

PILATUS AIRCRAFT LTD

ANNUAL REPORT 2022



PILATUS

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FACTS AND FIGURES

KEY FIGURES AT A GLANCE

TOTAL SALES



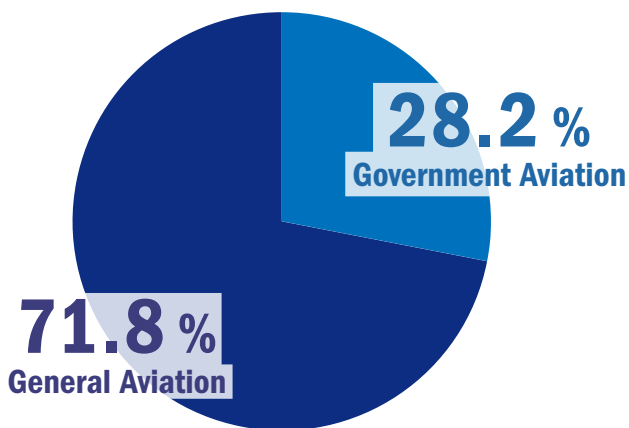
1,347 CHF million

EBIT

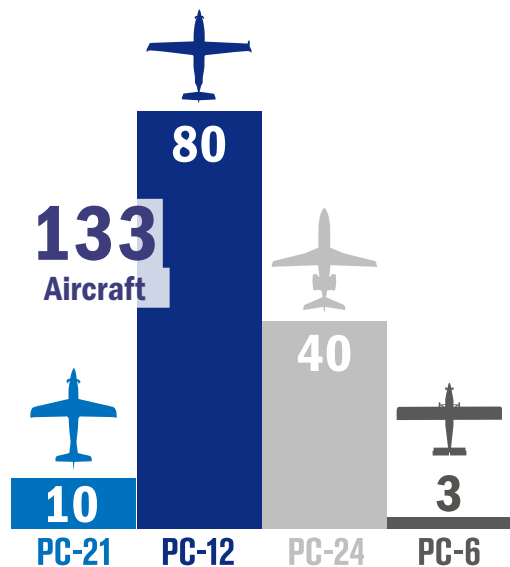


226 CHF million

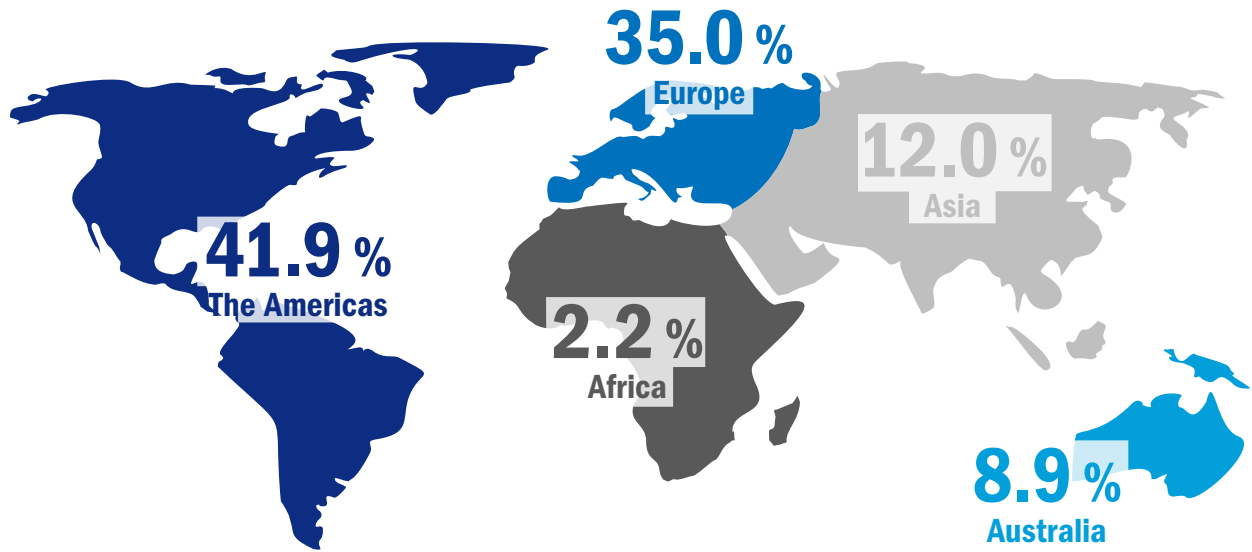
SALES BY BUSINESS UNITS



AIRCRAFT IN NET SALES



SALES BY REGION



ORDERS RECEIVED



1,628 CHF million

ORDER BOOK VALUE



EMPLOYEES



16.9%
Women

58
Nations

9.4
Years of service

53.6%
in Production

144
Apprentices

88.2%
in Switzerland

EDITORIAL

DESPITE MANY CHALLENGES, ONE OF THE BEST YEARS EVER

The 2022 business year will go down in Pilatus history as a period marked by difficulties, but also characterised by great success. Rarely has the company had to operate in such an unpredictable geopolitical environment. We experienced enormous difficulties, especially in relation to supply chains. This had an unprecedented impact at the production site. Yet despite the fragile global economy, our company, with its Swiss roots, maintained stable flight and took advantage of exceptionally high demand. In the post-Covid era, our customers have come to believe that flying in smaller groups offers added value that is beneficial in many ways. The PC-12 and the PC-24 have become well established as “business tools”. Besides the effect of Covid, obvious weaknesses in the global airline industry have, no doubt, also contributed to the increased demand which we have observed. For example, Tradewind Aviation, which provides private charter and shuttle services in the USA and the Caribbean,



has thus significantly expanded its fleet with an order for 20 PC-12 NGXs which was signed in the spring. After several years of rapid growth and major risks, Pilatus is now on a stable upward trajectory in the middle of what is an uncertain period. That is reflected in the figures, which speak for a very successful year. Both in terms of turnover (CHF 1347 million) and operating result (CHF 226 million), we are proud of what we achieved despite some tough challenges in the form of interrupted supply chains, scarce resources and suppliers struggling with structural deficiencies. Sales rose by one percent and operating income by eight percent compared to the previous year. The current workforce of 2599 employees can be satisfied with this snapshot. The total number of aircraft delivered from our works bears witness to a year of diligence and dedication: 133 aircraft in total, one of our best years ever.

CUSTOMER SERVICE BUSINESS ON THE RISE

Naturally, it is always a special pleasure every time we see a brand-new aircraft emerge from our hangars and take to the skies with the customer aboard. Production operations are eminently important for our overall business results. So the obvious growth in our service business is all the more positive: our worldwide customer service increased by some 10 percent over the past year. Years of experience, a wealth of expertise and consistent focus on customer satisfaction all come to play here.

Product support and maintenance are exciting business areas based on long-term contracts, recurring revenues and a high degree of mutual loyalty between our customers and Pilatus. In all these areas we are top-league players at a global level – as reflected in the many awards from professional bodies and confirmed by feedback from our customers.

STRENGTHENING VERTICAL VALUE CREATION

Our recent acquisition of Skytech fits well with this narrative. This US sales and service centre with offices in the states of Maryland and South Carolina has, at a stroke, increased the number of Full-time employees by 93. An opportunity for Pilatus involvement arose out of pending successor handover plans. Skytech will continue to sell and provide maintenance services for PC-24s and PC-12s on the US East Coast as an independent organisation. This will deliver immediate and tangible reinforcement to the North American market, our most important sector worldwide. Pilatus will now concentrate on strengthening its footprint, investing heavily in training and product support, and in learning more about customer needs in the market. In this way, Pilatus will demonstrate that, having stabilised the business overall, new opportunities for development will now be sought and found. While remaining firmly attached to its Swiss base in the heart of the country, the company plans to achieve further growth through organic expansion and targeted acquisitions.

FURTHER GROWTH IN PERSONNEL

Anyone who experienced the atmosphere this past autumn at the world's largest business aviation trade fair, the National Business Aviation Association Convention & Exhibition (NBAA-BACE) in Orlando, USA, will be in no doubt that Pilatus aircraft are in high demand and will remain so. The market outlook is excellent. The PC-12 NGX and PC-24 are strong desired products – and not only on the North American continent. The aforementioned American subsidiary, Pilatus Business Aircraft Ltd of Broomfield, near Denver, Colorado, performed the final assembly work on almost 65 percent of the aircraft delivered this past year. With the recently completed expansion of the paint shop, the company now plays an even more important role in the overall Pilatus organisation. Together with the newly acquired Skytech, Pilatus currently employs 249 people in the USA, with further growth on the horizon. Pilatus also created 151 full-time positions at the head office in Stans.

TALENTED EMPLOYEES ARE IN HIGH DEMAND

But personnel growth is not easy to achieve. There is high demand everywhere for skilled staff, especially employees on permanent contracts who demonstrate agility and an ability to grow with projects. Pilatus has therefore taken another step to improve conditions even further for well qualified employees everywhere. After over 25 years, the previous EBIT bonus programme is to be discontinued for all. In return, monthly salaries will be increased from 2023 onwards by fully including the existing employee profit-sharing scheme, thereby making them competitive. The management and Board of Directors anticipate that these measures will make Pilatus an even more attractive employer from 2023 onward, especially since the new salaries now match or even exceed average fixed salaries in Central Switzerland. Staff feedback on the changes bodes well. And the salary issue is only one aspect of the changes: employees will now enjoy five weeks' holiday as standard, the pension fund terms have been improved and we are responding even better to employees' individual needs. We intend to further improve our attractiveness as an employer over the next year.

SUSTAINABILITY IS CENTRAL

Obviously, greater investment in sustainability also makes us more attractive to our employees. That is partly why Pilatus is so committed to this area, seeing sustainability efforts as part of our actions to preserve and guarantee prosperity for future generations. As a company, Pilatus invests in many ways; it already produces 20 percent of its electrical energy requirements via self-generated solar power, for example. The medium-term target is 50 percent, of which over 90 percent of energy for heating is sustainable. As a second factor, Pilatus attaches great importance to the employees themselves and is increasing efforts to bring living space and work location closer together, for example. This will help save mobility resources, reduce costs to society and protect the climate. Pilatus sees the third pillar of sustainability in product innovation: synthetic fuels are an ongoing topic, as are the energy savings to be achieved through aircraft weight reductions and more efficient drive systems. Pilatus deliberately invests heavily in this area, primarily for the benefit of our customers and employees, but also because it fits with the company's DNA and its vision, and is lived out on a daily basis.



Hansueli Loosli
Chairman

PROMISE FOR 2023


While we did not succeed in concluding any new Government fleet contracts in 2022, we note growing interest from various air forces and are confident that concrete success will soon be forthcoming.

The outlook for supply chains is more challenging, with disruptions everywhere. In the PC-24 production process, the challenge still lies in increasing the reliability of individual components and systems. After many months of effort, we are cautiously optimistic that we can achieve substantial improvements with a team formed especially for that purpose.

The new year will bring many highlights, and we embark upon it with optimism, dedication and a sense of eager anticipation. The maintenance hall in Buochs will be built in mid-2023 and we are also working on a new composites building. There will be further important milestones in the history of Pilatus with delivery of the 2000th PC-12 and the 200th PC-24. For the Board of Directors, the management and the staff, this will provide an excellent double reason for a real party! The mood is buoyant and Pilatus is set to continue its upward trajectory in the coming year.



Markus Bucher
Chief Executive Officer



***“I found the right
work-life balance
here”***

S. Neumann

Sophie Neumann
Design Engineer, Interior Outfitting

“ Day after day, I see how Pilatus is at the forefront of aviation innovation. We employees are constantly striving to push the boundaries of the aviation industry. The Pilatus Class is reflected in the high degree of customer satisfaction; both clients and pilots speak of our products in the highest terms. I came to Pilatus to pursue my passion for the aviation industry, but I also value the proximity to the mountains. I found both here in Stans, which helps me to be the best version of myself.



BUSINESS UNIT GENERAL AVIATION

DEFYING ALL UNCERTAINTIES

The volatility which affected expectations, demands and performance over the past year can be clearly seen in the general aviation business. Just when you think the worst is over and Covid is a thing of the past, the supply chains play a nasty trick and make timely deliveries to our customers considerably more difficult. Working on the basis that the economic downturn would hit us too, it turns out the very opposite is true, and we are seeing an influx of general aviation orders like never before! Against the uncertain background described above, we are very satisfied with the figures achieved. At the end of 2022, both incoming orders and orders in hand are at a high level. The delivery figures are pleasing too: we saw 40 PC-24s, 80 PC-12 NGXs and 3 PC-6s come off the production line.

Without a doubt, that is down to everyone involved, all of whom worked so hard to overcome the setbacks associated with supplier delays. In relation to the PC-24 in particular, those efforts allowed us to make tangible technical progress and improve the support organisation. The commissioning of the new paintshop in the USA and general business development in Australia are

equally encouraging. Having made such a good start there with the new building and our own, now fully certified maintenance operations, we have applied to enlarge the aircraft parking area.

EVERYTHING MUST BE RIGHT FOR 2023

But the imponderables remain, and there is little time for rest. We continue to suffer from the difficulties afflicting our suppliers. It all has a trickle-down effect on us, creating a difficult situation where a major effort is required to meet customer expectations.

But even though the general economic conditions have deteriorated, demand for the PC-12 and PC-24 remains as high as ever. Our production programme is correspondingly ambitious. We have taken action to improve material availability in both Customer Service and Production.

We must therefore continue to make our products even more reliable and our customer service even more efficient, without allowing ourselves to be distracted by external factors.

“ We are very happy to be the first Italian operator of the Swiss Super Versatile Jet. With the support of Pilatus, we have been able to successfully introduce this new aircraft type in the Italian charter market. With its modern design, the PC-24 is quite simply a beautiful aircraft! Its technical capabilities allow it to take off and land at small airfields with shorter runways, opening up new horizons. Our charter customers love the generous cabin that makes them feel like they are travelling in a superior category aircraft.

Roano Grandi, President Air Corporate



37°47'51"N | 122°34'3"W

BUSINESS UNIT GOVERNMENT AVIATION

CUSTOMER EXPECTATIONS MET, A LOT IN THE PIPELINE!

We look back on a good year. Ambitious customer expectations regarding the availability of training aircraft were met – thanks to the dedication of our customer service employees as well as customer confidence in our performance-based support contracts. This post-Covid year also went better than expected. Despite significant challenges in the past and present, we succeeded in implementing ongoing projects to plan.

It is striking how travel has returned to normal in the wake of the global pandemic. This direct interaction is vitally important to us because nothing can replace personal contact with our customers. The high number of participants at the Trainer Operators Pilatus Symposium (TOPS) also confirms how much value they place on personal contact with us. No fewer than 80 participants from 16 countries met up from 13 to 15 September for talks, workshops, aircraft and simulator presentations as they gathered information about the latest innovations at first hand.

MANY ACTIVITIES ABROAD

The year brought many activities around the world. In Spain, for example, we completed the delivery programme with 24 PC-21s for Ejército del Aire, and we got the first pilot class off to a successful start. We delivered a further eleven aircraft over the year. We also delivered and installed all ground-based elements for pilot training such as cockpit trainers, computer-based

learning tools and simulators, and we further concluded a multi-year support contract. A Pilatus team will be deployed locally on a permanent basis to support the air force.

In France this summer, we witnessed the maiden flight of the first of nine additional PC-21s destined for France. By the end of the year we had delivered four aircraft and were on schedule.

There is similar news from Qatar, where we handed over a PC-24 for the Qatar Emiri Air Force. The delivery includes a cockpit simulator and a five-year support contract. This is a major milestone, as it is the first PC-24 to be used for training transport pilots.

We were also kept busy in Asia, where we concluded a multi-year support contract for the 75 PC-7 MkIIs with the Indian Air Force. We are pleased that we also signed further long-term support contracts with Ireland, Jordan and other customers.

We were not idle in Switzerland, either. We completed the refitting of the Swiss Air Force's PC-21 fleet on schedule as part of the value preservation programme. We managed to hand over all eight aircraft to the customer. We will finalise the upgrade of the PC-21 simulator in 2023.



“ One year ago, Babcock was awarded a new multi-year contract which will provide nine additional PC-21 aircraft to the French Air and Space Force, including support, spare parts and ground training systems, increasing their PC-21 fleet by more than one-third. After an intensive verification and validation phase, F-AIR 21 is in a good position to continue the qualification of this new equipment and is looking forward to the delivery and operational phases.


David Desroches, Directeur de Contrat F-AIR 21, Cognac Formation Aero

CHALLENGES REMAIN

But we must not rest on our laurels. It was unfortunate that we did not succeed in meeting our expectations in terms of new orders. It was a difficult year for us, and for our customers too. There were frequent postponements

to invitations to tender. But Pilatus is well prepared and ready to take advantage of healthy customer and market prospects in the future. Our investments in technology and new products and services will help us remain number one in military pilot training in the future.





**“Pilatus is a
very dependable
employer”**



Bruno Schenk
Customer Advisor, Component Maintenance

“*Pilatus is a very dependable employer that looks after its employees in good times and in bad, and is committed to Switzerland as a business location. The working atmosphere is pleasant and I feel very comfortable at my workplace. I've been fascinated with aviation since I was a child. There are plenty of new and interesting challenges at Pilatus, with constant opportunities for self-development.*



37°46'56"N | 105°33'18"W

OPERATIONS

MANY CHALLENGES ACROSS THE BOARD

The term “Operations” covers six areas: Research & Development, Production, Aircraft Assembly & Maintenance, Supply Chain, IT, and Quality & Safety. This year brought considerable challenges in all areas, both in terms of personnel and materials.

RESEARCH & DEVELOPMENT

The projects we focused on in 2022 were aimed at two goals in particular: meeting the needs of our customers and improving the competitiveness of our products. For the most part, we succeeded in both areas. Once again, an open exchange with our customers and partnership-based dealings with our suppliers paid off. This helps and motivates us to continue improving our products and maintain our leading market position. Our efforts as a team to further increase the sustainability of our products and reduce their environmental footprint are worth highlighting.


Our own activities focused on the continuous improvement of the PC-24. Several system enhancements were successfully completed to further extend the PC-24’s mission profile and improve its reliability. We increased the PC-24’s crosswind landing and takeoff capability, for example, taking it from 20 to 30 knots (37 to 56 km/h) with gusts, to 40 knots (74 km/h). Elsewhere, we updated the Utility Management System (UMS) software. This new software will bring more than 50 improvements to the control and monitoring algorithms of eleven different

systems, making the aircraft noticeably simpler to operate. We also introduced new software to optimise use of the lighter PC-24 Li-ion batteries.

The US Federal Aviation Administration (FAA) certified the PC-24 for low-visibility operation (CAT II) in July. The PC-24 is the first light business jet to fully comply with these requirements, providing customers with enhanced operational flexibility, especially in poor visibility during the approach to land. The PC-24 is highly regarded in the global marketplace. It was recently certified in Japan and New Zealand.

New avionics software is helping the PC-12 to further consolidate its position as the most popular single-engine business aircraft in its class. Various ongoing system enhancements keep the PC-21 fit for the requirements of future pilot training. The improvements were successfully certified for the French Air Force’s additional production batch and delivered to the customer.

The efforts made in recent years are expected to deliver substantial improvements in the functionality, reliability and sustainability of our products. Reducing our ecological footprint is a top priority for us. Our commitment to sustainability is also reflected in various environmentally-friendly production processes in the field of surface technology, which were certified by the European Aviation Safety Agency (EASA).

 *The PC-21 Trainer Fleet has been the backbone of our Pilot Training System for the past eight years. Based on this good experience we will use the PC-24 in the future for the advanced training of our multiengine crews.*

Major General Salem Abdulla Naif Al-Dosari, Commander Al Zaeem Air Academy, Qatar Armed Forces



PRODUCTION

In direct production areas we increased efficiency even further with the help of lean management. But let us start by reviewing the past year. It was a challenging period: over 640 employees and 93 apprentices worked a total of 835,552 production hours. 287,479 machine hours were logged and over 1,99 million components were produced with more than 63,850 production orders. Those are impressive figures, and they give an idea of how strenuous the work was. The procurement team handled production orders and raw material purchases worth 76 million Swiss francs. Over 57 percent of the order volume was channelled through Swiss companies.

The disruptions to raw material supply chains proved particularly difficult. We were only able to prevent major interruptions to production with very complex micro-management. This was compounded by an above-average number of machine failures in milling for components up to 750 millimetres. Here we are impacted by technical deficiencies in the overall system that need to be remedied. We were only able to partially prevent the increase in manufacturing costs caused by higher raw material costs.

Over the 2023 business year we will create the personnel and organisational conditions that will enable us to ramp up production. There is a lot to do. Much has been initiated, we must now concentrate on implementation.

ASSEMBLY & MAINTENANCE

Over the past year we had to deal with an unwelcome first in the form of unprecedented instability in our supply chains, making planning and control possible only to a limited extent and posing significant problems for our exceptional crew. These difficulties prevented us from achieving our production goal for the first time ever, and we did not manage to meet our objective in terms of number of aircraft completed. We will therefore be starting the new year with a production handicap requiring the creation of capacity to achieve a higher production volume.

Despite these negative factors, we made further progress with optimisation of lean and shop floor management, digitalisation and processes, as well as with infrastructure development and planning of various complex projects. In particular, the planning approval application for the replacement building for maintenance operations at Buochs Airport was completed and submitted. We reinforced maintenance activities in key positions, and also in relation to the support provided to our customers in the field. Our new “Line Station” in Basel was established this year, and operations got underway. This will deliver greater flexibility and faster reaction times in the provision of support for customer aircraft in the field whilst also relieving some of the burden on maintenance operations in Stans.

SUPPLY CHAIN

Not surprisingly, supply chain problems have had a negative impact on our logistics. These difficulties, plus a huge increase in sub-standard material, caused disruptions to the assembly line. Global inflation also led to higher procurement prices. Overall, this resulted in generally problematic and volatile situations, but Pilatus responded very effectively to them. The global orientation of Pilatus procurement with the establishment of procurement specialists at our subsidiary in Broomfield, Colorado, is having a positive effect.

Given the ongoing supply chain instability, supply chain planning has been optimised to create better transparency and supply stability from this side for the benefit of production supply. The strategic “Orbit25” project was launched to sustainably strengthen and further develop the Pilatus supply chain, thereby providing the foundation for the continuing development of Pilatus.

INFORMATION TECHNOLOGY

In 2022, IT was strengthened by its new status as an entirely separate Business Unit. We look back on a successful reorganisation of IT with the merger of information technology and digitalisation. Some projects delivered highlights: the launch of the SAP S/4HANA project with the successful relocation of the existing SAP R/3 system to the Cloud (SAP RISE) for

***“I’ll always feel
connected with
Pilatus”***

Amina A.

Amina Abdelhamid
Apprentice Media Technician

with Melanie Glaus
Specialist Apprenticeship

“ As my first employer, Pilatus means a great deal to me. I look forward to going into work every day. On the one hand because I’m part of a great team and the mood is always upbeat, and, on the other, because the work is extremely varied. I’ll always feel connected with Pilatus because I’m doing my apprenticeship as a media technician here, and because this is where I gained my first experience of working life.



≡PILAT

≡PILATUS≡



37°32'37"N | 1°3'34"W

OPERATIONS

example, or the work in the SAP S/4HANA sub-projects, Finance and Enterprise Warehouse Management. The latter will pave the way for replacing the existing warehouse management system. Good progress was also made in the area of data governance, including evaluation of a master data management tool.

The successful roll-out of the digital workplace in Production based on our low-code platform was important for operations and process optimisation. With the experience gained from Structure Assembly, a start was also made on implementation for the assembly line as well. In addition, we made the new “MyPilatus” customer portal available to some customers as planned in order to obtain important feedbacks.

We must, however, emphasise the enduring shortage of skilled workers, which hampered the development of IT experts and the implementation of IT strategy. This was apparent in the development of the Cloud infrastructure and the implementation of Cloud governance. The route to the Cloud was more demanding and longer than originally thought. The SAP S/4HANA project will keep us very busy throughout 2023. Major milestones should be achieved with the introduction of functionality in the area of Finance & Controlling and the go-live of SAP Enterprise Warehouse Management.

QUALITY & SAFETY

It was high time: in 2022 we were finally able to disband the pandemic team and lift all related measures.

But with supply chain problems still evident, it was important to ensure the successful reorganisation of the Supply Chain Quality Team. All vacancies were filled with qualified specialists and a training officer was appointed. We were particularly pleased to note a reduction in the overall supplier error rate. Nonetheless, we cannot deny that we continue to struggle with poor quality from some critical suppliers.

The upcoming business year will bring a number of exciting projects: we intend to optimise quality & safety management, among other things. There will be a Corporate Quality Management team and a new Risk & Safety Management team. Within this new department we will optimise the existing Enterprise Risk Management and continue to expand Business Continuity Management. And that is not all – but we will let you know more once these projects mature and are implemented.

HUMAN RESOURCES

FURTHER IMPROVEMENT IN EMPLOYEE SATISFACTION

These are challenging times. A glance at the vacancies across Pilatus confirms this fact: 150 open positions at any one time. The shortage of well trained employees is obvious. This is just one of the reasons why we are currently working on an internal strategy for Human Resources for adoption in the first half of 2023. Many findings from the past business year will flow into this new concept which will help to make us an even better employer in the medium term. One of our goals for the future is to win employer awards in order to underline our progress in the field of human resources.

We have already made progress in a number of areas: last May, for example, at the “Take-off” event, when over 30 talents gave presentations on topics such as business culture, employer branding and leadership. The feedback on all sides was extremely positive. Our success in involving some talents in anchoring new managers is wonderful and shows that we are on the right track. The fact that we were able to take on 85 percent of last year’s graduate apprentices underlines this.

The new strategy will include the results of the employee survey carried out with the help of an external firm in spring 2022. The response rate was an excellent 84 percent. The management subsequently spent a lot of time and effort defining the right measures to adopt in the light of the survey. One of the most important decisions was to update our terms of employment with effect from 1 January 2023. Our aim in doing this is to increase both employee satisfaction and our appeal as an employer.

Our long-running occupational health management programme will also help with this. We developed this even further over the past year, investing in measures to promote mental health. We want to continue to attract the best employees and have them with us in our company.



Find out what employees say about Pilatus:
pilatus-aircraft.com/videos



25°3'57"N | 77°14'1"W



***“Pilatus offers
good terms of
employment and I
enjoy working here”***



Michelle Donkal Krüger
Technical Clerk

“ Working for an employer who produces aircraft is something pretty special in itself. Besides aviation, which fascinates me, I'm equally impressed by the innovation I see. Pilatus has built a solid reputation on the global market. Thanks to good terms of employment, I'm lucky to work in a very dynamic environment, doing a varied and interesting job. The good atmosphere in my team contributes a lot to the fact that I enjoy working here.



PILATUS

PILATUS

SUSTAINABILITY

OUR PLAN IS IN PLACE – WE IMPLEMENT IT CONSISTENTLY

Sustainability is a topic which is strongly supported by the Board of Directors and the management, and is lived out by our employees. Substantial financial resources are invested in measures that enable us to achieve our sustainability goals. A look at activities in this area over the 2022 business year proves this: installed on the roofs of the “Aletschhorn” and “Weisshorn” production halls, what is now the largest photovoltaic powerplant in Central Switzerland supplies 1.8 megawatts at peak periods, covering some 20 percent of the electricity required for operations at Pilatus. That percentage will increase even further in coming years. Pilatus is also gradually replacing its fleet of company cars with fully electric, energy-efficient passenger cars and plug-in hybrid utility vehicles. In line with our strategy of continuous renewal, vehicles at the end of their lifecycle are always replaced with the best energy solution available on the market.

Things have become very difficult in the energy sector where we find ourselves facing massive hikes in electricity prices. We have responded by convening a task force to investigate options for saving electricity and ways of preparing for possible power shortages.

Sustainable Aviation Fuel (SAF), which can now be officially imported into Switzerland without special approval, also poses a problem. In Switzerland, there is still no way to participate in the book-and-claim offsetting procedure used in the EU. The corresponding certificates should provide a means of offsetting CO₂ and mineral oil taxes, for example. In the medium term, the Swiss Federal Office of Civil Aviation and the Federal Customs Administration are considering a Switzerland-wide procedure roughly comparable with the rules for green electricity: anyone who buys SAF may be sure that the exact same quantity as the quantity purchased will be set aside at the central Zurich Airport jet fuel depot in Bassersdorf. In return, buyers will be issued with a certificate which can be used to reduce their climate footprint, even if their SAF serves to refuel other aircraft. The timeframe for implementing the required political and regulatory procedures is difficult to estimate. It is unclear, therefore, exactly when Pilatus will be able to cover its jet fuel requirements “virtually” with SAF without also being penalised fiscally.

“ Pilatus has a proven reputation as the Swiss manufacturer of dependable, reliable and safe aircraft. We purchased a new PC-12 NGX for its class-leading performance and capability as a single pilot aircraft. Combined with the outstanding and pro-active customer support of the entire Pilatus team, we have found the transition to operating the PC-12 NGX a pleasure. The aircraft continues to do exactly what Pilatus advertises. With the latest generation of avionics and FADEC engine the PC-12 NGX is the perfect aircraft for our business.

Mr Paul O'Malley, previous CEO of Bluescope Steel and current Chairman of Commonwealth Bank of Australia



35°2'49"N | 118°16'44"W



| FLIGHT MOVEMENTS AIRPORT BUOCHS | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Pilatus Aircraft Ltd | 7,719 | 5,690 | 4,000 | 6,353 | 4,469 |
| Airport Buochs Ltd | 4,180 | 4,150 | 3,660 | 5,007 | 4,555 |
| Nidwalden Gliding Club | 3,307 | 3,191 | 2,812 | 3,115 | 2,803 |
| Swiss Air Force | 928 | 914 | 1,077 | 896 | 206 |
| Total | 16,134 | 13,945 | 11,549 | 15,371 | 12,033 |

46°58'59"N | 8°25'30"E

AIRPORT BUOCHS LTD

MOVING FORWARD

Airport Buochs AG (ABAG) recorded 22 percent fewer flight movements over its business year than in the previous year. Statistically, a flight movement is defined as a takeoff or a landing. Pilatus itself contributed 4,469 flight movements to the total number in 2022, a reduction of 30 percent on the previous year. Owned half by canton Nidwalden and half by Pilatus, ABAG succeeded in achieving an almost balanced operating result despite negative interest rates. It is particularly encouraging to see good progress with long-term financing for air traffic control operations. It is likely, however, that final implementation is still years away, which is not unusual. Plans and projects in this area of infrastructure go through long periods of examination by a wide range of different bodies. To give a current example from the past year: we submitted our applications to demolish old infrastructure to the Federal Office of Civil Aviation (FOCA) and the municipality of Buochs. A second example: the project aimed at improving safety on Herdernstrasse has been approved and should be complete some time in the second quarter of 2023. The fact that we are still waiting for a


decision from the Federal Administrative Court was a negative factor in 2022. The court will hopefully come to a final decision on the land conversion project, which is the basis for the construction permit for the new maintenance hall planned by Pilatus. This delay is a strain on our nerves, as was the delay affecting the project to drain the new airfield site. Happily, a solution for that has now been found, the waiting is over.

The planning approval process for the construction of the new maintenance hangar, to be called "Brisen", is still pending. We hope that an agreement can be reached in the second quarter of 2023, especially since the objections received are only marginal and can be accommodated by Pilatus. We also hope that the aforementioned land conversion procedure can be successfully concluded early this year. At this point, we would like to highlight the progress already made in this procedure. From our perspective, cooperation with the planning offices and authorities involved has been excellent throughout. That's the way to move forward!





***“Relations with my
colleagues are
both warm and
professional”***


Kevin Schuler
Supervisor Flight Operations

“ Here at Pilatus, we are an international community in the heart of Switzerland. I see the opportunities for self-development as something very positive. I learn something new every day, technically or socially – through my dealings with team colleagues. It makes me happy to be able to use these skills in a meaningful way. Pilatus is more than just an employer to me.

FACTS AND FIGURES

PILATUS GROUP

| KEY INDICATORS FOR THE PILATUS GROUP | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Sales (CHF million) | 1,092 | 1,170 | 1,116 | 1,333 | 1,347 |
| Aircraft in Net Sales | 128 | 134 | 129 | 152 | 133 |
| Orders Received (CHF million) | 1,015 | 1,132 | 836 | 1,734 | 1,628 |
| Order Book Value (CHF million) | 2,089 | 2,037 | 1,704 | 2,120 | 2,395 |
| EBIT (CHF million) | 157 | 153 | 155 | 210 | 226 |
| EBIT as % of Sales | 14.3 | 13.1 | 13.9 | 15.7 | 16.8 |
| Investments in R&D (CHF million) | 51 | 50 | 54 | 59 | 55 |
| EBIT before R&D (CHF million) | 208 | 203 | 209 | 269 | 281 |
| EBIT before R&D as % of Sales | 19.0 | 17.4 | 18.7 | 20.1 | 20.9 |
| Cash Flow (net profit plus depreciation, CHF million) | 156 | 165 | 153 | 247 | 266 |
| Cash Flow as % of Sales | 14.2 | 14.1 | 13.7 | 18.5 | 19.8 |
| Net Assets (CHF million) | 606 | 579 | 639 | 602 | 591 |
| Inventories (CHF million) | 479 | 495 | 475 | 475 | 548 |
| Customer Advances (CHF million) | 256 | 219 | 118 | 155 | 204 |
| Number of Full-time Equivalents | 2,283 | 2,289 | 2,196 | 2,316 | 2,599 |
| BALANCE SHEET EXTRACT | 2018 | 2019 | 2020 | 2021 | 2022 |
| Current Assets (CHF million) | 1,290 | 1,318 | 1,251 | 1,513 | 1,624 |
| Long-term Assets (CHF million) | 419 | 453 | 428 | 389 | 393 |
| Total Assets (CHF million) | 1,709 | 1,771 | 1,679 | 1,902 | 2,017 |
| Liabilities (CHF million) | 599 | 571 | 420 | 452 | 541 |
| Equity (CHF million) | 1,110 | 1,200 | 1,259 | 1,450 | 1,476 |
| Total Liabilities and Equity (CHF million) | 1,709 | 1,771 | 1,679 | 1,902 | 2,017 |
| Equity Ratio in % | 65.0 | 67.8 | 75.0 | 76.3 | 73.2 |

| | 2021 | | 2022 | |
|-------------------------------------------------------|--------------|--------------|--------------|--------------|
| TOTAL SALES | % | CHFm | % | CHFm |
| Pilatus Aircraft Ltd, Stans, Switzerland ¹ | 59.5 | 794 | 53.8 | 724 |
| Pilatus Business Aircraft Ltd, Broomfield, USA | 38.9 | 518 | 39.0 | 525 |
| Pilatus Australia Pty Ltd, Adelaide, Australia | 1.6 | 21 | 4.6 | 62 |
| Skytech Inc./LLC, USA (October 1th, 2022) | n/a | n/a | 2.6 | 36 |
| Total | 100.0 | 1,333 | 100.0 | 1,347 |

¹ Consolidated via Pilatus Stans

US dollar exchange rates 2022: 0.9549 / 2021: 0.9142

Australian dollar exchange rates 2022: 0.6631 / 2021: 0.6867

| SALES BY REGION | % | CHFm | % | CHFm |
|------------------------|--------------|--------------|--------------|--------------|
| The Americas | 40.8 | 544 | 41.9 | 565 |
| Europe | 41.9 | 559 | 35.0 | 471 |
| Asia | 11.2 | 149 | 12.0 | 162 |
| Australia | 5.0 | 66 | 8.9 | 120 |
| Africa | 1.1 | 15 | 2.2 | 29 |
| Total | 100.0 | 1,333 | 100.0 | 1,347 |

| SALES BY BUSINESS UNIT | % | CHFm | % | CHFm |
|----------------------------------------|--------------|--------------|--------------|--------------|
| General Aviation | 67.7 | 902 | 71.8 | 967 |
| Government Aviation (trainer aircraft) | 32.3 | 431 | 28.2 | 380 |
| Total | 100.0 | 1,333 | 100.0 | 1,347 |

| AIRCRAFT IN NET SALES² | Number of aircraft | Number of aircraft |
|------------------------------------------|--------------------|--------------------|
| PC-12 | 88 | 80 |
| PC-24 | 45 | 40 |
| PC-21 | 17 | 10 |
| PC-6 | 2 | 3 |
| Total | 152 | 133 |

² Delivered aircraft and accrued aircraft based on the PoC method (PoC = Percentage of Completion; net sales of trainer aircraft are considered based on the production progress)

FACTS AND FIGURES

| | 2021 | | 2022 | |
|---------------------------------------------------------------|--------------|--------------|---------------|--------------|
| EMPLOYEES BY FUNCTION | % | Employees | % | Employees |
| Production | 55.4 | 1,281 | 53.6 | 1,394 |
| Sales and Services | 15.4 | 357 | 14.8 | 384 |
| Research & Development | 13.5 | 314 | 14.5 | 378 |
| Logistics (incl. ICT) | 10.2 | 236 | 11.0 | 286 |
| Administration | 5.5 | 128 | 6.0 | 157 |
| Total | 100.0 | 2,316 | 100.0 | 2,599 |
| EMPLOYEES BY COMPANY | % | Employees | % | Employees |
| Pilatus Aircraft Ltd, Stans, Switzerland | 92.4 | 2,141 | 88.2 | 2,292 |
| Pilatus Business Aircraft Ltd, Broomfield, USA | 5.3 | 122 | 6.0 | 156 |
| Skytech Inc./LLC, USA | n/a | n/a | 3.6 | 93 |
| Pilatus Training Solutions Australia Pty Ltd, Sale, Australia | 1.5 | 34 | 1.4 | 37 |
| Pilatus Australia Pty Ltd, Adelaide, Australia | 0.8 | 19 | 0.8 | 21 |
| Total | 100.0 | 2,316 | 100.00 | 2,599 |

PILATUS ORGANISATION MANAGEMENT




MANAGEMENT OF PILATUS AIRCRAFT LTD

| | | |
|---|------------------|---------------------------------------|
| 1 | Markus Bucher | CEO |
| 2 | Bruno Cervia | VP Research & Development, Deputy CEO |
| 3 | Ignaz Gretener | VP General Aviation |
| 4 | André Zimmermann | VP Government Aviation |
| 5 | Daniel Geiser | VP Aircraft Assembly & MRO |

| | | |
|---|-------------------|---------------------------|
| 6 | Roger Hess | VP Supply Chain |
| 7 | Thomas Ochsenbein | VP Business Support & CFO |
| 8 | Roman Emmenegger | VP Manufacturing |
| 9 | Marcel Aregger | VP Information Technology |



***“I’m proud to be
part of the Pilatus
family”***



Toya Keller

Warranty & CrystalCare Coordinator

“ From day one, I loved Pilatus and the people behind it, with their strong sense of team spirit. It's really motivating to be an employee in such an innovative, modern company, living out my passion for aviation through my work. Every day, I look forward to the new challenges awaiting me in my job. I put everything I have into doing what I do – I'm proud and grateful to be part of this company.



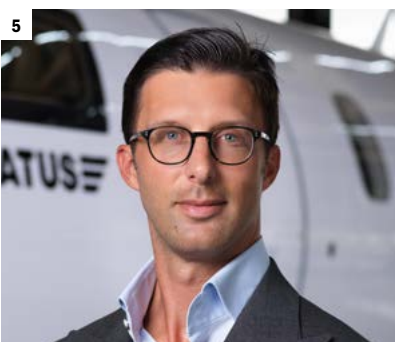
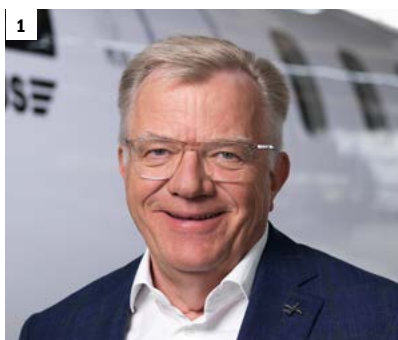
≡PILATUS≡



46°45'34"N | 8°35'18"E

PILATUS ORGANISATION

BOARD OF DIRECTORS



BOARD OF DIRECTORS OF PILATUS AIRCRAFT LTD

| | | |
|---|------------------|---------------|
| 1 | Hansueli Loosli | Chairman |
| 2 | Lukas Gähwiler | Vice Chairman |
| 3 | Mario Rossi | Member |
| 4 | Martin P. Furrer | Member |
| 5 | Dominik Burkart | Member |
| 6 | Annette Rinck | Member |

SUBSIDIARIES

PILATUS BUSINESS AIRCRAFT LTD, BROOMFIELD, USA

| | |
|-----------------|----------|
| Markus Bucher | Chairman |
| Thomas Bosshard | CEO |

PILATUS AUSTRALIA PTY LTD, ADELAIDE, AUSTRALIA

| | |
|------------------|----------|
| Oscar J. Schwenk | Chairman |
| Sebastian Lip | CEO |

PILATUS TRAINING SOLUTIONS AUSTRALIA PTY LTD

| | |
|-------------------|----------|
| Markus Bucher | Chairman |
| Jennifer Marshall | CEO |

SKYTECH INC., USA

| | |
|----------------|----------|
| Markus Bucher | Chairman |
| Justin Lazzeri | CEO |

2022

HIGHLIGHTS



DECEMBER

- **First PC-12 NGX** handed over to **Tradewind**

OCTOBER

- Participation at the **NBAA Convention**, the world's largest business aviation trade show

SEPTEMBER

- **Pilatus acquires** American Sales and Service Centre, **Skytech Inc.**
- **Spanish Air Force** reaches its 1000th flying hour with the **PC-21**

JULY

- Pilatus opens **paint shop in Colorado**, USA

JUNE

- **Launch of Beekeeper**, our digital communication platform
- First **PC-24** with a **carbon-fibre interior**

APRIL

- **Annette Rinck** is newly elected to the **Board of Directors**

MARCH

- **Tradewind Aviation** buys **20 PC-12 NGXs**

JANUARY

- Pilatus commissions the **largest solar power plant in the canton** of Nidwalden



25°55'36"N | 79°27'14"W

Founded in 1939, Pilatus Aircraft Ltd develops and produces the world's most unique aircraft: from the legendary PC-12, the best-selling single-engine turboprop in its class, to the PC-7 MKX and PC-21 and associated simulators, the market-leading systems for pilot training. The new PC-24 is the world's first ever business jet designed for use on short unprepared runways. The Pilatus team consists of over 2,300 exceptional employees who make the company, which is domiciled in Stans, one of the largest and most innovative employers in Central Switzerland. The Pilatus Group also includes independent subsidiaries in the USA and Australia. Pilatus provides training for over 140 apprentices in various professions - job training for young people has always been a very high priority. Pilatus remains committed to Switzerland as a hub for work and new ideas, and acts in a sustainable and environmentally-conscious manner at all times.

