is due to start on January 1, 2023.

Taking a look at the earnings situation, sales climbed by 41.1% from €30.7 million in 2021 to €43.4 million in 2022. Sales with Fraport AG rose by 41.5% to €38.0 million. Sales with the other Group companies also went up by 15.4% to €1.1 million. Third-party business grew by 45.8% year-on-year to €4.2 million. Operating expenses increased, mainly as a result of the greater need for HR services in order to place the increased volumes of work. The number of quality assurance services were also stepped up. On top of this, the one-off expense-reducing effect from the short-time work scheme in 2021 ceased to apply. However, because the increase in all expenses was less than the increase in sales, EBITDA rose by €0.6 million, from €2.8 million in the previous year to €3.4 million (the figures are presented in detail in section II 2.).

The projected figures for 2022 were calculated before Fraport Facility Services GmbH was merged with the sewer companies, so the comparison of planned and actual figures shows correspondingly high deviations. Overall, sales developed as planned. On the expenses side, expenditure was higher than planned, particularly in connection with quality assurance services. In addition, the company had not been anticipating such a steep rise in prices for materials and energy sources.

The non-financial quality measurement targets came under strain as a result of the rapid increase in passenger numbers and the cleaning volumes that this generated. Fraport AG employed a system-based method using the FraQS system to measure the cleaning quality provided by Fraport Facility Services GmbH. FraQS is Fraport's own system for mobile quality measurement, which is used by the Fraport department and Fraport Facility Services GmbH to provide quality assurance for the cleaning services performed. Random checks are carried out to measure the quality across the three quality areas. The quality targets stipulated in the cleaning contract were 55% for operations, 65% for hygiene, and 60% for passengers. In the 2022 reporting year, the actual measurements for hygiene and passengers surpassed the required target figures by a considerable margin. The company fell short of the passengers target figure during the summer months (July and August). Fraport AG resumed taking quality measurements for operations in July, and the figures were consistently above target. The figures were collected by way of regular inspections of the terminal.

The second quality measurement and contractual component is Fraport's passenger satisfaction ratings. To compile the passenger satisfaction ratings, passenger surveys are carried out on a regular basis on various topics relating to Frankfurt Airport, including cleaning. The points that are particularly relevant for Fraport Facility Services GmbH are “cleanliness of the terminal”, “cleanliness of the gate”, and “cleanliness of the restroom facilities”, with contractual target figures of 87%, 87%, and 79% respectively. The company received consistently poor customer satisfaction survey results in light of the rapid uptick in passenger traffic in Terminal 1 along with the fact that personnel resources were not ramped up until the summer. Throughout the year, the company mostly underperformed the passenger survey target figures that had been set. The penalty rule enshrined in the cleaning contract, which was suspended in the previous year as the coronavirus pandemic meant that no quality measurements could be taken, came back into force from January 1, 2022. From this point on, the survey concept was also changed from face-to-face surveys to tablet surveys. The actual target underperformance resulted in a penalty payment of €301.2 thousand for the first three quarters of the year. The result for the fourth quarter was not yet available as of December 31, 2022.

The target figure for the sickness rate was unchanged at 8% in 2022. Starting in 2022, planned hours were used as a basis for calculation in line with Group standards. The actual figure included a large number of absences in the first half of 2022 as a result of the omicron variant of the COVID-19 virus. At the end of the year, Fraport Facility Services GmbH reported a sickness rate of 8.55%, which is satisfactory taking into consideration the coronavirus offshoot. This figure already factors in the refunds granted by official decision of the regional authority on the basis of the German Infection Protection Act (€26,500.00 € ≙ 0.26% lowering of the sickness rate).

2. Position of the company

a) Results of operations

Sales rose by €12.6 million (+41.1%) to €43.4 million. Sales of €30.7 million were generated in the previous year. All business areas contributed to the increase in sales, with the infrastructure service unit accounting for the largest percentage increase. The main reasons for the increase include the improvement in the economic situation thanks to the recovery in air travel and the sales generated by the new business areas, which were included in the full-year figures for the first time. The target figure of €38.5 million was exceeded by €4.8 million (+12.5%), which is almost entirely due to the unplanned sales of €4.5 million from the merged sewer companies.

As in previous years, our main client was the parent company Fraport AG, with whom we generated 87.6% of our sales in the reporting year (previous year: 87.4%).

Other operating income amounted to €0.3 million, whereas a figure of €0.5 million was reported in the previous year. The decrease is due to lower reversal of provisions.

Cost of materials for Fraport Facility Services GmbH totaled €10.2 million in 2022, which is €5.1 million (+98.4%) higher than the previous year’s figure of €5.2 million. The rise can mainly be attributed to the increased use of external staff, as it was quicker for external recruitment agencies to source staff than for us to recruit permanent staff ourselves. Expenditure for consumption of materials also went up as a result of the increase in orders and the general price rises.

Personnel expenses increased by €5.3 million year-on-year to €25.8 million (previous year: €20.5 million). The merged sewer companies contributed €1.8 million to this increase. The fact that Fraport Facility Services GmbH had been using the short-time work scheme for part of last year and had received cost-reducing payments of €0.8 million from the German Federal Employment Agency also had an effect. The annual salary adjustment for salaried employees also accounted for 1.5% of the increase in expenses. Not only this, but from October 1, 2022, the minimum wage increased by 12.55% and the wages for wage group 6 (glass and facade cleaners) went up by 9.39%. The average headcount was 662 employees, whereas FFS had 643 employees in the previous year.

Other operating expenses went up by €1.4 million (+50.8%) to €4.2 million (previous year: €2.8 million). Greater expenditure for compensation payments, rental and leasing costs, and general operating expenses all contributed to driving up expenses. The increased figure also includes the penalty payment.

Earnings before interest, taxes, depreciation and amortization (**EBITDA**) totaled €3.4 million, up €0.6 million (+21.7%) on the previous year's figure of €2.8 million. The merged sewer companies contributed €1.2 million to EBITDA. The company thus slightly exceeded its planned figure of €3.2 million. The main reason for this was the merger of the sewer companies, which had not been factored into the company's planning.

Depreciation and amortization amounted to €0.6 million at the end of the year, which equates to an increase of €0.3 million (+89.6%). This figure reflects both the increased investing activities in 2022 and the added depreciation and amortization from the merged sewer companies.

The **financial result** was low at €0.1 million, although the assumption of the Fraport Malta loan belonging to the sewer companies did result in the first-time recognition of €19 thousand in interest expenses for borrowing.

The **result from ordinary activities** (EBT) was €2.7 million, representing an increase of €0.3 million (+12.5%) on the previous year's figure of €2.4 million. Income tax relief of €-0.3 million (previous year: income tax expenses of €0.6 million) resulted in **net income for the year** of €3.1 million at the end of the full year in 2022, corresponding to an increase of €1.3 million (+68.2%).

The fact that net income for the year was higher than EBT is due predominantly to deferred tax effects arising from the change of legal form. Planned net income for the year was €1.9 million, so this figure was significantly exceeded. This can be explained, on the one hand, by the unplanned positive effects from the merger of the sewer companies and, on the other hand, by the effect from deferred taxes, which had been recognized in a lower amount in the company's planning.

Net return on sales of 6.3% (calculated on the basis of EBT) was lower than last year's figure of 7.9%. The method for calculating profitability on net sales was amended such that net income for the year is no longer used as an input variable. The idea behind this is to prevent the high effects from deferred taxes from distorting profitability and significantly exaggerating the amounts. The company's planning had assumed a net return on sales of 7.4% (calculated on the basis of EBT). The actual figure therefore fell short of the planned figure, which is largely due to an unplanned steep rise in costs triggered by wage rate increases and price rises.

b) Net assets

At €12.7 million, total assets were €5.8 million (+84.2%) higher than the previous year's figure of €6.9 million. Fixed assets accounted for €2.3 million (previous year: €761 thousand). The sharp increase year-on-year was mainly due to additions to assets in the form of high-priced sewer cleaning vehicles in the course of the merger with the sewer companies. Current assets were €8.1 million at the end of the year, corresponding to an increase of €2.1 million (+35.2%) year-on-year (previous year: €6.0 million). The increase was largely evident in the item "Receivables from affiliated companies", which reflects the amount of cash in the cash pool with Fraport AG. The increase can mainly be explained by the higher net income for the year in 2022 compared with 2021 and the outstanding cash-out transaction for tax expenses. The deferred tax assets item totaled €2.2 million and relates primarily to tax effects from the change of legal form from a partnership (GmbH & Co. KG) to a limited liability corporation (GmbH).

Equity went up by €2.7 million (+79.1%) to €6.0 million (previous year: €3.4 million). The key factors that contributed to this were the net income generated in 2022 and the retained profits of €1.288 million from the net income for 2021.

Borrowing of €6.7 million was largely short-term in nature. In the previous year, Fraport Facility Services GmbH used borrowed capital of €3.5 million. On the one hand, this year-on-year increase reflects the tax provision resulting from the realization of hidden reserves as part of the change in legal form. It also includes the assumption of a loan for €1.0 million as a result of merging the sewer companies with Fraport Facility Services GmbH.

Long-term borrowing consisted of the aforementioned loan; pension obligations, which amounted to €931 thousand at the end of the fiscal year (previous year: €957 thousand); provisions for anniversary bonuses of €178 thousand (previous year: €212 thousand); and the provision for the archive of €87 thousand (previous year: €82 thousand). The long-term claim for reimbursement under other assets was financed through long-term pension obligations.

Looking at the balance sheet structure as of December 31, 2022, fixed assets accounted for a share of 18.3% of total assets (previous year: 11.1%). The equity ratio went down slightly to 47.4% (previous year: 48.8%).

c) Financial position

As of the balance sheet date, Fraport Facility Services GmbH had total available cash and cash equivalents of €5.4 million (previous year: €3.3 million), which, alongside cash-in-hand of €934.22, originate almost entirely from receivables in the cash pool with Fraport AG. The liquidity situation was assessed on a regular basis and was secured at all times.

d) Staff and welfare

On December 31, 2022, Fraport Facility Services GmbH employed a total of 712 employees (previous year: 640), of which 659 hourly paid workers, 49 salaried employees, and 4 casual workers. Of the total 712 employees, 242 are women, 60 have a severe disability, and 60 work part-time.

Fraport Facility Services GmbH’s average headcount was 662 employees (previous year: 643), thereof 616 hourly paid workers (previous year: 602), 42 salaried employees (previous year: 39), and 4 casual workers (previous year: 3).

III. Forecast, opportunity, and risk report

1. Opportunities of future development

The contract that was concluded with Fraport AG on May 1, 2020 forms the basis for the cleaning services that have been provided to date at Frankfurt Airport. This contract has allowed Fraport Facility Services GmbH to secure its business basis up to April 30, 2024. The merger of the Fraport sewer companies with Fraport Facility Services GmbH has once again broadened the product portfolio and opened up new areas for development. Furthermore, the new business area of ground maintenance has added another cornerstone to the existing portfolio of services and is yielding new growth potential.

The technical service unit has established itself as a “subcontractor” from Fraport AG’s perspective. Based on this concept, Fraport AG utilizes the more favorable cost structure and greater flexibility afforded by the subsidiary specifically to have services that are straightforward and quick to perform executed from within the Fraport Group companies. This opens up an extremely varied range of opportunities. For example, with the newly added trailer unit maintenance contract Fraport Facility Services GmbH has acquired yet another service that promises potential growth.

In addition, the new company name “Fraport Facility Services GmbH” alludes to the now extensive range of services provided by the company and clearly signals the company’s affiliation with the Fraport Group. The management is expecting this to result in an improved market and competitive position going forward, which will attract prospective new customers and orders.

2. Risks of future development

As a subsidiary of Fraport AG, Fraport Facility Services GmbH is integrated in the risk management system of the parent company and reports on discernible business risks once per quarter.

Furthermore, since mid-2014 Fraport Facility Services GmbH has also been included in Fraport’s systematic internal control system (ICS), which means that material risks and controls are documented in a standardized way and assessed by means of a self-assessment. On the basis of this assessment, Fraport Facility Services GmbH presents the material external and business risks by order of priority below.

Financial risks stem primarily from the cleaning contract for Terminal 1 at Frankfurt Airport. Risk drivers are the quality requirements and the associated risk of penalty payments if the company fails to meet these requirements, particularly on the basis of the applicable passenger ratings, which are an integral part of the cleaning contract.

The order situation of Fraport Facility Services GmbH is determined to a large extent by the cleaning and service contracts from Fraport AG. Fraport AG, in turn, is highly dependent on the overall development of Frankfurt Airport, which means that Fraport Facility Services GmbH is heavily impacted by this development as well. For this reason, the further course of market recovery in the wake of the coronavirus pandemic is a key factor affecting the further course of business for Fraport Facility Services GmbH. As the uncertain general economic developments continue, particularly as a result of the Ukraine crisis and its ramifications, there is a chance that the aforementioned risks may escalate. If Fraport AG were to terminate its contract, this would constitute a threat to the continued existence of Fraport Facility Services GmbH. There are no current indications at all that this scenario will occur.

The recruitment of a sufficient number of qualified staff is of fundamental importance to Fraport Facility Services GmbH as a service provider. There are extreme shortages in the supply of such staff on the market, particularly in technical professions. If the situation gets any worse, there is a risk that the company may not be in a position to fully complete its orders.

As things stand, there are no risks jeopardizing the company’s continued existence as a going concern.

3. Forecast

a) Sales and earnings development

According to the adopted business development plan, net sales of €50.2 million are expected for 2023. This can be attributed, on the one hand, to the expansion of existing business and, on the other, to the acquisition of new contracts for infrastructure and technical services. The projected figures include EBITDA of €4.7 million and a result from ordinary activities (EBT) of €4.0 million. This equates to a return on sales of 8.0%. Net income for the year is no longer anticipated from 2023 onward, as the management of the company is preparing to sign a domination and profit and loss transfer agreement with the parent company Fraport AG.

b) Personnel

Meeting staffing requirements is essential, especially during pronounced passenger peaks and when carrying out new contracts. The plan is to rely increasingly on temporary workers during the summer months when there are high passenger volumes and correspondingly greater volumes of cleaning work. Total staff numbers will need to be boosted to 789 to fulfill the orders that have been used as a basis for the company's planning. Alongside employee recruitment, training and skilling also plays a significant role. The required training and further skilling take place both within the company and in partnership with recognized training providers.

Fraport AG has been skilling trainees in a wide range of disciplines for many years. In the 2022/2023 academic year, two trainees were skilled in the technical service unit. In 2023, there are plans to recruit a further trainee in the administrative area.

c) Non-financial key performance indicators

Management will be continuing the actions it has taken so far to reduce the sickness rate and improve quality. The company's planning assumes a sickness rate of 8%.

The standard of quality needs to be maintained at the level required by Fraport and brought back up to the level expected in the passenger surveys. Key performance indicators for Fraport Facility Services GmbH include quality scores taken from the FraQS evaluations and scores taken from the passenger surveys carried out by Fraport AG. For 2023, it will be crucial for Fraport Facility Services GmbH to achieve the expectations that have been agreed with Fraport AG with regard to its own FraQS quality measurements and the passenger satisfaction scores. The management is currently working hard to establish a number of quality improvement measures. The internal checks performed by Fraport Facility Services GmbH and Fraport employees in the form of inspections of the terminal will be continued in 2023 as well.

IV. Statement on corporate governance: percentage of women in executive roles

The resolution of the shareholders of December 16, 2022 set out targets for the proportion of women as follows: 16.66% for the Supervisory Board and 0% for the Board of Directors. The target of 0% for the Board of Directors can be explained as follows: Owing to the company’s size, up until 2022 Fraport Facility Services GmbH only ever had one managing director. This made a proportionate ratio impossible. The merger of the sewer companies with Fraport Facility Services GmbH meant that the former managing director (a man) was appointed to the Board of Directors of Fraport Facility Services GmbH. Setting a quota for women would force a change to the current management structure and would inevitably result in the loss of existing knowledge, which none of the shareholders wish to happen.

The percentage ratio of women for the Supervisory Board has been met. Of the six available board positions, one position is held by a woman.

Frankfurt am Main, February 16, 2022

Fraport Facility Services GmbH

The management

Holger Gottschling	Thomas Schmidt
(Chair of the Board of Directors)	(Managing Director)

Annual Financial Statements for the Fiscal Year from January 1 to December 31, 2022

Fraport Facility Services GmbH, Frankfurt am Main

Balance Sheet as of December 31, 2022

Assets

	Dec. 31, 2022	Dec. 31, 2021
	€	**€**
A. Fixed assets		
I. Intangible assets		
Purchased software	2,234.00	18,889.00
II. Tangible assets		
1. Technical equipment and machinery	476,297.00	497,516.00
2. Operating and office equipment	1,842,068.00	244,927.00
	2,318,365.00	742,443.00
	2,320,599.00	**761,332.00**
B. Current assets		
I. Inventories		
Raw materials, consumables, and supplies	465,001.75	327,657.05
II. Receivables and other assets		
1. Trade receivables	674,377.38	588,562.22
2. Receivables from affiliated companies	6,133,638.30	4,409,297.56
(thereof from shareholders: €6,035,450.51; previous year: €4,361,083.77)		
3. Other assets	846,349.10	678,072.44
	7,654,364.78	5,675,932.22
III. Cash-in-hand and bank balances	934.33	1,000.00
	8,120,300.86	**6,004,589.27**
C. Deferred tax assets	**2,220,546.57**	**104,366.57**
	12,661,446.43	**6,870,287.84**

Equity and liabilities

	Dec. 31, 2022	Dec. 31, 2021
	€	**€**
A. Equity		
I. Subscribed capital	25,000.00	0.00
II. Capital shares of limited partners (fixed capital)	0.00	1,025,000.00
III. Capital reserves	1,113,660.29	0.00
IV. Revenue reserves	67,032.67	67,032.67
V. Retained profits brought forward	1,718,206.74	430,206.74
VI. Net income for the year	3,083,428.34	1,832,697.26
	6,007,328.04	**3,354,936.67**
B. Provisions		
1. Provisions for pensions and similar obligations	931,032.00	957,278.00
2. Tax provisions	1,451,915.00	152,959.74
3. Other provisions	1,334,805.13	980,799.28
	3,717,752.13	**2,091,037.02**
C. Liabilities		
1. Trade payables	254,014.13	23,960.44
2. Liabilities to affiliated companies	1,000,000.00	55,164.59
(thereof to shareholders: €0; previous year: €52,460.00)		
3. Other liabilities	1,579,102.89	1,292,506.88
(thereof taxes: €239,176.09; previous year: €178,173.46)		
(thereof social security: €32,271.86; previous year: €23,247.90)		
	2,833,117.02	**1,371,631.91**
D. Deferred tax liabilities	**103,249.24**	**52,682.24**
	12,661,446.43	**6,870,287.84**

Fraport Facility Services GmbH,
Frankfurt am Main

Income Statement for the Period
from January 1 to December 31, 2022

		2022	2021
			€
1.	Sales	43,353,603.82	30,734,301.67
2.	Other operating income	253,631.65	460,740.41
3.	**Gross revenue for the period**	**43,607,235.47**	**31,195,042.08**
4.	Cost of materials		
a)	Cost of raw materials, consumables, and supplies	-1,124,428.08	-808,066.70
b)	Cost of purchased services	-9,112,566.55	-4,352,219.68
		-10,236,994.63	-5,160,286.38
5.	Personnel expenses		
a)	Wages and salaries	-21,464,477.42	-17,181,686.64
b)	Social security and pension costs	-4,351,841.90	-3,309,718.52
	(thereof in respect of old age pensions: €18,873.69; previous year: €31,523.51)	-25,816,319.32	-20,491,405.16
6.	Amortization of intangible assets and depreciation of tangible assets	-595,905.31	-314,311.73
7.	Other operating expenses	-4,188,284.51	-2,777,245.99
8.	**Operating result**	**2,769,731.70**	**2,451,792.82**
9.	Other interest and similar income	17,964.47	15,324.61
10.	Interest and similar expenses	-39,416.75	-25,074.11
	(thereof from interest on provisions: €20,317.00; previous year: €24,445.00)		
11.	**Net interest income**	**-21,452.28**	**-9,749.50**
12.	**Earnings before taxes**	**2,748,279.42**	**2,442,043.32**
13.	Income taxes	354,605.92	-597,391.06
	(thereof deferred taxes: income of €2,065,613.00; previous year: expenses of €1,610.06)		
14.	**Earnings after taxes**	**3,102,885.34**	**1,844,652.26**
15.	Other taxes	-19,457.00	-11,955.00
16.	**Net income for the year**	**3,083,428.34**	**1,832,697.26**

Fraport Facility Services GmbH
(up to the change of legal form on March 31, 2022: GCS Gesellschaft für Cleaning Service mbH & Co. Airport Frankfurt/Main KG),
Frankfurt am Main

Notes to the Annual Financial Statements for the 2022 Fiscal Year

I. Accounting policies

1. General

Fraport Facility Services GmbH is headquartered in Frankfurt am Main and is entered in the commercial register of the District Court of Frankfurt am Main (HRB reg. no. 126925).

Up to the change of legal form on March 31, 2022, the company was called GCS Gesellschaft für Cleaning Service mbH & Co. Airport Frankfurt/Main KG, and was entered in the commercial register of the District Court of Frankfurt am Main (HRA reg. no. 28529). The sole general partner, with no capital contribution, was VCS Verwaltungsgesellschaft für Cleaning Service mbH, Frankfurt am Main (VCS). Under Article 6 (1) of the GCS articles of partnership, VCS was entitled and obligated to manage and represent GCS.

Up to the change of legal form, the sole limited partner of GCS was Fraport AG Frankfurt Airport Services Worldwide, Frankfurt am Main (Fraport AG) with a liable capital contribution of €1,025 thousand.

Following the change of legal form and company name of GCS, both Fraport AG and VCS initially became shareholders of Fraport Facility Services GmbH. The share capital of €25 thousand is divided into 25,000 capital shares each with a nominal amount of €1.00, whereof Fraport AG held 24,999 capital shares. VCS held one capital share in trust for Fraport AG. Under the transformation resolution, VCS transferred its capital share to Fraport AG once the change of legal form had been fully entered in the commercial register for Fraport Facility Services GmbH, whereupon Fraport AG now holds all 25,000 capital shares.

As of the balance sheet date of December 31, 2022, Fraport Facility Services GmbH is a medium-sized corporation within the meaning of Section 267 (2) and (4) HGB.

The fiscal year is the calender year.

The annual financial statements of Fraport Facility Services GmbH for the 2022 fiscal year were prepared in accordance with the requirements for corporations as defined in Section 264 of the German Commercial Code (HGB) and the supplementary provisions of the articles of partnership.

The item "Earnings before taxes" was added to the structure of the income statement. The expansion of the structure is intended to improve the presentation of the company's results of operations.

In accordance with Article 75 (6) Sentence 1 of the Introductory Act to the German Commercial Code (EGHGB) as amended in conjunction with Section 253 (2) Sentence 1 of the German Commercial Code (HGB) as amended, in the annual financial statements for the 2022 fiscal year, as in the previous year, pension obligations (provisions for pensions) have been measured using the average market interest rate for the past ten fiscal years.

Where disclosures may be optionally presented in the balance sheet and the income statement or in the notes to the financial statements, they have been presented in the notes.

The income statement was prepared using the total cost (nature of expense) method.

The annual financial statements were prepared under the going concern assumption.

2. Fixed assets

Purchased intangible assets and tangible assets are carried at acquisition cost, less amortization or depreciation.

Amortization and depreciation are recognized on a straight-line basis over the standard useful life for the individual items of fixed assets as follows:

Asset items	Amortization or depreciation method / useful life in years	
Intangible assets	Straight-line	1–4
Technical equipment and machinery	Straight-line	3–11
Operating and office equipment	Straight-line	1–20

Low-value assets with a value of €50.01 up to a value of €800.00 are written down in full in the year of acquisition and recognized as disposals. Moveable fixed assets with a value between €800.01 and €3,000.00 are reported in a collective item and are written off through profit and loss at a rate of 20% a year over five years.

3. Inventories

Cleaning materials and uniforms are measured at cost or at the lower of cost and fair value.

A fixed carrying amount was recognized for supplies like screws and sockets, which are used for plumbing.

4. Receivables and other assets

With the exception of claims for reimbursement from companies of the Piepenbrock Group in connection with the transfer of pension obligations, these items are measured at nominal value, taking into account all discernible risks.

The claims for reimbursement from companies of the Piepenbrock Group are measured on the basis of the underlying pension obligations in accordance with actuarial principles.

5. Cash and cash equivalents

Cash and cash equivalents (cash-in-hand and bank balances) are reported at nominal value.

6. Deferred taxes

Deferred taxes are recognized for all differences between the tax carrying amounts and accounting carrying amounts of the balance sheet items. Deferred taxes are measured on the basis of the tax rates applicable for the company. A tax rate of 31.0% (previous year: 16.10%) was applied. The tax rate incorporates trade tax and also corporation tax as of this fiscal year as a result of the change of legal form.

7. Equity

The capital shares of the limited partner were carried at their nominal value until March 31, 2022. Since the change of legal form, subscribed capital is also recognized at nominal value.

8. Provisions for pensions and similar obligations

In accordance with Section 253 (1) and (2) HGB, provisions for pensions and similar obligations have been calculated using the projected unit credit method and an interest rate of 1.78% p.a. (previous year: 1.87% p.a.); it should be noted here that the German federal cabinet resolved on January 27, 2016 to extend the period for calculating averages to determine interest rates from seven to ten years. The interest rate of 1.78% p.a. stated here is the ten-yearly average interest rate, whereas the corresponding seven-yearly average interest rate for the reporting year is 1.44% p.a. (previous year: 1.35% p.a.). The difference pursuant to Section 253 (6) Sentence 1 HGB between the calculation of pension provisions using the ten-yearly average interest rate and using the seven-yearly average interest rate is €35,605 for the current fiscal year (previous year: €58,607).

Furthermore, a pension adjustment of 1.75% p.a. (previous year: 1.75% p.a.) and a salary trend of 2.00% p.a. (previous year: 2.00% p.a.) were applied. 2018 G Heubeck mortality tables were used to calculate the mortality rate. The projected unit credit method used is equivalent to the “projected unit credit method” that is used as a basis for calculation.

9. Miscellaneous provisions

Tax and other provisions take into account all discernible risks and uncertain obligations. They are recognized at the full settlement amount required on the basis of prudent business judgment. The discount rate of 1.44% p.a. (previous year: 1.35% p.a.) and a staff turnover rate of 2.00% (previous year: 2.00% p.a.) were applied for the provision for anniversary bonuses. 2018 G Heubeck mortality tables were used as the biometric basis.

10. Liabilities

Liabilities are recognized at their settlement amount.

11. Foreign currency translation

Transactions in foreign currencies are generally recognized using the historical exchange rate that applied at the time of initial recognition. Balance sheet items are measured as follows at the balance sheet date: Short-term receivables in foreign currency (remaining term of one year or less) and cash or other short-term assets in foreign currencies are translated at the middle spot exchange rate on the balance sheet date. Short-term liabilities in foreign currency (remaining term of one year or less) are generally translated at the middle spot exchange rate on the balance sheet date. There are no long-term assets and liabilities in foreign currency.

II. Notes to the balance sheet

1. Fixed assets

The structure and development of the items of fixed assets presented in the balance sheet can be seen in the statement of changes in fixed assets, which is attached as an annex to the notes.

2. Inventories

Inventories mainly relate to cleaning materials and spare parts for the technical service unit.

The fixed carrying amount of €1 thousand for supplies like screws and sockets, which are used for plumbing, is unchanged.

3. Receivables

As in the previous year, **receivables** are due within one year.

Receivables from affiliated companies include a cash pool receivable of €5,352 thousand (previous year: €3,345 thousand) from the shareholder Fraport AG Frankfurt Airport Services Worldwide, Frankfurt am Main (Fraport AG). As in the previous year, miscellaneous receivables from affiliated companies are the result of receivables from the provision of goods and services and mainly concern the shareholder Fraport AG in the amount of €834 thousand (previous year: €1,016 thousand).

4. Other assets

As in the previous year, receivables and other assets are due within one year, with the exception of the receivables from Eduard Piepenbrock Unterstützungskasse e. V., Osnabrück; Piepenbrock Flughafenreinigung GmbH, Frankfurt/Main; and Piepenbrock Unternehmensgruppe GmbH + Co. KG, Berlin (legal successor of Hartwig Piepenbrock GmbH & Co. KG, Berlin), which are due to the cumulative assumption of debt with respect to pension obligations for employees who became employees of Fraport Facility Services GmbH through a transfer of operations pursuant to Section 613a of the German Civil Code (BGB).

Under the contractual agreement on participation in pension obligations, the aforementioned companies of the Piepenbrock service group shall assume the pro rata pension obligations in respect of the named employees, where they relate to years of service rendered to the Piepenbrock Group. In the 2008 fiscal year, Piepenbrock Unternehmensgruppe GmbH + Co. KG, Berlin (Piepenbrock) succeeded Hartwig Piepenbrock GmbH & Co. KG and explicitly stated that it would assume all the rights and obligations of Hartwig Piepenbrock GmbH & Co. KG, particularly those referred to in the aforementioned agreement on participation in pension obligations. These obligations are assumed at the time of payment. Of the receivables from companies of the Piepenbrock Group, €20 thousand (previous year: €18 thousand) are due within one year.

The presentation of this item primarily relates to the claim for reimbursement from companies of the Piepenbrock Group amounting to €659 thousand (previous year: €679 thousand).

5. Deferred tax assets

Deferred tax assets increased by €2,116 thousand to €2,221 thousand. The increase in the fiscal year is based primarily on temporary differences between accounting carrying amounts and tax carrying amounts resulting from the tax recognition of hidden reserves as a result of the change of legal form. As in the previous year, other differences in carrying amounts are posted under the balance sheet item “Provisions for pensions and similar obligations” and the balance sheet item “Other provisions”. The capitalization option under Section 274 (1) Sentence 2 HGB is exercised, as was the case in previous years.

6. Ordinary share capital

The ordinary share capital of the company is €25,000. It is divided into 25,000 capital shares each with a nominal amount of €1.00.

7. Capital reserves

As a result of the change of legal form to GCS Gesellschaft für Cleaning Service mbH & Co. Airport Frankfurt/Main KG headquartered in Frankfurt am Main, the shareholders make their capital contributions to the company under the transformation resolution dated March 23, 2022. The capital accounts of the former limited partner Fraport AG Frankfurt Airport Services Worldwide were offset at nominal value against all capital shares. Where the capital accounts exceed the total nominal amount of the capital shares in Fraport Facility Services GmbH that a shareholder receives, the excess amount shall be added to capital reserves.

Furthermore, a string of mergers took place in 2022, which saw the assets of the wholly owned subsidiaries and second-tier subsidiaries of Fraport AG – VCS Verwaltungsgesellschaft für Cleaning Service mbH, Fraport-Beteiligungsholding GmbH (FBH), Flughafen Kanalreinigungsgesellschaft mbH (FKG), and Frankfurter Kanalreinigungsgesellschaft mbH (FKRG) – transferred to Fraport Facility Services GmbH whose legal form had been changed beforehand (formerly: GCS Gesellschaft für Cleaning Service mbH & Co. Airport Frankfurt/Main KG).

The amount in capital reserves results from the change of legal form to GCS as well as the string of mergers of VCS, FBH, FKG, and FKRG that took place in the second stage of the transformation.

8. Revenue reserves

The revenue reserves are in connection with the first-time application of the accounting policies under the German Accounting Law Reform Act (BilMoG) and result from the deferred taxes recognized in the opening balance sheet on January 1, 2010.

9. Retained profits brought forward and net income for the year

The company’s net income for the year is €3,083 thousand.

Under Article 15 (1) g) of the Articles of Partnership, there is no appropriation of net profit until this has been approved by the Shareholders’ Meeting.

The withdrawal amount is calculated using the provisions for amounts that are barred from distribution for corporations. The amount is therefore recognized in accordance with Section 268 (8) HGB (capitalization of deferred taxes – balance: €2,117 thousand; previous year: €52 thousand) and Section 253 (6) Sentence 1 HGB (difference from the calculation of pension provisions using the ten-yearly average interest rate and using the seven-yearly average interest rate – €36 thousand; previous year: €59 thousand). As of December 31, 2022, the total amount was €2,153 thousand (previous year: €111 thousand).

Given the high effect from deferred taxes, the result from ordinary activities (EBT) of €2,748 thousand is used as an output variable for calculating the withdrawal amount for 2022. This figure less the corporation and trade tax expenses of €420,713.58 and the other tax expenses (vehicle taxes) of €19,457 that were incurred in 2022 produces a withdrawal amount of €2,308 thousand.

10. Provisions for pensions and similar obligations

There are pension provisions of €931 thousand (previous year: €957 thousand) in connection with the acquisition of employees by way of transfers of operations in 1998.

11. Tax provisions

There are tax provisions of €1,452 thousand, which primarily relate to trade taxes due and not yet paid in 2020 and 2021.

12. Other provisions

Other provisions were predominantly recognized for outstanding vacation entitlements (€639 thousand; previous year: €552 thousand), outstanding invoices (€337 thousand; previous year: €91 thousand), anniversary bonuses (€178 thousand; previous year: €212 thousand), and restructuring/process costs (€51 thousand; previous year: €43 thousand). A provision of €84 thousand (previous year: €82 thousand) was recognized for future archiving costs.

13. Liabilities

Liabilities to affiliated companies of €1,000 thousand are from the loan with Fraport Malta Business Services, which was assumed as part of the merger with the sewer companies (previous year: €55 thousand mainly from the provision of goods and services connected with the general partner VCS).

The loan has an initial term of one year. If the loan is not terminated 30 days before the original term expires, the term will automatically be extended by one year. The loan is expected to be repaid in 2023.

Other liabilities include tax liabilities of €239 thousand (previous year: €178 thousand). Also reported under this item in particular are liabilities to employees from payroll accounting for the month of December amounting to €1,302 thousand (previous year: €1,089 thousand).

As in the previous year, all other liabilities are due within one year. As was the case last year, no security is provided for these liabilities.

14. Deferred tax liabilities

Deferred tax liabilities increased by €51 thousand to €103 thousand. They relate to temporary differences between accounting carrying amounts and tax carrying amounts under the balance sheet item “Other assets”.

III. Notes to the income statement

1. Sales

As in the previous year, the company's sales were solely domestic and were primarily generated from infrastructure services, technical services, and sewer and waste disposal services as a result of the merger with the sewer companies. These services were provided at Frankfurt Airport as well as for a larger number of third-party customers. Sales also include cleaning income of €1,942 thousand (previous year: €1,884 thousand) for Fraport AG leased premises, which form part of the cleaning service offering for Fraport AG.

2. Other operating income

Other operating income of €253 thousand (previous year: €461 thousand) largely comprises revenue for private motor vehicle use of €144 thousand (previous year: €128 thousand) and insurance proceeds of €4 thousand (previous year: €79 thousand). The item also includes prior-period income of €26 thousand (previous year: €199 thousand) from insurance proceeds (€8 thousand; previous year: €17 thousand) and from the reversal of provisions (€18 thousand; previous year: €161 thousand).

3. Cost of materials

Cost of materials amounting to €10,237 thousand (previous year: €5,160 thousand) mainly includes subcontractor services purchased from external third parties and from affiliated companies within the Group as well as costs for temporary workers. It also includes rental costs from leasing premises as part of the regular cleaning services specified in the master contract with Fraport AG.

4. Personnel expenses

The pension costs of €19 thousand (previous year: €31 thousand) included in personnel expenses primarily result from the change in pension provisions and the related claims for reimbursement.

5. Other operating expenses

Other operating expenses include operating expenses of €2,975 thousand (previous year: €1,918 thousand) and administrative and selling expenses of €1,213 thousand (previous year: €859 thousand).

Operating expenses mainly comprise vehicle fleet expenses of €989 thousand (previous year: €618 thousand), incidental premises expenses including maintenance of €649 thousand (previous year: €481 thousand), and miscellaneous operating expenses of €1,337 thousand (previous year: €819 thousand) (primarily including: rental costs for tools and equipment, compensation payments, insurance policies, voluntary social benefits).

Administrative and selling expenses include, among other items, postage and telephone costs of €159 thousand (previous year: €197 thousand) and training expenses of €142 thousand (previous year: €56 thousand). The item also includes expenses of €105 thousand originating from a management contract with IFM to supply a business development manager (previous year: €100 thousand).

Other operating expenses include prior-period expenses of €22 thousand (previous year: €22 thousand) from damage compensation payments.

6. Other interest and similar income

The item includes interest of €12 thousand (previous year: €15 thousand) on the receivables from Piepenbrock resulting from the assumption of pension obligations and interest income of €5 thousand (previous year: €0 thousand) from the cash pool.

7. Interest and similar expenses

Interest and similar expenses include expenses of €20 thousand (previous year: €24 thousand) from interest on provisions. There are also interest expenses of €19 thousand (previous year: €0 thousand) arising from the long-term loan.

8. Income taxes

Income taxes include corporation and trade tax expenses of €421 thousand for the current 2022 fiscal year (previous year: trade tax expenses of €596 thousand). In addition, trade tax expenses of €1,290 thousand were recognized for previous years (previous year: €0 thousand). They are mainly attributable to the company’s change of legal form, which had a retroactive tax effect and was carried out on the basis of fair market value.

This was counterbalanced by deferred tax income of €2,066 thousand (previous year: expenses of €2 thousand). The change to deferred taxes mainly relates to future corporation tax and trade tax credits from tax carrying amounts as a result of the change of legal form.

IV. Supplementary disclosures

1. Total auditor’s fee

The company makes use of the exemption pursuant to Section 285 No. 17 HGB with respect to disclosing the auditor’s fee. For more information in this regard, refer to the consolidated financial statements of Fraport AG Frankfurt Airport Services Worldwide, Frankfurt am Main, as of December 31, 2022.

2. Employees

The company’s average headcount in the 2022 fiscal year was 662 employees (previous year: 643). Thereof, 616 were hourly paid workers (previous year: 605), 42 were salaried employees (previous year: 35), and 4 were casual workers (previous year: 3).

3. Contingent liabilities and off-balance sheet transactions

The company does not have any contingent liabilities.

4. Other financial commitments

There are off-balance sheet transactions in the form of operating leases in accordance with Section 285 No. 3 HGB for technical auxiliary production materials. These mainly include cleaning equipment and cars. This is intended to increase the flexibility of the fleet vehicles, ensure a relatively new fleet, and reduce capital commitment. Risks may arise from the contract term if the items can no longer be used to the full extent, but there are not currently any indications of this. Neither are there any indications at present that the contractual terms and conditions will not be met.

The company has the following payment commitments under leases for vehicles, cleaning equipment, and radio systems; under rental agreements with Fraport AG; and for technical equipment:

	Dec. 31, 2022	Dec. 31, 2021
	€ thousand	€ thousand
In 2022	0	2,494
In 2023	2,798	2,501
In 2024	1,127	813
In 2025	202	12
In 2026	139	0
	4,266	5,820

Of these other financial commitments, €3,175 thousand were to affiliated companies (previous year: €5,236 thousand). The commitments are connected with the conclusion of the service contracts and related leases with Fraport AG.

The purpose and the benefits of these transactions not being presented in the balance sheet primarily include a lower level of cash being tied up and the ability to use technical equipment that is state of the art. There are no material risks.

5. Related party transactions

No significant related party transactions were carried out under conditions that were not customary for the market.

6. Management and general partners

Up to March 31, 2022, Fraport Facility Services GmbH was managed by the sole general partner, VCS Verwaltungsgesellschaft für Cleaning Service mbH, Frankfurt am Main (VCS). It was represented by its sole managing director, Mr. Holger Gottschling. The general partner had not made any capital contribution, had not held any capital shares, and did not have a stake in the company's assets. It did not have any voting rights.

Since GCS changed its legal form on March 31, 2022, it has been managed by the managing director, Mr. Holger Gottschling, in Frankfurt am Main.

When the company was merged with the sewer companies, Mr. Thomas Schmidt was named as a second managing director (commercial register entry on November 7, 2022).

The company elects not to disclose management remuneration in accordance with Section 286 (4) HGB.

7. Supervisory Board

Until GCS changed its legal form on March 31, 2022, under Article 7 of the GCS Articles of Partnership the company had a Supervisory Board comprising the following members:

Mathias Müller
Fraport AG, Integrated Facility Management, IFM
-- Chair of the Supervisory Board --

Thomas Schäfer
Fraport AG, Head of Environmental Impacts from Noise and Air Pollutants, AVN-AL
-- Deputy Chair of the Supervisory Board --

Patrick Schäfer
Fraport AG, Head of Real Estate Rental, HVM-IM

Zafer Memisoglu
Fraport AG, Works Council

Meydan Simsek
GCS, Chair of the Works Council

The members of the Supervisory Board were dismissed by means of a resolution of the shareholders on June 1/2, 2022 as a result of the change of legal form. Under Article 7 of the new Articles of Partnership, the new Supervisory Board has a total of six members, of which two members are appointed and dismissed under the terms of the German One-Third Participation Act (DrittelbG, Drittelbeteiligungsgesetz). By the same resolution, the following were appointed as shareholder representatives on the Supervisory Board:

Mathias Müller
Fraport AG, Integrated Facility Management, IFM
-- Chair of the Supervisory Board --

Thomas Schäfer
Fraport AG, Head of Environmental Impacts from Noise and Air Pollutants, AVN-AL
-- Deputy Chair of the Supervisory Board --

Martina Zimmermann
Fraport AG, Head of Terminal Management, AVN-P

Felix Kreutel
Fraport AG, Head of Real Estate and Energy, HVM-I

By way of status proceedings, by resolution of the District Court of Frankfurt am Main, the following employee representatives were appointed to the Supervisory Board on June 10, 2022:

Meydan Simsek
Fraport Facility Services GmbH, Chair of the Works Council

Recep Sahin
Fraport Facility Services GmbH, Head of Construction Site and Specialist Cleaning

The members of the Supervisory Board did not receive any remuneration for their supervisory activities on behalf of the company, as was the case in the previous year.

8. Appropriation of net profit

The management of the company will propose to the Shareholders' Meeting that €1,000,000 of the calculated withdrawal amount be used to repay debts and the remaining amount of €1,308,108.84 be distributed to the shareholders.

9. Events after the end of the reporting period (supplementary report)

January 1, 2023 was the official start date of the ground maintenance and construction site safety contracts. In this context, premises in Kelsterbach were also rented (in the sense of a non-independent unit) in order to have storage space for machinery/equipment, parking spaces for vehicles, and break rooms for staff. The existing infrastructure service units are also benefiting from the extended space.

Also on January 1, 2023, the technical service unit took on first-level support services for Section 5 checkpoints. At the same time, the infrastructure service unit took on regular and specialist cleaning services for the aviation security checkpoints under Section 5 of the German Aviation Security Act (LuftSiG) in Terminal 1 and the service and administrative area.

In January 2023, the client disclosed the quality indicators from the passenger surveys for December. There was a considerable improvement in the survey results month-on-month, but they were still below the required target figures. This has resulted in a penalty payment demand of €136,451.58 for Q4 2022.

No further significant events that require reporting occurred after the balance sheet date.

10. Group affiliation

The company is included in the consolidated financial statements of Fraport AG, which prepares consolidated financial statements for the smallest and the largest consolidated group. The consolidated financial statements are published in the German Federal Gazette.

Frankfurt am Main, March 15, 2023

Fraport Facility Services GmbH

The management

Holger Gottschling	Thomas Schmidt
(Chair of the Board of Directors)	(Managing Director)

Original document is available

Statement of Changes in Fixed Assets for the Fiscal Year from January 1 to December 31, 2022 (Annex to the Notes)

Fraport Facility Services GmbH, Frankfurt am Main
Statement of Changes in Fixed Assets for the 2022 Fiscal Year

	Acquisition cost			
	Jan. 1, 2022	**Additions**	**Disposals**	**Dec. 31, 2022**
	€	**€**	**€**	**€**
I. Intangible assets Purchased software	233,239.41	15,860.00	90,847.99	158,251.42
II. Tangible assets				
1. Technical equipment and machinery	1,184,745.64	141,028.05	157,152.62	1,168,621.07
2. Operating and office equipment	475,267.19	2,926,817.63	318,082.13	3,084,002.69
	1,660,012.83	3,067,845.68	475,234.75	4,252,623.76
	1,893,252.24	**3,083,705.68**	**566,082.74**	**4,410,875.18**

Cumulative depreciation and amortization				Residual book values	
Jan. 1, 2022	Additions[1]	Disposals	Dec. 31, 2022	Dec. 31, 2022	Dec. 31, 2021
€	€	€	€	€	€
214,350.41	32,515.00	90,847.99	156,017.42	2,234.00	18,889.00
687,229.64	137,237.05	132,142.62	692,324.07	476,297.00	497,516.00
230,340.19	1,318,505.63	306,911.13	1,241,934.69	1,842,068.00	244,927.00
959,255.83	1,455,742.68	439,053.75	1,934,258.76	2,318,365.00	742,443.00
1,131,920.24	**1,488,257.68**	**529,901.74**	**2,090,276.18**	**2,320,599.00**	**761,332.00**

1 On account of the mergers that took place during the fiscal year, the additions to depreciation and amortization cannot be reconciled with income statement item 6. Amortization of intangible assets and depreciation of tangible assets.

INDEPENDENT AUDITOR'S REPORT

To Fraport Facility Services GmbH (formerly: GCS Gesellschaft für Cleaning Service mbH & Co. Airport Frankfurt/Main KG), Frankfurt am Main

Audit opinions

We have audited the annual financial statements of Fraport Facility Services GmbH, Frankfurt am Main – comprising the balance sheet as of December 31, 2022, the income statement for the fiscal year from January 1 to December 31, 2022, and the notes to the annual financial statements, including the presentation of the accounting policies. In addition, we have audited the management report of Fraport Facility Services GmbH for the fiscal year from January 1 to December 31, 2022. We did not audit the contents of the statement on corporate governance pursuant to Section 289f (4) HGB (disclosures on the quota for women) in compliance with German law.

In our opinion, based on the findings of our audit,

- the attached annual financial statements comply in all material respects with the requirements of German commercial law and give a true and fair view of the company's net assets and financial position as of December 31, 2022, and of its results of operations for the fiscal year from January 1 to December, 2022, in accordance with the German principles of proper accounting.

- the attached management report as a whole presents an accurate view of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal regulations, and suitably presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the contents of the above-mentioned statement on corporate governance.

Pursuant to Section 322 (3) Sentence 1 HGB, we state that our audit has not led to any reservations with regard to the compliance of the annual financial statements or the management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors – IDW). Our responsibility according to these regulations and standards is described in further detail in the "Responsibility of the auditor for the audit of the annual financial statements and the management report" section of our auditor's report. We are independent of the company in compliance with the provisions of German commercial law and professional law and have fulfilled our other German professional obligations in compliance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions regarding the annual financial statements and the management report.

Other information

The legal representatives are responsible for the other information. The other information includes the statement on corporate governance pursuant to Section 289f (4) HGB (disclosures on the quota for women), the contents of which constitute an unaudited part of the management report.

Our audit opinions regarding the annual financial statements and the management report do not extend to the other information, and accordingly we provide neither an audit opinion nor any other form of audit conclusion in this regard.

As part of our audit, we have a responsibility to read the above-mentioned other information and to evaluate whether it

- exhibits material discrepancies with the annual financial statements, the audited management report disclosures, or the knowledge we have obtained during our audit, or
- otherwise seems significantly incorrect.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the management report

The legal representatives are responsible for preparing the annual financial statements, which in all material respects comply with the requirements of German commercial law, and for the annual financial statements giving a true and fair view of the net assets, financial position, and results of operations of the company in accordance with the German principles of proper accounting. Furthermore, the legal representatives are responsible for the internal controls that, in accordance with the German principles of proper accounting, they deemed necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and asset misappropriation) or error.

When preparing the annual financial statements, the legal representatives are responsible for assessing the company's status as a going concern. In addition, they have a responsibility to disclose matters related to the status as a going concern, if relevant. They are also responsible for accounting on the basis of the going concern principle, unless prevented by actual or legal circumstances.

Moreover, the legal representatives are responsible for preparing the management report, which as a whole provides an accurate view of the company's position and is consistent with the annual financial statements in all material respects, complies with German legal regulations, and suitably presents the opportunities and risks of future development. The legal representatives are also responsible for the arrangements and measures (systems) that they considered necessary to enable the preparation of a management report in compliance with the applicable German legal regulations and to allow sufficient, suitable evidence to be provided for the statements in the management report.

The Supervisory Board is responsible for monitoring the company's accounting process for the preparation of the annual financial statements and the management report.

Responsibility of the auditor for the audit of the annual financial statements and the management report

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an accurate view of the company's position and is in all material respects consistent with the annual financial statements and with the findings of the audit, complies with German legal regulations and suitably presents the opportunities and risks of future development, and to issue an auditor's report containing our audit opinions regarding the annual financial statements and the management report.

Reasonable assurance is a high level of assurance but not a guarantee that an audit carried out in compliance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always uncover a material misstatement. Misstatements can result from fraud or error and are deemed material if it could be reasonably expected that they would individually or together influence the financial decisions made by users on the basis of the annual financial statements and management report.

We exercise due discretion during the audit and maintain a critical attitude. In addition,

- we identify and evaluate the risk of material misstatements in the annual financial statements and the management report, whether due to fraud or error, plan and implement audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of material misstatements resulting from fraud not being uncovered is higher than the risk of material misstatements resulting from error not being uncovered, as fraud can entail collusion, falsifications, deliberate omissions, misleading depictions, or the suspension of internal controls.

- we gain an understanding of the internal control system relevant for the audit of the annual financial statements and of the arrangements and measures relevant for the audit of the management report in order to plan audit procedures that are appropriate given the circumstances, but not with the aim of providing an audit opinion regarding the effectiveness of these systems of the company.

- we evaluate the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values presented by the legal representatives and the associated disclosures.

- we draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is material uncertainty regarding events or circumstances that could cause significant doubt about the company’s ability to continue as a going concern. If we come to the conclusion that there is material uncertainty, we are obliged to call attention to the associated disclosures in the annual financial statements and in the management report in the auditor’s report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor’s report. However, future events or circumstances may mean that the company is no longer a going concern.

- we evaluate the presentation, the structure, and the content of the annual financial statements as a whole, including the disclosures, and whether the annual financial statements present the underlying transactions and events such that the annual financial statements give a true and fair view of the net assets, financial position, and results of operations of the company in accordance with the German principles of proper accounting.

- we evaluate the consistency of the management report with the annual financial statements, its legality, and the view it gives of the position of the company.

- we conduct audit procedures regarding the forward-looking disclosures made by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence, we examine the significant assumptions underlying the legal representatives’ forward-looking disclosures in particular and evaluate the appropriateness of the derivation of the forward-looking disclosures from these assumptions. We do not provide a separate audit opinion regarding the forward-looking disclosures or the underlying assumptions. There is a considerable, unavoidable risk that future events will differ significantly from the forward-looking disclosures.

Topics for discussion with those responsible for monitoring include the planned scope and scheduling of the audit as well as significant audit findings, including any significant deficiencies in the internal control system that we find during our audit.

Frankfurt am Main, March 15, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

ppa. Matthias Böhm	ppa. Florian Strauß
German Public Auditor	German Public Auditor

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