ANNUAL FINANCIAL REPORT
AS OF 31 MARCH 2022

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AT&S

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft

Annual Financial Report as of 31 March 2022

Table of contents

The consolidated financial statements, the financial statements and the Management Reports of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft and the Auditor's Reports have been translated into English.
In case of different interpretations the German original is valid.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

Table of contents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

€ in thousands	Note	2021/22	2020/21
Revenue	1	1,589,867	1,188,224
Cost of sales	2	(1,336,950)	(1,021,239)
Gross profit		**252,917**	**166,985**
Distribution costs	2	(44,743)	(36,563)
General and administrative costs	2	(78,747)	(47,106)
Other operating income	4	44,726	17,740
Other operating costs	4	(47,693)	(21,296)
Other operating result		(2,967)	(3,556)
Operating result		**126,460**	**79,760**
Finance income	5	18,257	3,937
Finance costs	5	(22,608)	(24,076)
Finance costs - net		**(4,351)**	**(20,139)**
Profit before tax		**122,109**	**59,621**
Income taxes	6	(18,819)	(12,197)
Profit for the year		**103,290**	**47,424**
Attributable to owners of hybrid capital		10,452	8,313
Attributable to owners of the parent company		92,838	39,111
Earnings per share attributable to equity holders of the parent company (in € per share):	25		
- basic		2.39	1.01
- diluted		2.39	1.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in thousands		2021/22	2020/21
Profit for the year		**103,290**	**47,424**
Items to be reclassified:			
Currency translation differences, net of tax		158,732	11,926
Losses from the fair value measurement of available-for-sale financial assets, net of tax		(1)	(55)
Gains from the fair value measurement of hedging instruments for cash flow hedges, net of tax		2,746	–
Items not to be reclassified:			
Remeasurement of post-employment obligations, net of tax		(647)	485
Other comprehensive income for the year		**160,830**	**12,356**
Total comprehensive income for the year		**264,120**	**59,780**
Attributable to owners of hybrid capital		10,452	8,313
Attributable to owners of the parent company		253,668	51,467

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in thousands	Note	31 Mar 2022	31 Mar 2021
ASSETS			
Property, plant and equipment	7	1,950,185	1,301,400
Intangible assets	8	31,807	42,813
Financial assets	12	4,580	117
Deferred tax assets	6	24,698	25,113
Other non-current assets	9	11,742	7,948
Non-current assets		**2,023,012**	**1,377,391**
Inventories	10	193,236	152,528
Trade and other receivables and contract assets	11	390,266	265,293
Financial assets	12	18,833	39,746
Current income tax receivables		1,056	2,154
Cash and cash equivalents	13	1,119,921	552,850
Current assets		**1,723,312**	**1,012,571**
Total assets		**3,746,324**	**2,389,962**
EQUITY			
Share capital	22	141,846	141,846
Other reserves	23	187,909	27,079
Hybrid capital	24	388,849	172,887
Retained earnings		533,689	460,201
Equity attributable to owners of the parent company		**1,252,293**	**802,013**
Total equity		**1,252,293**	**802,013**
LIABILITIES			
Financial liabilities	15	1,276,578	1,017,143
Contract liabilities	16	446,410	–
Provisions for employee benefits	17	55,232	53,331
Deferred tax liabilities	6	2,167	1,935
Other liabilities	14	69,604	41,039
Non-current liabilities		**1,849,991**	**1,113,448**
Trade and other payables	14	549,679	382,584
Financial liabilities	15	78,402	84,101
Current income tax payables		9,570	3,411
Other provisions	18	6,389	4,405
Current liabilities		**644,040**	**474,501**
Total liabilities		**2,494,031**	**1,587,949**
Total equity and liabilities		**3,746,324**	**2,389,962**

CONSOLIDATED STATEMENT OF CASH FLOWS

€ in thousands	2021/22	2020/21
Operating result	**126,460**	**79,760**
Depreciation, appreciation, amortisation and impairment of property, plant and equipment and intangible assets	223,073	165,903
Gains/losses from the sale of fixed assets	1,774	271
Changes in non-current provisions	1,267	1,971
Changes in non-current contract liabilities	446,374	–
Non-cash expense/(income), net	5,950	9,726
Interest paid	(19,331)	(14,645)
Interest received	2,432	3,187
Income taxes paid	(11,709)	(13,942)
Cash flow from operating activities before changes in working capital	**776,290**	**232,231**
Inventories	(27,661)	(43,959)
Trade and other receivables and contract assets	(109,500)	(60,636)
Trade and other payables	72,246	57,792
Other provisions	1,817	(777)
Cash flow from operating activities	**713,192**	**184,651**
Capital expenditure for property, plant and equipment and intangible assets	(605,571)	(437,972)
Proceeds from the sale of property, plant and equipment and intangible assets	3,698	2,220
Capital expenditure for financial assets	(17,481)	(53,630)
Proceeds from the sale of financial assets	39,661	149,573
Cash flow from investing activities	**(579,693)**	**(339,809)**
Proceeds from borrowings	255,484	383,889
Repayments of borrowings	(70,943)	(93,296)
Proceeds from issuing of hybrid capital	347,324	–
Repayments of hybrid capital	(138,584)	–
Proceeds from government grants	28,045	31,061
Dividends paid	(15,152)	(9,713)
Hybrid cupon paid	(9,304)	(8,313)
Cash flow from financing activities	**396,870**	**303,628**
Change in cash and cash equivalents	**530,369**	**148,470**
Cash and cash equivalents at beginning of the year	552,850	417,950
Exchange gains/(losses) on cash and cash equivalents	36,702	(13,570)
Cash and cash equivalents at the end of the year	**1,119,921**	**552,850**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ in thousands	Share capital	Other reserves	Hybrid capital	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
31 Mar 2020	**141,846**	**14,723**	**172,887**	**430,803**	**760,259**	**–**	**760,259**
Profit for the year	–	–	–	47,424	47,424	–	47,424
Other comprehensive income for the year	–	12,356	–	–	12,356	–	12,356
thereof currency translation differences, net of taxes	–	*11,926*	–	–	*11,926*	–	*11,926*
thereof remeasurement of post-employment obligations, net of tax	–	*485*	–	–	*485*	–	*485*
thereof change in available-for-sale financial assets, net of tax	–	*(55)*	–	–	*(55)*	–	*(55)*
Total comprehensive income for the year 2020/21	**–**	**12,356**	**–**	**47,424**	**59,780**	**–**	**59,780**
Dividends paid relating to 2019/20	–	–	–	(9,713)	(9,713)	–	(9,713)
Hybrid cupon paid	–	–	–	(8,313)	(8,313)	–	(8,313)
31 Mar 2021	**141,846**	**27,079**	**172,887**	**460,201**	**802,013**	**–**	**802,013**
Profit for the year	–	–	–	103,290	103,290	–	103,290
Other comprehensive income for the year	–	160,830	–	–	160,830	–	160,830
thereof currency translation differences, net of tax	–	*158,732*	–	–	*158,732*	–	*158,732*
thereof remeasurement of post-employment obligations, net of tax	–	*(647)*	–	–	*(647)*	–	*(647)*
thereof change in available-for-sale financial assets, net of tax	–	*(1)*	–	–	*(1)*	–	*(1)*
thereof change in hedging instruments for cash flow hedges, net of tax	–	*2,746*	–	–	*2,746*	–	*2,746*
Total comprehensive income for the year 2021/22	**–**	**160,830**	**–**	**103,290**	**264,120**	**–**	**264,120**
Dividends paid relating to 2020/21	–	–	–	(15,152)	(15,152)	–	(15,152)
Proceeds hybrid capital	–	–	347,955	–	347,955	–	347,955
Repayment hybrid capital	–	–	(131,993)	(6,590)	(138,583)	–	(138,583)
Hybrid cupon paid	–	–	–	(9,304)	(9,304)	–	(9,304)
Tax effect hybrid capital	–	–	–	1,244	1,244	–	1,244
31 Mar 2022	**141,846**	**187,909**	**388,849**	**533,689**	**1,252,293**	**–**	**1,252,293**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

TABLE OF CONTENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. GENERAL INFORMATION

A. General

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft (hereinafter referred to as "the Company", and with its subsidiaries referred to as "the Group") was incorporated in Austria. The Company is headquartered in Austria, Fabriksgasse 13, 8700 Leoben-Hinterberg.

The Group manufactures and distributes printed circuit boards and provides related services in the segments of Mobile Devices & Substrates, Automotive, Industrial, Medical and Others. The products are manufactured in the European and Asian markets and are directly distributed to original equipment manufacturers (OEM) as well as to contract electronic manufacturers (CEM).

Since 20 May 2008, the Company has been listed in the Prime Market segment of the Vienna Stock Exchange, Austria, and, after a period of double listing on the previous exchange in Frankfurt am Main, Germany, has been traded exclusively on the Vienna Stock Exchange since 15 September 2008. Prior to changing stock exchange, the Company had been listed on the Frankfurt Stock Exchange since 16 July 1999. Since 19 March 2018, the Company's shares have been included in the Austrian ATX index. According to Section 245a of the Austrian Commercial Code (UGB), the consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations (IFRIC and SIC) of the International Accounting Standards Board (IASB) as adopted by the European Union (EU).

B. Accounting and measurement policies

The consolidated financial statements have been prepared under the historical cost convention, except for securities and derivative financial instruments and the portion of trade receivables that are assigned to banks in the following month as part of factoring agreements, which are measured at their fair values.

a. Consolidation principles

The balance sheet date for all consolidated companies is 31 March 2022, with the following exceptions: due to the legal situation in China, the financial year of AT&S (China) Company Limited and AT&S (Chongqing) Company Limited corresponds to the calendar year (balance sheet date: 31 December 2021), meaning that they were consolidated on the basis of the interim financial statements as of 31 March 2022.

The consolidated financial statements were approved for issue by the Management Board on 16 May 2022. The separate financial statements of the Company, which are included in the consolidation after reconciliation to the applicable accounting standards, will be presented for approval to the Supervisory Board on 2 June 2022. The separate financial statements of the Company can be modified by the Supervisory Board and, in case of presentation to the Annual General Meeting, by the Company's shareholders in a way that might also affect the presentation of the consolidated financial statements.

Group of consolidated entities The Company controls an entity when the Group is exposed to risks or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In addition to the Company itself, the consolidated financial statements comprise the following fully consolidated subsidiaries:

- AT&S Asia Pacific Limited, Hong Kong, China (hereinafter referred to as AT&S Asia Pacific), share 100%
- AT&S (China) Company Limited, China (hereinafter referred to as AT&S China), 100% subsidiary of AT&S Asia Pacific
- AT&S (Chongqing) Company Limited, China (hereinafter referred to as AT&S Chongqing), 100% subsidiary of AT&S Asia Pacific
- AT&S Japan K.K., Japan, 100% subsidiary of AT&S Asia Pacific
- AT&S (Taiwan) Co., Ltd., Taiwan (hereinafter referred to as AT&S Taiwan), 100% subsidiary of AT&S Asia Pacific
- AT&S India Private Limited, India (hereinafter referred to as AT&S India), share 100%
- AT&S Korea Co., Ltd., South Korea (hereinafter referred to as AT&S Korea), share 100%

- AT&S Americas LLC, USA (hereinafter referred to as AT&S Americas), share 100%
- AT&S Deutschland GmbH, Germany (hereinafter referred to AT&S Deutschland), share 100%
- AT&S Austria Technologie & Systemtechnik (Malaysia) SDN. BHD. (hereinafter referred to AT&S Malaysia), share 100%

In the financial year 2021/22, a new company was acquired in Malaysia for the purpose of expanding capacity for the Substrates division. Since this was not a business combination as defined by IFRS 3 at the date of acquisition, the rules of this standard are not applicable. The effects of the initial consolidation of this company on the consolidated financial statements are immaterial.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the equity interests issued and the liabilities incurred and/or assumed at the acquisition date. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

For each business combination, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets and, accordingly, recognises the full or proportional goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

When the Group ceases to have control or significant influence over a company, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the fair value determined at initial recognition of an associate, joint venture or financial asset. In addition, any amounts recognised in other comprehensive income in respect of that entity are accounted for as if the parent company had directly disposed of the related assets or liabilities.

Methods of consolidation All significant intercompany balances and transactions have been eliminated so that the consolidated financial statements present the accounting information of the Group as if it were one single company.

Capital consolidation is made in accordance with IFRS 3 “Business Combinations” and IFRS 10 “Consolidated Financial Statements”. Intercompany accounts receivable and payable as well as expenses and income are eliminated. Unless immaterial, intercompany results in non-current assets and inventories are eliminated. Furthermore, uniform accounting and measurement methods are applied to all consolidated subsidiaries.

b. Segment reporting

The definition of operating segments and the presentation of segment results are based on the management approach and follow internal reports to the Management Board as the chief operating decision-maker, i.e. the body that decides on the allocation of resources to the individual segments. An operating segment is a component of an entity that engages in business activities and whose operating results are reviewed regularly by the entity's chief operating decision-maker. Business activities involve earning revenues and incurring expenses, and these may also relate to business transactions with other operating segments of the entity. Separate financial information is available for the individual operating segments.

The AT&S Group structures the operating activities into three segments:

- Mobile Devices & Substrates
- Automotive, Industrial, Medical
- Others

The business unit Mobile Devices & Substrates is responsible for the production of printed circuit boards for mobile end-user devices such as smartphones, tablets, notebooks and consumer products such as digital cameras as well as substrates for desktop PCs and servers. The printed circuit boards for these applications are largely produced at our Shanghai (AT&S China) and Chongqing (AT&S Chongqing) plants.

The business unit Automotive, Industrial, Medical supplies customers in the fields of automotive supplies, industrial applications, medical technology, aerospace, security and other sectors. Production for this business segment mainly takes place at our plants in India, South Korea and Austria.

The business unit Others covers corporate and holding activities.

c. Foreign currencies

The Group's presentation currency is the euro (€). The functional currency of the foreign subsidiaries is the respective local currency.

Foreign subsidiaries With the exception of equity positions (historical exchange rate), the balance sheets of AT&S India, AT&S China, AT&S Asia Pacific, AT&S Japan, AT&S Korea, AT&S Americas, AT&S Chongqing, AT&S Malaysia and AT&S Taiwan are translated at the exchange rates on the balance sheet date. The profit or loss statements are translated at the average exchange rates of the financial year. The effect of changes in the exchange rate with regard to the foreign subsidiaries' net assets is recognised directly in equity.

Foreign currency transactions In the financial statements of each of the Group's entities, foreign currency items are translated at the exchange rates prevailing on the day of the transaction. Monetary items are translated at the respective exchange rate ruling at the balance sheet date; non-monetary items which were recognised according to the historical cost principle are carried at the rate of their initial recognition. Translation adjustments from monetary items, with the exception of financial assets classified as "at fair value through other comprehensive income", are recognised in profit or loss.

	Closing rate			Average rate		
	31 Mar 2022	31 Mar 2021	Change in %	01 Apr 2021 - 31 Mar 2022	01 Apr 2020 - 31 Mar 2021	Change in %
Chinese yuan renminbi	7.0420	7.7106	(8.7%)	7.4579	7.9130	(5.8%)
Hong Kong dollar	8.6853	9.1214	(4.8%)	9.0419	9.0389	0.0%
Malaysian ringgit	4.6643	4.8654	(4.1%)	4.8392	4.8433	(0.1%)
Indian rupee	83.9684	85.7896	(2.1%)	86.2440	86.4192	(0.2%)
Japanese yen	134.9800	129.8600	3.9%	130.8508	123.6723	5.8%
South Korean won	1,345.7967	1,324.7169	1.6%	1,351.7529	1,353.9816	(0.2%)
Taiwan dollar	31.8146	33.4295	(4.8%)	32.4252	33.7550	(3.9%)
US dollar	1.1093	1.1734	(5.5%)	1.1613	1.1657	(0.4%)

d. Revenue recognition

Revenue comprises the fair value of considerations received in the course of the Group's ordinary activities. Revenue is recognised net of VAT, discounts and price reductions, and after elimination of intercompany sales. Revenue is realised as follows:

Revenue from product sales In accordance with IFRS 15, revenue must be recognised when control over agreed goods and services passes to the customer and the customer obtains a benefit from them. Revenue can be recognised at a point in time or over time. When products are manufactured specifically tailored to the customer's needs and there is consequently no alternative use for such products and the entity has an enforceable right to payment for performance completed to date including a margin, control of these products passes to the customer according to IFRS 15.35 c. Some of the AT&S Group's customers meet these criteria; therefore revenue is recognised over time in such cases. Progress is measured based on the cost incurred to date in relation to total cost.

In cases where customers do not meet these criteria, revenue is recognised at a point in time when control over delivery has passed to the buyer (depending on the agreed incoterms).

e. Income taxes

The income tax burden is based on the profit for the year and includes deferred income taxes.

The Group provides for deferred income taxes using the balance-sheet oriented method. Under this method, the expected tax effect of differences arising between the carrying amounts in the consolidated financial statements and the taxable carrying amounts are taken into account by recognising deferred tax assets and tax liabilities. These differences will be reversed in the future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted on the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. A future change in tax rates would also have an impact on the deferred tax assets capitalised at the current balance sheet date.

Deferred income taxes arise from the measurement of specific assets and liabilities, as well as tax loss carryforwards and amortisation of goodwill.

Deferred taxes on not yet realised profits/losses of equity instruments and on not yet realised profits/losses from hedging instruments for cash flow hedges that are recognised in equity are also directly recognised in equity.

In accordance with IFRS, deferred income tax assets on loss carryforwards have to be recognised to the extent that it is probable that they will be utilised against future taxable profits.

Deferred taxes are not recognised for temporary differences in connection with holdings in subsidiaries provided that the Group is able to control the timing of the reversal of the temporary differences and it is likely that the temporary differences will not be reversed in the foreseeable future.

f. Property, plant and equipment

Items of property, plant and equipment are measured at cost. Expenditure directly attributable to an acquisition and the subsequent expenditure is capitalised; repairs and maintenance costs, however, are expensed as incurred.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the acquisition or production costs of this asset in accordance with IAS 23.

From the time of their availability for use, the assets are depreciated on a straight-line basis over their expected useful lives. Depreciation is charged on a pro rata temporis basis. Land is not subject to depreciation.

Scheduled depreciation is based on the following useful lives applicable throughout the Group:

Plants and buildings	10–50 years
Machinery and technical equipment	4–15 years
Tools, fixtures, furniture and office equipment	3–15 years

Depreciation periods and methods are reviewed annually at the end of the financial year.

Profits or losses resulting from the closure or retirement of non-current assets, which arise from the difference between the net realisable value and the carrying amounts, are recognised in profit or loss.

g. Leases

A lease is a contract which transfers the right to use an asset (leasing asset) for and agreed period of time against a consideration. Since 1 April 2019, the Group recognises, for all leases, right-of-use assets in the statement of financial position and liabilities for the payment obligations entered into at present value. Lease payments are discounted at the rate implicit in the lease if that can be readily determined. Otherwise the incremental borrowing rate is used. Lease liabilities include fixed payments, variable index-linked payments and the exercise price of a purchase option, if the exercise is considered to be sufficiently certain.

The subsequent measurement is made at amortised cost. Right-of-use assets are depreciated on a straight-line basis over the period of the contract.

For leases in which the underlying asset is of low value (€ 5 thousand) and for short-term leases (up to 12 months or less) the practical expedients are used and payments are recognised on a straight-line basis as an expense in the statement of profit or loss. In addition, the provisions are not applied to leases of intangible assets.

In particular, leases of real estate include extension and termination options. When determining the term of the contract, all facts and circumstances offering an economic incentive to exercise extension options or not to exercise termination options are taken into account. Changes in the term resulting from the exercise or non-exercise of such options are only considered if they are sufficiently certain.

The Group only acts as a lessee. Transactions in which the Group is the lessor do not take place.

h. Intangible assets

Patents, trademarks and licenses Expenditure on acquired patents, trademarks and licenses is capitalised at cost, including incidental acquisition expenses, and amortised on a straight-line basis over the asset's useful life, generally between two and ten years. Amortisation terms and methods are reviewed annually at the end of the financial year.

Research and development costs Research costs are expensed as incurred and charged to cost of sales. Development costs are also expensed as incurred. An intangible asset arising from development is recognised if, and only if, an entity can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.

- How the intangible asset will generate probable future economic benefits is verifiable.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to reliably measure the expenditure attributable to the intangible asset during its development.

Capitalised development projects include all the directly attributable costs incurred as a result of development processes. Borrowing costs are capitalised if the development project is a qualifying asset in accordance with IAS 23. Development costs are amortised on a straight-line basis over a useful life from six to seven years, which is derived from the expected sales periods.

i. Impairment losses and appreciation of property, plant and equipment and intangible assets

The Group regularly reviews property, plant and equipment and intangible assets for possible impairment. If evidence for impairment exists, an impairment test is carried out without delay. Intangible assets in the development phase are tested annually for impairment. If the recoverable amount of the respective asset is below its carrying amount, an impairment loss amounting to the difference is recognised. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use corresponds to the estimated future cash flows expected from the continued use of the asset and its disposal at the end of its useful life. The discount rates applied correspond to the weighted cost of capital based on externally available capital market data that are typical in the industry and have been adapted to the specific risks.

If the reason for the impairment recognised in the past no longer exists, with the exception of goodwill, an appreciation up to amortised cost is made.

j. Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less variable costs necessary to make the sale. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Interest on borrowed capital is not recognised.

k. Trade and other receivables and contract assets

Receivables not including a material financing component are initially measured at the transaction price in accordance with IFRS 15 and subsequently recognised at amortised cost, if necessary less impairment for expected and actual credit losses. The receivables are measured in accordance with the simplified model (lifetime expected credit losses). For this purpose, the required impairment is determined within the scope of a provision matrix by analysing historical data and estimating future developments. All receivables are due within less than one year and therefore do not include a financing component in the form of interest.

l. Financial assets

Financial assets are recognised and derecognised using settlement date accounting. The fair values recognised in the statement of financial position generally correspond to market prices of financial assets. Except for financial assets at fair value through profit or loss, they are initially recognised including transaction costs.

Financial assets are divided into two categories in accordance with IFRS 9, those which are valued at amortised cost and those valued at fair value. When financial assets are valued at fair value, expenses and income are recognised through profit or loss or other comprehensive income.

At amortised cost This category includes all financial assets held as part of a business model whose objective is the collection of contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At the time of acquisition, the financial asset is measured at fair value in accordance with IFRS 15 (contract assets and trade receivables). The financial asset is subsequently measured at amortised cost less any impairment. Impairments are recognised through profit or loss.

AT&S applies the simplified impairment model for trade receivables and contract assets from contracts with customers, which takes into account expected credit losses during the full lifetime. Credit loss is determined on the basis of a provision matrix created based on a rating of the customers and past due receivables.

Financial assets at fair value through other comprehensive income This category includes those financial assets held as part of a business model whose objective is the collection of contractual cash flows and the sale of financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In the AT&S Group, trade receivables are in part sold to banks as part of factoring agreements. The part of receivables as of 31 March which is sold to banks at nominal value after this date is measured at fair value through other comprehensive income. The measurement at fair value has no significant impact on the consolidated financial statements. Therefore it is assumed that the fair value corresponds to the previous measurement standard of amortised cost.

All equity instruments for which IFRS 9 has to be applied are recognised at fair value; value changes are recognised through profit or loss. If an equity instrument is not held for trading, an entity can make the irrevocable decision at initial recognition to recognise value changes through OCI. Then, only income from dividends is recognised through profit or loss, insofar as they do not represent a capital repayment.

In accordance with IFRS 9 the irrevocable option of measurement through other comprehensive income was used. Value changes will consequently continue to be recognised in other comprehensive income.

Financial assets at fair value through profit or loss This category includes financial assets which were classified neither at amortised cost nor at fair value through other comprehensive income. At the time of their acquisition, they are stated at fair value, excluding transaction costs, and, in subsequent periods, at their respective fair values. Realised and unrealised gains and losses are recognised in profit or loss in "Finance costs - net". This relates primarily to securities held for trading. Derivative financial instruments also fall into this category, unless hedge accounting is applied (refer to "Derivative financial instruments").

Derivative financial instruments Where possible, the Group uses derivative financial instruments to hedge against interest fluctuations. These instruments mainly include interest rate swaps. They are entered into in order to protect the Group against interest rate fluctuations. The Group does not hold any financial instruments for speculative purposes.

The first-time recognition at the conclusion of the contract and the subsequent measurement of derivative financial instruments are made at their fair values. AT&S continues to apply the provisions of IAS 39 with respect to hedge accounting. "Hedge accounting" in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", according to which changes in fair values of hedging instruments are recognised in equity, is applied when there is an effective hedging relationship pursuant to IAS 39 for hedging instruments for cash flow hedges. The assessment of whether the derivative financial instruments used in the hedging relationship are highly effective in offsetting the changes in cash flows of the hedged item is documented at the inception of the hedging relationship and on an ongoing basis. When "hedge accounting" in equity is not applicable, unrealised gains and losses from derivative financial instruments are recognised in profit or loss in "Finance costs - net".

Interest and dividend income Interest income is recognised on a pro rata temporis basis, taking into account the effective interest rate of the asset. Dividend income from financial assets is recognised in profit or loss when the Group's right to receive payments is established.

Impairment of financial assets The new impairment expected credit loss (ECL) model according to IFRS 9 has to be applied for financial assets which are measured at amortised cost, for contract assets and debt instruments measured at fair value through OCI.

In accordance with IFRS 9, impairment must be determined using either the twelve-month model, which takes into account expected credit losses within the next twelve months, or the lifetime expected credit loss model which takes into account expected credit losses that result from possible default events within the whole lifetime.

AT&S applies the simplified impairment model for trade receivables and contract assets from contracts with customers, which takes into account expected credit losses during the full lifetime of the asset. The credit loss is determined on the basis of a provision matrix created based on a rating of the customers and overdue of the receivables.

m. Cash and cash equivalents

Cash and cash equivalents comprise cash, time deposits, deposits held at call with banks and short-term, highly liquid investments with an original maturity of up to three months (commercial papers and money market funds).

n. Non-controlling interests

The Company does not have any non-controlling interests. The profit for the year and other comprehensive income are attributed to the owners of the parent company and the holders of the hybrid capital.

o. Provisions

Provisions are recognised if the Group has a legal or de facto obligation to third parties, which is based on past events, where it is probable that this will result in an outflow of resources and the amount can be estimated reliably. The provisions are remeasured at each balance sheet date and their amounts adjusted accordingly.

Non-current provisions are reported at the discounted amount to be paid at each balance sheet date if the interest effect resulting from the discounting is material.

p. Provisions for employee benefits

Pension obligations The Group operates various defined contribution and defined benefit pension schemes.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a special purpose entity (fund). These contributions are charged to staff costs. No provision has to be set up, as there are no additional obligations beyond the fixed amounts.

For individual members of the Management Board and certain executive employees, the Group has defined benefit plans that are valued by qualified and independent actuaries at each balance sheet date. The Group's obligation is to meet the benefits committed to current and former members of the Management Board and executive employees as well as their dependents. The pension obligation calculated according to the projected unit credit method is reduced by the plan assets of the fund in the case of a funded pension scheme. The present value of the future pension benefit is determined on the basis of years of service, expected remuneration and pension adjustments.

To the extent that the plan assets of the fund do not cover the obligation, the net liability is accrued under pension provisions. If the net assets exceed the pension obligation, the exceeding amount is capitalised under “Overfunded pension benefits”.

Staff costs recognised in the respective financial year are based on expected values and include the service costs. Net interest on net liabilities is recognised in “Finance costs - net”. Remeasurements of the net liability are recognised in other comprehensive income and comprise gains and losses arising from the remeasurement of post-employment obligations.

Provisions for severance payments Pursuant to Austrian labour regulations, severance payments have to be paid primarily on termination of employment by the employer or on the retirement of an employee. The liabilities are measured by qualified and independent actuaries at each balance sheet date.

For employees who joined Austrian companies up to and including 2002, the Company has direct obligations that account for the major part of the Group’s severance payment obligations. In accordance with IAS 19, these liabilities are calculated using the projected unit credit method as described above and represent severance payment obligations not covered by plan assets. For employees who joined the Company as of or after 1 January 2003, the severance payment obligation is met by regular contributions to a staff provision fund (“Mitarbeitervorsorgekasse”). These contributions are included in staff costs. The Company has no further payment obligations once the contributions have been paid.

For employees of the Company in India, obligations for severance payments are covered by life insurance policies. Furthermore, severance payment obligations exist for employees in South Korea and China. These obligations are measured in accordance with IAS 19 using the projected unit credit method as described above and represent severance payment obligations not covered by plan assets.

Other employee benefits Other employee benefits include provisions for anniversary bonuses and relate to employees in Austria and China.

Anniversary bonuses are special one-off payments stipulated in the Collective Agreement which are dependent on remuneration and duration of service. Eligibility is determined by a certain minimum length of employment. The respective liability is calculated in accordance with the projected unit credit method based on the same parameters used for severance payments.

Staff costs recognised in the respective financial year include entitlements acquired and the actuarial results. The interest component is recognised in “Finance costs - net”. The liabilities are measured by qualified and independent actuaries at each balance sheet date.

q. Stock appreciation rights

The Group introduced a long-term incentive programme based on stock appreciation rights SARs. Stock appreciation rights relate to value increases in share prices based on the performance of the share price. These rights are accounted for in accordance with IFRS 2 “Share-based Payment”.

The fair value of the employee services rendered as consideration for the granting of SARs is recognised as an expense. Upon initial recognition and at every balance sheet date until the liabilities are settled, SAR liabilities are measured at fair value through profit or loss, applying the option price model. Reference is made to Note 14 “Trade and other payables”.

r. Liabilities

Financial liabilities are initially measured at fair value less transaction cost and, in subsequent periods, at amortised cost using the effective interest rate method. Foreign currency liabilities are translated at the average exchange rate prevailing at the balance sheet date.

s. Contract liabilities

Contract liabilities are initially recognised at fair value less transaction costs and measured at amortised cost in subsequent periods. Contract liabilities in foreign currencies are measured at the average exchange rate at the time of initial recognition as they are not a monetary item. If a significant financing component exists, interest is accrued on the liability.

t. Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to investments in property, plant and equipment are included in liabilities as deferred government grants; they are recognised in profit or loss on a straight-line basis over the expected useful life of the related assets. Government grants relating to costs and property, plant and equipment are recognised in profit or loss under other operating result.

u. Contingent liabilities, contingent assets and other financial obligations

Contingent liabilities are not recognised in the statement of financial position, but disclosed in Note 21 “Contingent liabilities and other financial commitments”. They are not disclosed if an outflow of resources with economic benefit is unlikely.

A contingent asset is not recognised in the consolidated financial statements, but disclosed if the inflow of an economic benefit is likely.

v. First-time adoption of accounting standards

The following new and/or amended standards and interpretations were applied for the first time in the financial year 2021/22 and pertain to the International Financial Reporting Standards (IFRS) as adopted by the EU.

- IFRS 4: Amendments to insurancew contracts
- IFRS 16: Changes COVID-19 related
- IAS 39, IFRS 9, IFRS 7: Interest Rate Benchmark Reform (Phase 2)

No material effects resulted from the amended standards.

w. Future amendments to accounting standards and impact of first-time adoption

The IASB and IFRIC issued additional standards and interpretations not yet effective in the financial year 2021/22.

These have already been adopted in part by the European Union. The following standards and interpretations had already been published by the time these consolidated financial statements were prepared and are not yet effective; they have not been adopted early in the preparation of these consolidated financial statements:

	Standard/Interpretation (Content of the regulation)	Effective date [1]	EU [2]	Expected impacts on the consolidated financial statements
IFRS 14	Regulatory Deferral Accounts	Waiting for final standard	No	No major changes are expected
IFRS 17	Insurance Contracts	01/01/2023	Yes	No major changes are expected
IAS 1	Classification of Liabilities as Current or Non-current	01/01/2023	No	No major changes are expected
IAS 16, IAS 37	Proceeds before intended Use, Costs of fulfilling a contract	01/01/2022	Yes	No major changes are expected
IAS 12	Deferred tax related to leases and decommissioning obligations	01/01/2023	Yes	No major changes are expected
IAS 28, IFRS 10	Investments in Associates: Sales or contributions of assets between an investor and its associate/joint venture	Postponed indefinitely	No	No major changes are expected
IAS 1, IAS 8	Disclosure of Accounting policies and Accounting Estimates	01/01/2023	Yes	No major changes are expected
	Annual Improvements to IFRS Standards 2018 - 2020	01/01/2022	No	No major changes are expected

[1] The Group intends to apply the new regulations for the first time in the fiscal year beginning subsequent to the effective date.
[2] Status of adoption by the EU.

C. Critical accounting estimates and assumptions used in accounting and measurement

The Group uses estimates and assumptions to determine the reported amounts of assets, liabilities, revenue and expenses, as well as other financial liabilities, and contingent assets and liabilities. All estimates and assumptions are reviewed on a regular basis and are based on past experiences and additional factors, including expectations regarding future events that seem reasonable under the given circumstances. As part of strategic business planning, the current overall economic conditions, the economic environment and the most recent estimates regarding market developments are considered. The effects of COVID-19 (especially the lockdown in Shanghai) and regarding the Russia/Ukraine crisis were not considered in business planning due to a lack of predictability, which may have an impact on the estimates made in this connection. Actual results may differ from these estimates in the future. Management believes that the estimates are reasonable.

Development costs On the one hand, capitalised development costs largely relate to the development of a new technology for the production of substrates for silicon semiconductor chips for the Chongqing project. This technology has been available for use from March 2016 onwards and amortisation has begun. In the financial year 2021/22 costs of € 5,539 thousand were capitalised for the development of the new substrate generation started in 2020/21. The use of this new production method began in the first half of the financial year 2021/22.

Calculation of the present values of projected employee benefit obligations The present value of non-current employee benefit obligations depends on various factors that are based on actuarial assumptions (refer to I.B.o. “Provisions for employee benefits”).

These actuarial assumptions used to calculate the pension expenses and the expected defined benefit obligations were subjected to stress tests using the following parameters: an increase in the interest rate, in the expected remuneration and/or in future pensions for the Austrian entities by the percentage points stated in the table below would affect the present values of the projected pension and severance payment obligations as follows as at 31 March 2022:

€ in thousands	Interest rate +0.50%	Increase in remuneration +0.25%	Increase in pensions +0.25%
Pension obligation	(1,305)	59	645
Severance payments	(1,259)	634	–

A decrease in the same parameters for the Austrian companies would have the following effects on the present value of pension and severance payment obligations as at 31 March 2022:

€ in thousands	Interest rate -0.50%	Increase in remuneration -0.25%	Increase in pensions -0.25%
Pension obligation	1,460	(58)	(615)
Severance payments	1,363	(613)	–

Reference is made to Note 17 “Provisions for employee benefits”.

Measurement of deferred income tax and current tax liabilities Deferred income tax assets and liabilities are determined using the tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. A future change in tax rates would also have an impact on the deferred tax capitalised at the balance sheet date.

Deferred income tax assets in the amount of € 53,689 thousand were not recognised for income tax loss carryforwards in the Group of € 357,924 thousand. If the tax losses were subsequently expected to be realised, these deferred income tax assets would have to be recognised and a related tax income reported. Reference is made to Note 6 “Income taxes”.

Moreover, a different interpretation of tax laws by fiscal authorities could also lead to a change in income tax liabilities.

Other estimates and assumptions Further estimates, if necessary, relate to impairments of non-current assets and provisions, as well as the measurement of derivative financial instruments, allowances for doubtful accounts receivable and measurements of inventory. Reference is particularly made to Note 4 “Other operating result”, Note 7 “Property, plant and equipment”, Note 8 “Intangible assets” and Note 18 “Other provisions”.

D. Effects of COVID-19

The global spread of the coronavirus (SARS-COV-2) since January 2020 caused governments worldwide to take measures to contain the pandemic. There are no uncertainties about the AT&S Group’s continuance as a going concern. No significant change has occurred with respect to financial risks. The effects are listed below:

- Revenue increased compared with the previous year despite adverse macroeconomic conditions. Revenue increased in both the Mobile Devices & Substrates segment and in the Automotive, Industrial, Medical segment.
- Use was made of government support measures for the locations in Austria in the financial year 2021/22.
- Recoverable amount of trade receivables: Due to the pandemic, trade receivables were subjected to an impairment test in the previous year. In particular, the analysis focused on the question of whether the previously assumed probabilities of default based on the customers’ rating and taking into account overdue receivables as well as the assessment of future development would have to be adjusted. It was analysed whether terms of payment or customer ratings changed significantly and if there was an increase in impairment requirements over the past months. No higher impairment requirements resulted for the financial year 2021/22, so it was not necessary to further adjust the probabilities of default of the impairment matrix for the Automotive, Industrial, Medical segment.
- Lockdown in Shanghai: A strict lockdown was imposed in Shanghai at the end of March 2022. To maintain supply of the materials required for production, warehouse management is planned in such a way that short-term bottlenecks can be bridged, and alternative suppliers

of the required materials are kept as a back-up. The close collaboration with suppliers and other AT&S plants in China, as well as the stable network of alternative suppliers ensure that production can be continued even under these circumstances. In addition, the staff required to maintain production is accommodated on the premises of the plant. A crisis team, which is responsible for monitoring, was established to identify new developments and the resulting effects on AT&S as fast as possible. As further developments are subject to uncertainty, the financial effects cannot be estimated at present.

E. Effect of the Ukraine crisis

The conflict between Ukraine and Russia, which has been ongoing since February 2022, has an impact on the entire global economy. This conflict affects the availability of materials and energy, which is also reflected in their price development. Uncertainty regarding gas supply may also have a negative effect on AT&S. In particular, the Austrian production sites would be affected by gas cut-offs from Russia. To mitigate this risk, measures have been taken with the objective to enable the Company to respond quickly if required.

In addition, the Ukraine-Russia conflict has a negative impact on the development of the Automotive segment. The temporary shutdown of production facilities and the difficulties regarding the availability of materials confronts car manufacturers with challenges which could also affect AT&S. Along with a direct impact on material supplies and the demand by individual markets, significant secondary effects are also expected. The disruption of food and energy supply as well as transport routes has severe implications. Depending on the duration of the conflict, the effects on the economy as whole could be immense. The financial impact of the conflict on the Group cannot be assessed at this point in time. The situation is continuously evaluated by a crisis team set up specifically for this purpose to react to the current developments as fast as possible and optimally mitigate any negative effects.

F. Effects of the climate crisis

Climate risks are now assessed within the framework of risk management. The risk of global warming is considered to be material. To counter this risk, AT&S has chosen a climate-resilient business model and obtains the energy required for production processes from renewable sources where possible. The AT&S energy strategy and the associated decarbonisation goals are effective measures to mitigate climate risks. This energy strategy pursues the target to cover at least 80% of the Group's energy consumption by using renewable energy sources by 2025. Another target is to replace all fossil fuels within the Company's own production sites by 2030 in order to prevent the direct emission of environmentally harmful gases in the Company. Moreover, AT&S focuses on efficient energy management and on increasing the share of green energy when purchasing energy. In addition to the annual definition of energy targets for the individual production sites, efforts are made to increase the share of renewable energy through different measures and to reduce energy consumption. Based on all of these measures, the effects of the climate crisis on the AT&S Group are kept to a minimum.

In April 2020, the European Commission published detailed definitions for economic activities intended to contribute to climate protection and adaptation to climate change. However, the provisions and standards with respect to the EU Taxonomy not only create uncertainty and increase costs for compliance with them in general, but also cause high costs for the actual implementation of measures necessary to comply with minimum standards. It cannot be predicted how the provisions will develop in the future. Strict rules will tend to lead to higher costs and therefore have an increased negative influence on profitability.

II. SEGMENT REPORTING

The segment information presented below is prepared in accordance with the management approach concept as depicted in the Group's internal reporting (refer to Section I.B.b. "Segment Reporting").

The reportable segments consist of the business units Mobile Devices & Substrates, Automotive, Industrial, Medical and Others. The Others segment further includes the general holding activities of the Group. The central operating result performance indicator is the operating result before depreciation and amortisation. The respective reconciliation to Group figures also includes the corresponding consolidation.

Transfers and transactions between the segments are executed at arm's length, as with independent third parties. Segment reporting is prepared in accordance with the principles set out in I.B. "Accounting and measurement policies".

	Mobile Devices & Substrates		Automotive, Industrial, Medical		Others		Elimination/ Consolidation		Group	
€ in thousands	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Segment revenue	1,312,580	975,657	457,864	350,453	–	–	(180,577)	(137,886)	1,589,867	1,188,224
Internal revenue	(122,015)	(93,936)	(58,562)	(43,950)	–	–	180,577	137,886	–	–
External revenue	1,190,565	881,721	399,302	306,503	–	–	–	–	1,589,867	1,188,224
Operating result before depreciation/amortisation	**306,667**	**218,597**	**57,473**	**26,074**	**(14,606)**	**992**	**–**	**–**	**349,534**	**245,663**
Depreciation/amortisation incl. appreciation	(190,045)	(136,825)	(28,253)	(25,570)	(4,775)	(3,508)	–	–	(223,073)	(165,903)
Operating result	**116,622**	**81,772**	**29,219**	**504**	**(19,381)**	**(2,516)**	**–**	**–**	**126,460**	**79,760**
Finance costs - net									(4,351)	(20,139)
Profit before tax									**122,109**	**59,621**
Income taxes									(18,819)	(12,197)
Profit for the year									**103,290**	**47,424**
Property, plant and equipment and intangible assets	1,721,795	1,161,891	246,492	170,629	13,705	11,693	–	–	1,981,992	1,344,213
Additions to property, plant and equipment and intangible assets	619,678	497,859	107,919	45,937	6,665	8,370	–	–	734,262	552,166

Information by geographic region

Revenue broken down by region, based on customers' headquarters:

€ in thousands	2021/22	2020/21
Austria	21,612	16,644
Germany	159,793	135,918
Other European countries	97,115	67,967
China	9,513	36,242
Other Asian countries	87,037	60,608
Americas	1,214,797	870,845
Revenue	**1,589,867**	**1,188,224**

70.2% of total revenue (previous year: 70.4%) is attributable to the five largest customers in terms of revenue, where the range is between 1% and 41% (previous year: 2% and 40%).

Property, plant and equipment and intangible assets broken down by domicile:

€ in thousands	31 Mar 2022	31 Mar 2021
Austria	186,579	116,733
China	1,646,725	1,160,930
Others	148,688	66,550
Total	**1,981,992**	**1,344,213**

III. NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

1. Revenue

€ in thousands	2021/22	2020/21
Main revenue	1,589,836	1,188,073
Incidental revenue	31	151
Revenue	**1,589,867**	**1,188,224**

The main revenue is achieved by selling printed circuits boards, which are produced by AT&S.

The following table shows the distribution of revenue recognised at a point in time and over time by segment:

	Mobile Devices & Substrates		Automotive, Industrial, Medical		Group	
€ in thousands	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Segment revenue	1,190,565	881,721	399,302	306,503	1,589,867	1,188,224
Type of revenue recognition						
Point in time	451,858	379,669	52,974	–	504,832	379,669
Over time	738,707	502,052	346,328	306,503	1,085,035	808,555

2. Types of expenses

The expense types of cost of sales, distribution costs and general and administrative costs are as follows:

€ in thousands	2021/22	2020/21
Cost of materials	670,963	505,093
Staff costs	370,876	289,702
Depreciation/amortisation	199,826	165,341
Purchased services incl. leased personnel	22,639	16,706
Energy	66,362	51,059
Maintenance (incl. spare parts)	92,683	82,673
Transportation costs	24,916	19,215
Rental and leasing expenses	10,795	8,007
Change in inventories	(66,774)	(59,075)
Legal and consulting fees	12,517	6,751
IT service, third parties	10,951	8,195
Administration services third parties	17,784	9,896
Other	26,902	1,345
Total	**1,460,440**	**1,104,908**

In the financial years 2021/22 and 2020/21, the item “Other” mainly relates to insurance expenses, cleaning costs and waste disposal with corresponding recycling revenues.

3. Research and development costs

In the financial year 2021/22, the Group incurred research and development costs in the amount of € 181,464 thousand (previous year: € 118,887 thousand). The stated amounts represent only costs which can be directly allocated and which are recognised in the profit or loss under cost of sales. In these consolidated financial statements, development costs of € 5,539 thousand (previous year: € 13,112 thousand) were capitalised. Reference is made to Note 8 "Intangible assets".

4. Other operating result

€ in thousands	2021/22	2020/21
Income from the reversal of government grants	6,037	2,176
Government grants for expenses	35,629	13,491
Income from reversal of accruals/provision	–	193
Miscellaneous other income	3,060	1,880
Other operating income	**44,726**	**17,740**
Impairments of property, plant and equipment	–	(472)
Expenses from exchange differences	(1,961)	(10,408)
Start-up losses	(43,479)	(9,753)
Losses from the disposal of non-current assets	(1,740)	(253)
Other costs	(513)	(410)
Other operating costs	**(47,693)**	**(21,296)**
Other operating result	**(2,967)**	**(3,556)**

In the financial years 2021/22 and 2020/21, government grants for expenses mainly relate to export refunds, research and development grants as well as funding for industry and employment development. In the financial year 2021/22, start-up losses resulted from the expansion at the plant in Leoben, Austria, at the plants in Chongqing, China and in Kulim, Malaysia. In the financial year 2020/21, start-up losses resulted from the expansions at a production line in Leoben, Austria and at the plants in Chongqing, China. In the financial year 2021/22, the item "Miscellaneous other income" mainly relates to received penalty rewards, grants for COVID-19 testing expenses, and similarly to last year, to grants for employees, and services in kind for miscellaneous projects.

5. Finance costs - net

€ in thousands	2021/22	2020/21
Interest income from financial assets at fair value through profit or loss and financial assets at amortised cost	16	5
Other interest income	2,416	3,182
Gains from the measurement of derivative financial instruments at fair value, net	6,987	750
Foreign exchange gains, net	8,838	–
Finance income	**18,257**	**3,937**
Interest expense on bank borrowings and bonds	(15,690)	(11,182)
Net interest expense on personnel-related liabilities	(567)	(956)
Realised losses from derivative financial instruments, net	(2,503)	(1,837)
Losses from the measurement of derivative financial instruments at fair value, net	–	–
Foreign exchange losses, net	–	(8,034)
Other financial expenses	(3,848)	(2,067)
Finance costs	**(22,608)**	**(24,076)**
Finance costs - net	**(4,351)**	**(20,139)**

In accordance with IAS 23, the item “Interest expense on bank borrowings and bonds” includes capitalised borrowing costs in the amount of € 2,694 thousand (previous year: € 1,803 thousand), net.

6. Income taxes

Income tax expenses are broken down as follows:

€ in thousands	2021/22	2020/21
Current income taxes	17,385	12,836
Deferred taxes	1,434	(639)
Total tax expense	**18,819**	**12,197**

The difference between the Group’s actual tax expense and the theoretical amount that would arise using the Austrian corporate income tax rate is as follows:

€ in thousands	2021/22	2020/21
Expected tax expense at Austrian tax rate	30,527	14,905
Effect of different tax rates in foreign countries	(3,763)	1,704
Non-creditable foreign withholding taxes	3,615	2,929
Effect of change in valuation allowance of deferred income tax assets	(4,140)	(1,751)
Effect of the change in tax rate	2,247	682
Effect of permanent differences	(9,453)	(5,957)
Effect of taxes from prior periods	(214)	(315)
Total tax expense	**18,819**	**12,197**

The effect of the change in tax rates mainly results from the gradual reduction of the Austrian corporate tax rate to 23%, which was recognised on non-current deferred tax assets, and from the reduced tax rate of 15% in the subsidiary AT&S China (compared to the regular tax rate of 25%), which is applicable again.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes and liabilities relate to taxes levied by the same taxation authority. The amounts after setting off deferred income tax assets against deferred liabilities are as follows:

	31 Mar 2022		31 Mar 2021	
€ in thousands	Assets	Liabilities	Assets	Liabilities
Non-current assets	1,712	(15,485)	5,798	(12,712)
Provisions for employee benefits	7,683	–	7,908	–
Financial liabilities	12,060	–	6,605	–
Income tax loss carryforwards	79,837	–	76,512	–
Deferred income tax from long-term assets/liabilities	**101,292**	**(15,485)**	**96,823**	**(12,712)**
Inventories	26,518	–	16,699	–
Trade and other receivables and contract assets	15	(29,941)	165	(16,787)
Trade and other payables	13,156	–	7,517	–
Others	926	(1,205)	216	(416)
Contract liabilities	–	(2,267)	–	–
Temporary differences arising from shares in subsidiaries	–	(2,167)	–	(1,935)
Deferred income tax from short-term assets/liabilities	**40,615**	**(35,580)**	**24,597**	**(19,138)**
Deferred income tax assets/liabilities	**141,907**	**(51,065)**	**121,420**	**(31,850)**
Unrecognised deferred taxes	(68,311)	–	(66,392)	–
Deferred income tax assets/liabilities, offsetting against the same taxation authority	(48,898)	48,898	(29,915)	29,915
Deferred income tax assets/liabilities, net	**24,698**	**(2,167)**	**25,113**	**(1,935)**

As of 31 March 2022, the Group has income tax loss carryforwards and tax-deductible amortisation of goodwill amounting to a total of € 471,178 thousand (previous year: € 450,010 thousand). For loss carryforwards amounting to € 357,924 thousand (previous year: € 359,903 thousand) included in this figure, deferred income tax assets in the amount of € 53,689 thousand (previous year: € 53,985 thousand) were not recognised since it is unlikely that they will be realised in the foreseeable future. In addition, for temporary differences amounting to € 97,480 thousand (previous year: € 82,713 thousand) included in this figure, deferred income tax assets in the amount of € 14,622 thousand (previous year: € 12,407 thousand) were not recognised since it is likewise unlikely that they will be realised in the foreseeable future.

Deferred taxes on temporary differences and tax loss carryforwards amounting to € 21,883 thousand (previous year: € 22,583 thousand) are capitalised although the companies concerned reported losses in the current financial year or in the previous year. Based on present tax plannings, AT&S assumes the future taxable income of the companies will be sufficient to realise these deferred tax assets.

The tax loss carryforwards, which were not recognised, can be carried forward as follows:

€ in thousands	2021/22	2020/21
Carried forward up to 5 years	127,624	–
Carried forward between 6 and 10 years	221,202	331,335
Carried forward more than 10 years	9,098	28,568
Total unrecognised tax loss carryforwards	**357,924**	**359,903**

Deferred income taxes (net) changed as follows:

€ in thousands	2021/22	2020/21
Carrying amount at the beginning of the financial year	23,178	22,818
Currency translation differences	(160)	(167)
Expense recognised in profit or loss	(1,434)	639
Income taxes recognised in equity	947	(112)
Carrying amount at the end of the financial year	**22,531**	**23,178**

Income taxes in connection with the components of other comprehensive income are as follows:

	2021/22			2020/21		
€ in thousands	Income/ (expense) before taxes	Tax income/ (expense)	Income/ (expense) after taxes	Income/ (expense) before taxes	Tax income/ (expense)	Income/ (expense) after taxes
Currency translation differences	158,732	–	158,732	11,926	–	11,926
Gains/(losses) from the fair value measurement of available-for-sale financial assets	–	(1)	(1)	(75)	19	(56)
Gains/(losses) on the measurement of hedging instruments for cash flow hedges	3,566	(820)	2,746	–	–	–
Remeasurements of post-employment obligations	(537)	(110)	(647)	616	(131)	485
Other comprehensive income	**161,761**	**(931)**	**160,830**	**12,467**	**(112)**	**12,355**

IV. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

7. Property, plant and equipment

€ in thousands	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Carrying amount 31 Mar 2020	107,279	612,529	10,863	172,838	903,509
Adjustment IFRS 16	–	–	–	–	–
Carrying amount 1 Apr 2020	**107,279**	**612,529**	**10,863**	**172,838**	**903,509**
Exchange differences	680	4,656	33	7,524	12,893
Additions	20,964	149,187	9,802	354,705	534,658
Disposals	(386)	(1,103)	(151)	(2,088)	(3,728)
Transfers	5,599	96,219	125	(102,144)	(201)
Impairment	–	(472)	–	–	(472)
Depreciation, current	(11,407)	(128,548)	(5,304)	–	(145,259)
Carrying amount 31 Mar 2021	**122,729**	**732,468**	**15,368**	**430,835**	**1,301,400**
Thereof					
Acquisition cost	*205,016*	*1,830,618*	*42,180*	*430,835*	*2,508,649*
Accumulated depreciation	*(82,287)*	*(1,098,150)*	*(26,813)*	*–*	*(1,207,250)*
Exchange differences	15,186	81,276	645	34,493	131,600
Additions	93,670	280,594	8,267	343,664	726,195
Disposals	(3,567)	(4,065)	(91)	43	(7,680)
Transfers	66,297	296,963	(7)	(363,785)	(532)
Depreciation, current	(20,639)	(173,051)	(7,108)	–	(200,798)
Carrying amount 31 Mar 2022	**273,676**	**1,214,185**	**17,074**	**445,250**	**1,950,185**
Thereof					
Acquisition cost	*383,338*	*2,544,226*	*48,593*	*445,250*	*3,421,407*
Accumulated depreciation	*(109,662)*	*(1,330,041)*	*(31,519)*	*–*	*(1,471,222)*

The value of the land included in “Land, plants and buildings” amounts to € 5,976 thousand (previous year: € 6,064 thousand).

The following table shows the usage rights reported separately in accordance with IFRS 16, which are included in property, plant and equipment as of 31 March 2022:

€ in thousands	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Acquisition cost	96,971	264	6,205	–	103,440
Thereof additions	*67,597*	*163*	*1,347*	*–*	*69,107*
Accumulated depreciation	(10,539)	(108)	(3,526)	–	(14,173)
Carrying amount 31 Mar 2022	**86,432**	**156**	**2,679**	**–**	**89,267**

In the 2021/22 financial year, the following lease expenses were shown in the income statement:

€ in thousands	2021/22	2020/21
Lease expenses from short-term lease agreements	1,943	1,385
Lease expenses from low-value lease agreements	316	220
Depreciation of rights of use	7,397	4,447
Interest expenses from lease liabilities	1,622	365

Depreciation in the current financial year is recognised mainly in cost of sales, as well as in distribution costs, general and administrative costs, and in start-up losses recognised under other operating result.

In the financial year 2021/22, borrowing costs on qualifying assets of € 2,694 thousand were capitalised (previous year: € 1,803 thousand). Interest rates between 1.00% and 3.44% were applied (previous year: 1.45% and 3.44%).

There is no restraint on disposal for the recognised fixed assets.

Impairment/Reversal of impairment Impairment of machinery and technical equipment amounted to € 0 thousand (previous year: € 912 thousand) in the financial year 2020/21. This impairment resulted from machines that are no longer usable in the segment Mobile Devices & Substrates.

The triggering events analysis did not result in a requirement to conduct an impairment test in the financial year 2021/22. The COVID-19 pandemic and the furlough applied for at the Fehring plant – due to a temporary lack of capacity – represented an event in accordance with IAS 36 that required an impairment test to be carried out in the previous year. This impairment test for the cash-generating unit "Fehring" was based on calculations of the value in use. The value in use is determined using a DCF method. The main valuation assumptions are:

- Long-term growth rate: 0%
- (Pre-tax) discount rate: 10.64%

The calculation of the value in use was based on the expected cash flows for the next 5 years. For the period thereafter, the present value of a perpetual annuity was used. The calculations did not reveal any need for impairment.

Sale-and-leaseback transaction As part of a sale-and-leaseback transaction in the financial year 2006/07, properties in Leoben were sold to a lease company and leased back. The term of this lease (waiver of termination period) was extended by another 10 years during the reporting year, and a waiver of termination is thus in place until 2032. The intention is to subsequently acquire the properties at the residual value.

8. Intangible assets

€ in thousands	Industrial property and similar rights and assets, and licenses in such rights and assets	Capitalised development costs	Goodwill	Prepayments	Other intangible assets	Total
Carrying amount 31 Mar 2020	9,050	36,003	–	22	–	45,075
Exchange differences	33	168	–	(1)	–	200
Additions	4,080	13,112	–	7	310	17,509
Transfers	222	–	–	(21)	–	201
Amortisation, current	(4,310)	(15,552)	–	–	(310)	(20,172)
Carrying amount 31 Mar 2021	**9,075**	**33,731**	**–**	**7**	**–**	**42,813**
Thereof						
Acquisition cost	*41,050*	*111,975*	*6,987*	*7*	*–*	*160,019*
Accumulated amortisation	*(31,975)*	*(78,244)*	*(6,987)*	*–*	*–*	*(117,206)*
Exchange differences	199	2,472	–	–	–	2,671
Additions	2,425	5,539	–	54	49	8,067
Transfers	592	–	–	(61)	–	531
Amortisation, current	(4,832)	(17,394)	–	–	(49)	(22,275)
Carrying amount 31 Mar 2022	**7,459**	**24,348**	**–**	**–**	**–**	**31,807**
Thereof						
Acquisition cost	*44,303*	*127,947*	*6,877*	*–*	*–*	*179,127*
Accumulated amortisation	*(36,844)*	*(103,599)*	*(6,877)*	*–*	*–*	*(147,320)*

Amortisation for the current financial year is charged to cost of sales, distribution costs, general and administrative costs and other operating result.

Development costs of € 5,539 thousand (previous year: € 13,112 thousand) were capitalised in the financial year 2021/22.

Impairment The development project for the next substrate generation was completed in the financial year 2021/22. In the previous year, an impairment test was conducted for the cash-generating unit Substrates for the not yet completed development of the next substrate generation, which was based on calculations of the value in use. The value in use was determined using a DCF method. The main measurement assumptions were:

- Long-term growth rate: 0%
- (Pre-tax) discount rate: 13.65%

The calculation of the value in use was based on the expected cash flows for the next 5 years. The present value of a perpetual annuity was used for the subsequent period.

9. Other non-current assets

€ in thousands	31 Mar 2022	31 Mar 2021
Prepayments	5,424	5,094
Deposits made	733	783
Other prepaid expenses	1,425	1,370
Other non-current receivables	4,160	701
Carrying amount	**11,742**	**7,948**

Prepayments relate to factory premises in China. Other prepaid expenses are mainly related to accrued insurance premiums. Other non-current receivables include COVID-19 investment premiums for the Austrian locations.

10. Inventories

€ in thousands	31 Mar 2022	31 Mar 2021
Raw materials and supplies	108,225	88,792
Work in progress	48,343	28,338
Finished goods	36,668	35,398
Carrying amount	**193,236**	**152,528**

The balance of inventory write-downs recognised as an expense amounts to € 54,451 thousand as of 31 March 2022 (previous year: € 28,287 thousand). The immaterial write-downs amounting to € 1,336 thousand (previous year: € 715 thousand) resulted from the measurement of inventories at net realisable value in the financial year 2021/22. The write-downs are recognised in the cost of sales in the statement of profit or loss.

11. Trade and other receivables and contract assets

The carrying amounts of trade and other receivables and contract assets are as follows:

€ in thousands	31 Mar 2022	31 Mar 2021
Trade receivables	97,569	85,020
Impairments of trade receivables	(737)	(977)
Contract assets	177,605	93,113
Impairments of contract assets	(277)	(346)
VAT receivables	78,530	57,664
Other receivables from authorities	11,655	10,184
Prepayments	13,297	7,008
Energy tax refunds	2,633	2,413
Deposits	2,222	9,406
Insurance reimbursements	888	223
Other receivables	6,881	1,585
Total	**390,266**	**265,293**

As at 31 March 2022 and 31 March 2021, other receivables mainly include receivables resulting from prepaid expenses and accrued charges.

Trade receivables amounting to € 10,000 thousand (previous year: € 10,000 thousand) act as collateral in connection with various financing agreements. Reference is made to Note 15 "Financial liabilities".

Taking impairment into account, the carrying amounts of trade and other receivables and contract assets approximate their fair values.

Remaining maturities of receivables All receivables as at 31 March 2022 and 31 March 2021 have remaining maturities of less than one year.

Factoring As of 31 March 2022, trade receivables totalling € 193,267 thousand (previous year: € 129,055 thousand) were assigned to banks to the amount of 100% of the nominal value and are fully derecognised in accordance with the regulations of IFRS 9 as both opportunities and risks and control have been transferred to the acquiring party. The default risk was assigned to the purchaser. AT&S assumes a liability for default to the amount of the retention level from the credit insurance. The maximum risk associated with liability for default was € 19,237 thousand as of 31 March 2022 (previous year: € 12,906 thousand) less coverage of the credit insurance applied. Claims of existing credit insurances were transferred to the purchaser. The part of the purchasing price not yet paid by the acquiring party is shown under the item "Financial assets". Payments from customers of assigned trade receivables are presented in the current financial liabilities.

Contract assets Contract assets have developed as follows:

€ in thousands	2021/22	2020/21
Contract assets at the beginning of the financial year	93,113	67,882
Utilisation	(93,113)	(67,882)
Addition	177,605	93,113
Impairment according to IFRS 9	(277)	(346)
Contract assets at the end of the financial year	**177,328**	**92,767**

Development of past due receivables and impairments of trade receivables The age structure of trade receivables and impairment is shown in the table below:

	31 Mar 2022		
€ in thousands	Gross receivables	Impairments	Carrying amount
not due	93,709	(454)	93,255
1 - 15 days overdue	3,117	(86)	3,031
16 - 30 days overdue	181	(25)	156
31 - 60 days overdue	184	(39)	145
61 - 90 days overdue	36	(15)	21
more than 90 days overdue	342	(118)	224
Trade receivables	**97,569**	**(737)**	**96,832**

	31 Mar 2021		
€ in thousands	Gross receivables	Impairments	Carrying amount
not due	81,651	(728)	80,923
1 - 15 days overdue	2,257	(26)	2,232
16 - 30 days overdue	300	(8)	293
31 - 60 days overdue	491	(15)	475
61 - 90 days overdue	66	(4)	61
more than 90 days overdue	255	(196)	59
Trade receivables	**85,020**	**(977)**	**84,043**

There were no indications at the balance sheet date that overdue trade receivables not impaired would not be paid.

Impairments of trade receivables are recognised if there are indications (past due, insolvency) that it is unlikely that the total amount can be collected. Receivables are derecognised if, on a legal basis, it can be assumed that no payment is to be expected anymore. There was a write-off of trade receivables in the amount of € 46 thousand in the financial year 2021/22.

Impairments of trade receivables have developed as follows:

€ in thousands	2021/22	2020/21
Impairments at the beginning of the financial year	977	653
Impairments after adjustment IFRS 9	**977**	**653**
Utilisation	(46)	(119)
Reversal	(597)	(264)
Addition	389	729
Currency translation differences	14	(22)
Impairments at the end of the financial year	**737**	**977**

Expected credit losses in accordance with the expected credit loss model according to IFRS 9 account for € 672 thousand of the impairments of the financial year (previous year: € 788 thousand).

12. Financial assets

The carrying amounts of the financial assets are as follows:

€ in thousands	31 Mar 2022	thereof non-current	thereof current
Financial assets at fair value through profit or loss	849	–	849
Financial assets at fair value through OCI	117	117	–
Financial assets at amortised cost	17,984	–	17,984
Derivatives	4,463	4,463	–
Total	**23,413**	**4,580**	**18,833**

€ in thousands	31 Mar 2021	thereof non-current	thereof current
Financial assets at fair value through profit or loss	986	–	986
Financial assets at fair value through OCI	117	117	–
Financial assets at amortised cost	38,760	–	38,760
Total	**39,863**	**117**	**39,746**

Financial assets at fair value through profit or loss

€ in thousands	31 Mar 2022	31 Mar 2021
Bonds	849	986
Total	**849**	**986**

All bonds are denominated in euros (nominal currency).

Financial assets at fair value through OCI

€ in thousands	2021/22	2020/21
Carrying amount at the beginning of the year	117	193
Additions/(Disposals)	–	–
Unrealised gains/(losses) from the current period, recognised in equity	–	(76)
Realised gains/(losses) from the current period, removed from equity	–	–
Exchange differences	–	–
Carrying amount at the end of the year	**117**	**117**

All financial assets at fair value through OCI are denominated in euros (nominal currency).

Financial assets at amortised cost Financial assets at amortised cost are denominated in euros, US dollars and Chinese yuan renminbi (nominal currencies). They mainly consist of notice deposits with a maturity of more than three months and factored receivables against banks.

Derivative financial instruments

€ in thousands	31 Mar 2022	31 Mar 2021
Derivative financial instruments	4,463	–
Total	4,463	–

13. Cash and cash equivalents

€ in thousands	31 Mar 2022	31 Mar 2021
Bank balances and cash on hand	1,119,921	552,850
Carrying amount	**1,119,921**	**552,850**

The reported carrying amounts correspond to the respective fair values.

14. Trade and other payables

		Remaining maturity		
€ in thousands	31 Mar 2022	Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	442,205	442,205	–	–
Government grants	67,956	6,630	30,053	31,273
Liabilities to fiscal authorities and other state authorities	8,046	8,046	–	–
Liabilities to social security authorities	10,976	10,976	–	–
Liabilities from unconsumed leave	9,370	9,370	–	–
Liabilities from stock appreciation rights	16,938	8,664	8,274	–
Liabilities to employees	49,435	49,435	–	–
Other liabilities	14,357	14,353	4	–
Carrying amount	**619,283**	**549,679**	**38,331**	**31,273**

		Remaining maturity		
€ in thousands	31 Mar 2021	Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	319,300	319,300	–	–
Government grants	42,277	3,287	13,810	25,180
Liabilities to fiscal authorities and other state authorities	6,025	6,025	–	–
Liabilities to social security authorities	7,192	7,192	–	–
Liabilities from unconsumed leave	7,556	7,556	–	–
Liabilities from stock appreciation rights	3,587	1,558	2,029	–
Liabilities to employees	31,213	31,213	–	–
Other liabilities	6,473	6,453	20	–
Carrying amount	**423,623**	**382,584**	**15,859**	**25,180**

The carrying amounts of the reported liabilities approximate the respective fair values.

Government grants Government grants mainly relate to grants for land-use rights and property, plant and equipment and are released to profit or loss according to the useful life of the related property, plant and equipment.

Furthermore, the Group received grants for project costs for several research projects which are recognised in income on a pro rata basis according to the costs incurred and the grant ratio. Associated deferred amounts are included in government grants.

Liabilities from stock appreciation rights Due to the expiry of the stock option plan (2009 to 2012), the 81st Supervisory Board meeting on 3 July 2014 passed a resolution to introduce a long-term incentive programme based on stock appreciation rights (SARs). SARs relate to the value increase in share prices based on the development of the share price. SARs were granted in the period between 1 April 2014 and 1 April 2016. Due to the expiry of the stock appreciation rights plan (2014 to 2016), the 91st Supervisory Board meeting on 6 June 2016 extended the resolution to introduce a long-term incentive programme based on stock appreciation rights (SAR plan 2017) to run for three years. The stock appreciation rights were granted between 1 April 2017 and 1 April 2019. Due to the expiry of the stock appreciation rights plan (2017 to 2018), the 112th Supervisory Board meeting on 12 March 2020 extended the resolution to introduce a long-term incentive programme based on stock appreciation rights (SAR plan 2020) to run for three years. They have been or will be assigned in the period between 1 April 2020 and 1 April 2022.

Each SAR entitles the holder the right to a cash settlement at the remaining amount between the exercise price and the closing price of the AT&S share on the main stock exchange on which it is listed (currently the Vienna Stock Exchange) at the date the subscription right is exercised. The difference amount is limited to 200% of the exercise price.

The exercise price of SARs is determined at the respective date of grant, corresponding to the average closing price of the AT&S share on the Vienna Stock Exchange or at the main stock exchange on which the AT&S share is listed over a period of six calendar months immediately preceding the date of grant.

SARs may be exercised in full or in part after the respective completion of a three-year period following the date of grant, but not during a restricted period. Granted stock appreciation rights not exercised within five years after the grant date become invalid and forfeit without compensation.

SARs may only be exercised by the beneficiaries if the following requirements are met at the date of exercise:

- The beneficiary's employment contract with a company in the AT&S Group remains valid. Subject to certain conditions, rights may also be exercised within a year after termination of the employment contract.
- The required personal investment in the amount of 20% of the first amount granted (in SARs) in AT&S shares is held. If the personal investment is not fully established by the end of the three-year waiting period, all previously granted SARs become forfeited in full. The established personal investment must be held over the complete period of participation in the programme and also applies to the grant in subsequent years. The personal investment may only be wound down when exercise is no longer possible.
- The earnings per share (EPS) performance target was met. The level of attainment of the earnings per share performance indicator determines how many of the granted SARs may actually be exercised. The target value is the EPS value determined in the mid-term plan for the balance sheet date of the third year after the grant date. If the EPS target is attained at 100% or surpassed, the granted SARs may be exercised in full. If attainment is between 50% and 100%, the granted SARs may be exercised on a pro rata basis. If the EPS value attained is below 50%, the granted SARs become forfeited in full.

Number and allocation of granted SARs:

	Date of grant				
	1 April 2021	1 April 2020	1 April 2019	1 April 2018	1 April 2017
Exercise price (in €)	22.92	17.56	17.25	21.94	9.96
31 Mar 2020	–	290,000	235,000	222,500	227,500
Number of stock appreciation rights expired	–	12,500	25,000	25,000	227,500
31 Mar 2021	**–**	**277,500**	**210,000**	**197,500**	**–**
Number of stock appreciation rights granted	342,500	–	–	–	–
Number of stock appreciation rights exercised	–	–	–	125,598	–
Number of stock appreciation rights expired	30,000	7,500	5,000	27,014	–
31 Mar 2022	**312,500**	**270,000**	**205,000**	**44,888**	**–**
Remaining contract period of stock appreciation rights granted	4 years	3 years	2 years	–	–
Fair value of granted stock appreciation rights as at the balance sheet date (in € thousands)					
31 Mar 2021	**–**	**3,399**	**1,140**	**1,452**	**–**
31 Mar 2022	**8,297**	**7,431**	**6,796**	**1,278**	**–**

SARs are measured at fair value at the respective balance sheet date using the Monte Carlo method and based on the model assumptions and valuation parameters stated below. The values determined for calculation of the liabilities may differ from the values later realised on the market.

Risk-free interest rate	-0.05 to 0.31%
Volatility	45.00 to 46.00%

Volatility is calculated based on the daily share prices from 1 April 2019 until the balance sheet date.

The expenses for the stock appreciation rights are included in the administration costs.

The fair value of the SARs granted is recognised as an expense over their term.

Other liabilities Other liabilities mainly include debtors with credit balances, accrued legal, audit and consulting fees, as well as other accruals.

15. Financial liabilities

€ in thousands	31 Mar 2022	Remaining maturity Less than 1 year	Remaining maturity Between 1 and 5 years	Remaining maturity More than 5 years	Nominal interest rate in %
Registered bonds	14,991	16	–	14,975	1.80
Export loans	10,000	10,000	–	–	0.48
Loans from state authorities	2,477	–	2,477	–	0.75
Other bank borrowings	1,248,546	50,250	1,144,897	53,399	1.00 – 4.75
Liabilities from finance leases IFRS 16	78,458	18,136	23,177	37,145	
Derivative financial instruments[1)]	508	–	508	–	
Carrying amount	**1,354,980**	**78,402**	**1,171,059**	**105,519**	

€ in thousands	31 Mar 2021	Remaining maturity Less than 1 year	Remaining maturity Between 1 and 5 years	Remaining maturity More than 5 years	Nominal interest rate in %
Registered bonds	14,986	16	–	14,970	1.80
Export loans	10,000	10,000	–	–	0.48
Loans from state authorities	3,131	1,130	2,001	–	0.75 – 1.00
Other bank borrowings	1,039,026	66,010	930,235	42,781	0.76 – 4.75
Liabilities from finance leases IFRS 16	27,502	6,945	7,425	13,132	
Derivative financial instruments[1)]	6,599	–	6,599	–	
Carrying amount	**1,101,244**	**84,101**	**946,260**	**70,883**	

[1)] Reference is made to Note 19 "Derivative financial instruments"

Other bank borrowings mainly include long-term investment financing in addition to the current liquidity needs.

Other bank borrowings mainly include the following contracts:

- Promissory note loan in FY 2013/14
- Promissory note loan in FY 2015/16
- Promissory note loan in FY 2016/17
- OeKB equity financing programme in FY 2016/17
- OeKB equity financing programme in FY 2018/19
- Promissory note loan in FY 2018/19
- Promissory note loan in FY 2019/20
- OeKB equity financing programme in FY 2019/20
- Promissory note loan and registered bonds in FY 2019/20
- Term loans in FY 2020/21

Financial contracts in FY 2021/22:

- Promissory note loan of € 40 million with a term to maturity of five years
- Term loan of € 100 million with a term to maturity of three and four years

The contractually agreed (undiscounted) interest and redemption payments of the financial liabilities as at 31 March 2022, including interest rate hedging, are as follows in the coming financial years:

€ in thousands		Registered bonds	Export loans	Loans from state authorities	Other bank borrowings	Liabilities from finance lease IFRS 16	Derivative financial instruments
2022/23							
	Redemption	16	10,000	–	46,977	18,137	–
	Fixed interest	270	–	19	2,924	–	–
	Variable interest	–	48	–	13,686	2,394	–
2023/24							
	Redemption	–	–	788	483,856	6,491	508
	Fixed interest	270	–	16	1,995	–	–
	Variable interest	–	–	–	14,476	1,990	–
2024/25							
	Redemption	–	–	913	218,606	5,860	–
	Fixed interest	270	–	8	1,122	–	–
	Variable interest	–	–	–	10,858	1,753	–
2025/26							
	Redemption	–	–	777	352,606	5,529	–
	Fixed interest	270	–	1	1,009	–	–
	Variable interest	–	–	–	6,285	1,528	–
2026/27							
	Redemption	–	–	–	91,502	5,296	–
	Fixed interest	270	–	–	302	–	–
	Variable interest	–	–	–	1,853	1,314	–
after 2026/27							
	Redemption	15,000	–	–	53,500	37,145	–
	Fixed interest	270	–	–	545	–	–
	Variable interest	–	–	–	1,294	3,327	–

No significant deviations from the agreed interest and redemption payments are expected regarding term or amount.

At the previous year's balance sheet date of 31 March 2021, the contractually agreed (undiscounted) interest and redemption payments of the financial liabilities, including interest rate hedging, were as follows for the coming financial years:

€ in thousands		Registered bonds	Export loans	Loans from state authorities	Other bank borrowings	Liabilities from finance leases IFRS 16	Derivative financial instruments
2021/22							
	Redemption	16	10,000	1,138	62,889	7,099	–
	Fixed interest	270	–	18	2,816	–	–
	Variable interest	–	48	–	8,425	389	–
2022/23							
	Redemption	–	–	–	44,857	3,136	–
	Fixed interest	270	–	15	2,687	–	–
	Variable interest	–	–	–	8,137	355	–
2023/24							
	Redemption	–	–	745	461,000	1,528	2,865
	Fixed interest	270	–	12	1,838	–	–
	Variable interest	–	–	–	6,470	282	–
2024/25							
	Redemption	–	–	459	145,750	1,012	–
	Fixed interest	270	–	7	1,027	–	–
	Variable interest	–	–	–	4,228	242	–
2025/26							
	Redemption	–	–	797	279,750	596	3,734
	Fixed interest	270	–	1	948	–	–
	Variable interest	–	–	–	1,996	215	–
after 2025/26							
	Redemption	15,000	–	–	43,572	13,085	–
	Fixed interest	540	–	–	837	–	–
	Variable interest	–	–	–	487	1,229	–

Some of the financial liabilities have interest rates that deviate from the market interest rates. For this reason, differences may arise between their fair values and carrying amounts.

	Carrying amounts		Fair values	
€ in thousands	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
Registered bonds	14,990	14,986	15,000	15,000
Export loans	10,000	10,000	10,000	10,000
Loans from state authorities	2,477	3,131	2,482	3,143
Other bank borrowings	1,248,547	1,039,026	1,250,345	1,044,516
Liabilities from finance leases IFRS 16	78,458	27,502	78,459	27,501
Derivative financial instruments	508	6,599	508	6,599
Total	1,354,980	**1,101,244**	1,356,794	**1,106,759**

The calculation of the fair values is based on the discounted value of future payments using current market interest rates, or the fair values are determined on the basis of quoted prices.

The carrying amounts of financial liabilities by currency are as follows:

€ in thousands	31 Mar 2022	31 Mar 2021
Euros	1,354,980	1,101,244
US dollars	–	–
Total	**1,354,980**	**1,101,244**

The Group's unused credit lines are as follows:

€ in thousands	31 Mar 2022	31 Mar 2021
Export credit	22,000	22,000
Other credit	296,172	396,592
Total	**318,172**	**418,592**

16. Contract liabilities

In the financial year 2021/22, the Group received payments of € 445,201 thousand (US$ 487,000 thousand) as part of bilateral agreements for the financing of new production facilities. Due to a significant financing component, interest of € 1,209 thousand was recognised as a liability in the financial year 2021/22.

17. Provisions for employee benefits

Provisions for employee benefits relate to pension commitments, severance payments and other employee benefits.

Defined contribution plans The majority of the Group's employees in Austria and some of its employees in India are covered by defined contribution pension plans that have been outsourced to a pension fund. For employees in Austria, the pension plans are supplemented by death and endowment insurance policies. Employer contributions are determined on the basis of a certain percentage of current remuneration. Employer contributions under these plans amounted to € 739 thousand in the financial year 2021/22 and to € 672 thousand in the financial year 2020/21.

Defined benefit plans The Group operates defined benefit plans for several current and former members of the Management Board and former executive employees with no employee contribution required. The board members' and other executive employees' plans are partially funded through assets in pension funds and partially unfunded. Pension benefits of board members and executive employees are based on their salaries and years of service. Essentially, these obligations expose the Group to life expectancy and inflation risks due to future increases in pay and pensions, and, in the case of funded pension plans, to deviations in income.

Funded severance payments The employees in India are entitled to severance payments upon retirement or, under certain circumstances, upon leaving the Company prematurely, the amount of which depends on years of service and the remuneration received by the respective member of staff. Severance payments range between half the monthly remuneration per year of service and a fixed maximum. Severance payment obligations are covered by a life insurance policy. The main risk to which the Group is exposed from these obligations is the risk of inflation due to future pay increases.

Unfunded severance payments Employees in Austria, South Korea and China are entitled to receive severance payments, which are based upon years of service and remuneration received by the respective member of staff and are generally payable upon retirement and, under certain circumstances, upon leaving the Company. For staff members who joined the Company before 1 January 2003, the severance payments in Austria range from two to twelve months of monthly salary, with staff members in South Korea and China also entitled to a fixed amount depending on years of service and salary. The main risk to which the Group is exposed from these obligations is the risk of inflation due to future pay increases.

For employees in Austria who joined on or after 1 January 2003, regular contributions are paid to a staff provision fund ("Mitarbeitervorsorgekasse") without any further obligations on the part of the Group. The contributions for the financial year 2021/22 amounted to € 894 thousand and for the financial year 2020/21 to € 413 thousand.

Other employee benefits The employees of the companies in Austria and China are entitled to anniversary bonuses for long-term service, the eligibility to and amount of which in Austria are stipulated in the Collective Agreement.

Expenses for (defined benefit) pension obligations, severance payments and other employee benefits consist of the following:

	Retirement benefits		Severance payments		Other employee benefits	
€ in thousands	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Current service cost	53	147	2,300	2,346	3,342	2,394
Interest expense	115	145	480	589	223	184
Remeasurement of obligations from other employee benefits	–	–	–	–	474	1,464
Expenses recognised in profit for the period	**168**	**292**	**2,780**	**2,935**	**4,039**	**4,042**
Remeasurement of obligations from post-employment benefits	1,299	529	(762)	(1,144)	–	–
Expenses/(Income) recognised in other comprehensive income	**1,299**	**529**	**(762)**	**(1,144)**	**–**	**–**
Total	**1,467**	**821**	**2,018**	**1,791**	**4,039**	**4,042**

Expenses for retirement, severance payments and other employee benefits are recognised in profit or loss under cost of sales, distribution costs, general and administrative costs and in other comprehensive income. Net interest expense on personnel-related liabilities is presented in "Finance costs - net".

Amounts accrued in the *statement of financial position* are:

€ in thousands	31 Mar 2022	31 Mar 2021
Funded pension benefits	8,894	7,474
Unfunded pension benefits	1,323	1,346
Total pension benefits	**10,217**	**8,820**
Unfunded severance payments	30,557	31,313
Funded severance payments	143	389
Total severance payments	**30,700**	**31,702**
Other employee benefits	14,315	12,809
Provisions for employee benefits	**55,232**	**53,331**

Pension obligations and severance payments are as follows:

	Retirement benefits		Severance payments	
€ in thousands	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
Present value of funded obligations	17,807	17,568	2,056	1,879
Fair value of plan assets	(8,913)	(10,094)	(1,913)	(1,490)
Funded status of funded obligations	**8,894**	**7,474**	**143**	**389**
Present value of unfunded obligations	1,323	1,346	30,557	31,313
Provisions recognised in the statement of financial position	**10,217**	**8,820**	**30,700**	**31,702**

The present value of projected pension benefits, the movement in plan assets (held to cover the pension benefits) and funded status are as follows:

	Funded retirement benefits		Unfunded retirement benefits	
€ in thousands	2021/22	2020/21	2021/22	2020/21
Present value of pension obligation				
Present value at the beginning of the financial year	17,568	16,840	1,346	1,353
Current service cost	53	147	–	–
Interest expense	228	303	17	24
Remeasurement from the change in demographic assumptions	–	–	–	–
Remeasurement from the change in financial assumptions	3	531	–	30
Remeasurement from adjustments based on past experience	575	246	29	7
Benefits paid	(620)	(499)	(69)	(68)
Present value at the end of the financial year	**17,807**	**17,568**	**1,323**	**1,346**
Fair value of plan assets				
Fair value at the beginning of the financial year	10,094	10,126		
Investment result	(692)	285		
Interest income	131	182		
Benefits paid	(620)	(499)		
Fair value at the end of the financial year	**8,913**	**10,094**		
Funded status of funded pension benefits	**8,894**	**7,474**		

As at 31 March 2022, the average maturity of funded pension benefits is 15 years and unfunded pension benefits eleven years.

Plan assets held to cover the pension obligations have been transferred to pension funds. The diversification of the portfolio is as follows:

in %	31 Mar 2022	31 Mar 2021
Debt securities	30%	32%
Equity securities	57%	52%
Real estate	7%	5%
Cash and cash equivalents	6%	11%
Total	**100%**	**100%**

A significant portion of plan assets is traded in an active market.

The aggregate movement in funded and unfunded severance payments is as follows:

€ in thousands	Funded severance payments 2021/22	Funded severance payments 2020/21	Unfunded severance payments 2021/22	Unfunded severance payments 2020/21
Present value of severance payment obligation				
Present value at the beginning of the financial year	1,879	1,766	31,313	31,378
Exchange differences	44	(65)	(86)	73
Service cost	129	118	2,171	2,228
Interest cost	120	116	457	556
Remeasurement from the change in demographic assumptions	–	–	(184)	43
Remeasurement from the change in financial assumptions	(87)	43	(1,940)	(532)
Remeasurement from adjustments based on past experience	22	(44)	1,449	(646)
Benefits paid	(51)	(55)	(2,623)	(1,787)
Present value at the end of the financial year	**2,056**	**1,879**	**30,557**	**31,313**

€ in thousands	2021/22	2020/21
Fair value of plan assets		
Fair value at the beginning of the financial year	1,490	1,237
Exchange differences	43	(45)
Contributions	313	261
Investment result	22	9
Interest income	96	83
Benefits paid	(51)	(55)
Fair value at the end of the financial year	**1,913**	**1,490**
Funded status of funded severance payments	**143**	**389**

As at 31 March 2022, the average maturity of unfunded severance payments is eleven years.

The aggregate movement in other employee benefits (anniversary bonuses) is as follows:

€ in thousands	2021/22	2020/21
Present value at the beginning of the financial year	12,809	11,270
Exchange differences	719	63
Service cost	3,342	2,394
Interest expense	223	184
Remeasurement from the change in demographic assumptions	(218)	366
Remeasurement from the change in financial assumptions	(251)	90
Remeasurement from adjustments based on past experience	944	1,008
Benefits paid	(3,253)	(2,566)
Present value at the end of the financial year	**14,315**	**12,809**

At 31 March 2022, the average maturity of other employee benefits is ten years.

The following weighted actuarial parameters were used for the measurement at the balance sheet date:

	Retirement benefits		Severance payments		Other employee benefits (anniversary bonuses)	
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
Discount rate	1.90 %	1.30 %	2.21 %	1.60 %	2.06 %	2.02 %
Expected rate of remuneration increase	–	2.25 %	3.35 %	3.21 %	5.40 %	4.96 %
Expected rate of pension increase	2.10 %	1.50 %	–	–	–	–
Retirement age	65	65	[1]	[1]	–	–

[1] Individual according to respective local legislation

Attrition rates and biometric data are included in the calculation of the provisions.

18. Other provisions

€ in thousands	Total	Warranty	Others
Carrying amount 31 Mar 2021	4,405	2,131	2,274
Utilisation	(1,184)	(495)	(689)
Reversal	(1,318)	(1,221)	(97)
Addition	4,319	1,697	2,622
Exchange differences	167	57	110
Carrying amount 31 Mar 2022	**6,389**	**2,169**	**4,220**

€ in thousands	Total	Warranty	Others
Carrying amount 31 Mar 2020	5,237	3,053	2,184
Utilisation	(1,711)	(1,091)	(620)
Reversal	(916)	(878)	(38)
Addition	1,849	1,119	730
Exchange differences	(54)	(72)	18
Carrying amount 31 Mar 2021	**4,405**	**2,131**	**2,274**

€ in thousands	31 Mar 2022	31 Mar 2021
thereof non-current	–	–
thereof current	6,389	4,405
Carrying amount	**6,389**	**4,405**

Warranty provision This item relates to the costs of existing and expected complaints about products still under warranty. The accrued amount is the best estimate of these costs based on past experience and actual facts, and is not yet recognised as a liability due to the uncertainty as to amount and timing. The amount of expected costs includes amounts assumed from product liability insurance.

Others This item relates substantially to provisions for risks from pending losses on onerous contracts and to provisions for the risks associated with pension scheme contributions in Asia resulting from the uncertain legal situation there.

19. Derivative financial instruments

Derivative financial instruments of the reporting year relate to interest rate swaps in their entirety. Payments related to loans are hedged.

The carrying amounts of the Group's derivative financial instruments correspond to their fair values. The fair value corresponds to the amount that would be incurred or earned if the transaction had been settled at the balance sheet date.

The fair values of the derivative financial instruments are as follows at the balance sheet date:

	31 Mar 2022		31 Mar 2021	
€ in thousands	Assets	Liabilities	Assets	Liabilities
Interest rate swaps at fair value	4,463	508	–	6,599
Total market values	**4,463**	**508**	**–**	**6,599**
Non-current portion	**4,463**	**508**	**–**	**6,599**

As of 31 March 2022, the fixed interest rates for interest rate swaps range between -0.03% and 0.5450%.The variable interest rate is based on the six-month EURIBOR.

Based on the various scenarios, the Group hedges its cash flow interest rate risk using interest rate swaps. Such interest rate swaps have the economic effect of converting loans from floating rates to fixed rates. If the Group takes out loans at floating rates, it uses swaps to convert such loans into fixed rate loans. Under these interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between the fixed and variable interest rates calculated by reference to the agreed nominal amounts.

All significant contractual terms and conditions (such as term, volume, market interest rate, etc.) of the interest rate swaps matched those of the underlying transaction, and a hedging relationship can thus be assumed, especially since the change in value of the hedging instrument fully balances out the changes in future cash flows.

In the past, differing contract terms led to ineffectiveness of some interest rate swaps, which is included in finance costs – net in the statement of profit or loss.

The terms of the interest rate swaps employed as hedging instruments are as follows:

€ in thousands, in months, in %	Nominal volume	Maturity	Average hedged interest rate during the period
Interest rate swaps	408,000	13 - 48 months	0.1719 % - 0.5450 %

The value of the interest rate swaps employed as hedging instruments developed as follows:

	Carrying amount of the hedging instrument[1)]			
€ in thousands	Assets	Liabilities	Change in fair value of the hedging instrument on which the calculation of ineffectiveness is based	Change in fair value of the hedging instrument recognised in the cash flow hedge reserve
as per 31 Mar 2022	4,463	508	6,987	3,566
as per 31 Mar 2021	–	6,599	–	–

[1)] Interest rate swaps are reported under financial receivables and financial liabilities.

20. Additional disclosures on financial instruments

Carrying amounts and fair values by measurement category The carrying amounts and fair values of financial instruments included in several items in the statement of financial position by measurement category are as follows at the balance sheet date. Unless otherwise stated, carrying amounts correspond approximately to the fair values:

	31 Mar 2022			
€ in thousands	Measurement categories in accordance with IFRS 9 or measurement in accord. with other IFRSs[1)]	Level	Carrying amount	Fair value
Assets				
Non-current assets				
Derivative financial instruments	DHI	2	4,463	4,463
Other financial assets	FAAFVOCI	2	117	117
Financial assets			**4,580**	**4,580**
Current assets				
Trade receivables less impairments	FAAC		91,155	
Trade receivables	FAAFVOCI	3	5,677	
Contract assets less impairments	-		177,328	
Other receivables	FAAC		7,769	
Other receivables	-		108,337	
Trade and other receivables			**390,266**	
Financial assets	FAAFVPL	1	849	849
Financial assets	FAAC		17,984	
Financial assets			**18,833**	**849**
Cash and cash equivalents	FAAC		1,119,921	
Cash and cash equivalents			**1,119,921**	**1,119,921**
Liabilities				
Other financial liabilities	FLAAC	2	1,354,472	1,356,286
Derivative financial instruments	DHI	2	508	508
Non-current and current financial liabilities			**1,354,980**	**1,356,794**
Trade payables	FLAAC		442,205	
Other payables	FLAAC		49,435	
Other payables	-		127,643	
Trade and other non-current and current payables			**619,283**	
Aggregated by measurement categories				
Assets				
At amortised cost	FAAC		1,236,829	–
Financial assets at fair value through OCI	FAAFVOCI		5,794	–
Financial assets at fair value through profit or loss	FAAFVPL		849	–
Derivatives as hedging instruments	DHI		4,463	–
Liabilities				
Financial liabilities at amortised cost	FLAAC		1,846,112	–
Derivatives as hedging instruments	DHI		508	–

[1)] FAAC: Financial assets at amortised cost
FAAFVOCI: Financial assets at fair value through OCI
FAAFVPL: Financial assets at fair value through profit or loss
DHI: Derivatives as hedging instruments
FLAAC: Financial liabilities at amortised cost

	31 Mar 2021			
€ in thousands	Measurement categories in accordance with IAS 39 or measurement in accord. with other IFRSs[1)]	Level	Carrying amount	Fair value
Assets				
Non-current assets				
Other financial assets	FAAFVOCI	2	117	117
Financial assets			**117**	**117**
Current assets				
Trade receivables less impairments	FAAC		77,919	
Trade receivables	FAAFVOCI	3	6,124	
Contract assets less impairments	-		92,767	
Other receivables	FAAC		1,809	
Other receivables	-		86,674	
Trade and other receivables			**265,293**	
Financial assets	FAAFVPL	1	986	986
Financial assets	FAAC		38,760	38,760
Financial assets			**39,746**	**986**
Cash and cash equivalents	FAAC		552,850	
Cash and cash equivalents			**552,850**	
Liabilities				
Other financial liabilities	FLAAC	2	1,094,645	1,100,160
Derivative financial instruments	DHI	2	6,599	6,599
Non-current and current financial liabilities			**1,101,244**	**1,106,759**
Trade payables	FLAAC		319,300	
Other payables	FLAAC		31,213	
Other payables	-		73,110	
Trade and other non-current and current payables			**423,623**	
Aggregated by measurement categories				
Assets				
At amortised cost	FAAC		671,338	–
Financial assets at fair value through OCI	FAAFVOCI		6,241	–
Financial assets at fair value through profit or loss	FAAFVPL		986	–
Derivatives as hedging instruments	DHI		–	–
Liabilities				
Financial liabilities at amortised cost	FLAAC		1,445,158	–
Derivatives as hedging instruments	DHI		6,599	–

1) FAAC: Financial assets at amortised cost
FAAFVOCI: Financial assets at fair value through OCI
FAAFVPL: Financial assets at fair value through profit or loss
DHI: Derivatives as hedging instruments
FLAAC: Financial liabilities at amortised cost

When measuring fair value, a distinction needs to be made between three valuation hierarchies:

- Level 1: The fair values are determined based on quoted market prices in an active market for identical financial instruments.
- Level 2: If quoted market prices in active markets are not available, the fair values are determined based on the results of a measurement method that is based to the greatest possible extent on market prices.
- Level 3: In this case, the fair values are determined using measurement models which are not based on observable market data.

Net results relating to financial instruments by measurement category Net gains or net losses relating to financial assets and liabilities by measurement category are as follows:

€ in thousands	2021/22	2020/21
Amortised cost	1,992	(16,675)
Fair value through other comprehensive income	9	–
Fair value through profit or loss	4,353	(1,460)
Financial liabilities at amortised cost	(8,861)	(10,395)
Total	**(2,507)**	**(28,530)**

The net results relating to financial instruments include dividend income, interest income and expenses, foreign exchange gains and losses, realised gains and losses on the disposal and sale, as well as income and expenses recognised in profit or loss from the measurement of financial instruments.

€ 1,921 thousand in net expenses (previous year: € 10,631 thousand in net expenses) of the total net result from financial instruments is included in the operating result and contains mainly foreign exchange effects, and € 586 thousand in net expenses (previous year: € 17,899 thousand in net expenses) in "Finance costs – net".

Financial risks

In the following, the financial risks, which comprise the financing risk, the liquidity risk, the credit risk, and the foreign exchange risk, are addressed. In the Group Management Report, further risk categories and the related processes and measures are outlined.

Risk management of financial risks is carried out by the central treasury department (Group Treasury) under policies approved by the Management Board. Responsibilities, authorisations and limits are governed by these internal guidelines. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

Financing risk The financing risk relates to securing the long-term funding of the Group and to fluctuations in the value of financial instruments.

On the assets side, the Group is exposed to low interest rate risks with regard to its securities portfolio. Other liquid funds are mainly invested short-term. Reference is made to Note 12 "Financial assets" and Note 13 "Cash and cash equivalents".

On the liabilities side, 43.8% (previous year: 46.3%) of the total bonds and bank borrowings are subject to fixed interest rates, taking into account interest rate hedging instruments. Reference is made to Note 15 "Financial liabilities".

The financial liabilities of the Group are linked to loan commitments that are customary in the market. These commitments are reviewed on a quarterly or an annual basis. In the event of non-compliance with these commitments, the lenders have a right of notice.

Liquidity risk In the Group, liquidity risk refers to the circumstance of insolvency. Therefore, sufficient liquidity shall be available at all times to be able to meet the current payment obligations on time.

As of 31 March 2022, the Group has liquidity reserves of € 1,457.0 million (previous year: € 1,011.3 million). This comprises € 1,138.8 million (previous year: € 592.7 million) in cash and cash equivalents, held-to-maturity investments, securities held for trading and available-for-sale, and € 318.2 million (previous year: € 418.6 million) in available unused credit facilities. Thus, the liquidity reserves increased by € 445.8 million year-on-year and include € 21.6 million (previous year: € 19.7 million) in current reserves, which relate to AT&S in China and are subject to specific liquidity requirements.

Credit risk In the Group, credit risk refers to the potential for payment default by customers.

The credit risk is kept to a minimum by means of a comprehensive process. Customers are subject to regular credit assessments and their receivables are covered by insurance to a large extent. Non-insured receivables are continuously monitored and, if any risks are identified, the deliveries are made only against advance payments or bank guarantees. In the financial year 2021/22, € 0.7 million (previous year: € 1.0 million) or 0.8% (previous year: 1.1%) of receivables were impaired.

Reference is made to the detailed disclosures in Note 11 “Trade and other receivables”.

Foreign exchange risk As a globally operating entity, the AT&S Group is exposed to foreign exchange risk. “Natural hedges” exist in part through local added value created at the various sites. Within the Group, transaction risks are initially managed by closing positions (netting). Open positions are continuously analysed and hedged using different hedging instruments such as forward contracts, currency options and currency swaps. No such instruments exist on the balance sheet date.

Sensitivity analyses are performed to assess the foreign exchange risk, with – all else being equal – the effects of percentage changes in foreign exchange rates being simulated against each other.

Financial market risks Detailed information on financial market risks and derivative financial instruments is contained in Section I.B.I. “Accounting and measurement policies: Derivative financial instruments” and in Note 18 “Derivative financial instruments”. The Group uses derivative financial instruments, such as forward contracts, options and swaps, exclusively for hedging purposes.

Evaluation of financial market risks using sensitivity analyses The Group applies sensitivity analyses to quantify the interest rate and currency risks. In gap analyses, the potential change in profit/loss resulting from a 1% change in price (exchange rate or interest rate) of the foreign currency or net interest position is determined. Correlations between different risk elements are not included in these analyses. The impact on profit/loss is determined taking into account income tax effects on the profit for the year after tax.

Risks concerning changes in interest rates emerge from positions with variable interest rates, mainly deriving from refinancing activities. Basis and option risks play a subordinated role. The risk of the interest ledger is managed by conducting businesses with fixed interest rates as well as using derivative financial instruments. The table below shows the effect on financial liabilities:

	31 Mar 2022				
€ in thousands	EUR	USD	Others	**Total**	In %
Before Hedging					
Fixed interest rate	184,674	–	–	**184,674**	13.6%
Variable interest rate	1,169,798	–	–	**1,169,798**	86.4%
Total	**1,354,472**	**–**	**–**	**1,354,472**	100.0%
In %	100.0%	–	–	100.0%	
After Hedging					
Fixed interest rate	592,674	–	–	**592,674**	43.8%
Variable interest rate	761,798	–	–	**761,798**	56.2%
Total	**1,354,472**	**–**	**–**	**1,354,472**	100.0%
In %	100.0%	–	–	100.0%	

	31 Mar 2021				
€ in thousands	EUR	USD	Others	**Total**	In %
Before Hedging					
Fixed interest rate	236,447	–	–	**236,447**	22.2%
Variable interest rate	830,696	–	–	**830,696**	77.8%
Total	**1,067,143**	**–**	**–**	**1,067,143**	100.0%
In %	100.0%	–	–	100.0%	
After Hedging					
Fixed interest rate	494,447	–	–	**494,447**	46.3%
Variable interest rate	572,696	–	–	**572,696**	53.7%
Total	**1,067,143**	**–**	**–**	**1,067,143**	100.0%
In %	100.0%	–	–	100.0%	

If the EUR interest rates at the balance sheet date had been 100 basis points higher resp. lower, based on the financing structure at the balance sheet date, the profit for the year would have been € 3.6 million lower (previous year: € 2.1 million) resp. € 1.4 million higher (previous year: € 0.0 million), provided all other variables remained constant. A decline in the EUR interest rates would not have had any impact on the profit for the year. If the USD interest rates at the balance sheet date had been 100 basis points higher (or lower), based on the financing structure at the balance sheet date, the profit for the year would have been € 0.0 million lower (previous year: € 0.0 million) or € 0.0 million higher (previous year: € 0.0 million), provided all other variables remained constant.

The effect of this interest rate sensitivity analysis is based on the assumption that the interest rates would deviate by 100 basis points during an entire financial year and the new interest rates would have to be applied to the amount of equity and liabilities at the balance sheet date.

According to IFRS 7, the impact of hypothetical changes in exchange rates on the profit for the year results from monetary financial instruments which are not denominated by the functional currency of the reporting company. Hence, the effect on profit/loss is calculated based on receivables, payables and financial balances or, if applicable, foreign currency derivatives. At AT&S, the risk primarily contains USD balances. Therefore, a sensitivity analysis is only carried out for this currency. The average changes in USD/EUR closing rates in the last 5 years amount to 7.0% (previous year: 7.0%). An increase in the US dollar exchange rate of 7.0% against the euro would have had a positive impact on the profit for the year in the amount of € 20.9 million (previous year: € 10.5 million). Devaluation of the US dollar exchange rate against the euro would have reduced the profit for the year by € 20.9 million (previous year: € 10.5 million). A decrease in the US dollar exchange rate against the euro by the same percentage would have reduced the profit for the year by € 20.9 million (previous year: € 10.5 million). On a closing date basis, the USD depreciated by 5.5% against the EUR.

Capital risk management The objectives of the Group in respect of capital management include, firstly, securing the Company as a going concern in order to be able to continue providing the shareholders with dividends and the other stakeholders with their due services and, secondly, maintaining an appropriate capital structure in order to optimise capital costs. Therefore, the amount of the dividend payments is adjusted to the respective requirements, capital is repaid to shareholders (withdrawal of treasury shares), new shares are issued or the portfolio of other assets is changed.

Based on the covenants defined in the credit agreements, the Group monitors its capital based on the ratio of net debt to EBITDA (theoretical payback period for debts).

The Group's strategy is not to sustain an equity ratio above 30% and not to exceed a theoretical payback period for debts of 3.0 years, creating sufficient leeway to cushion the effects of adverse business developments and to secure the Company as a going concern even in times of crisis. Temporary deviations from the values are acceptable.

At the balance sheet date, the equity ratio was 33.4% and thus below the previous year's figure of 33.6%, but above the target of more than 30.0%. This is mainly due to the increase in total assets as a result of investments and securing the financing of the future investment programme. At 0.6 years, the theoretical payback period for debts was below the previous year's figure of 2.1 years.

21. Contingent liabilities and other financial commitments

As of 31 March 2022, the Group has other financial commitments amounting to € 498,942 thousand (previous year: € 251,528 thousand) in connection with contractually binding investment projects. As of 31 March 2022, the maximum risk associated with liability for default was € 19,327 thousand (previous year: € 12,906 thousand) less coverage of the credit insurance applied. The liability for default corresponds to the theoretical maximum loss if a default of all transferred receivables incurs. The probability of needing to fall back on this liability is extremely low. The fair value of this risk is not material. At the balance sheet date, the Group has contingent liabilities from bank guarantees in an amount of € 151 thousand (previous year: € 148 thousand). There were no contingent liabilities from guarantees at the balance sheet date (previous year: € 0 thousand).

22. Share capital

	Outstanding shares in thousand shares	Ordinary shares € in thousands	Share premium € in thousands	Share capital € in thousands
31 Mar 2020	38,850	42,735	99,111	141,846
31 Mar 2021	**38,850**	**42,735**	**99,111**	**141,846**
31 Mar 2022	**38,850**	**42,735**	**99,111**	**141,846**

Ordinary shares The ordinary shares of the Company as of 31 March 2022 amounting to € 42,735 thousand are fully paid in (previous year: € 42,735 thousand) and are made up of 38,850,000 (previous year: 38,850,000) no-par value bearer shares with a notional value of € 1.10 each.

Approved capital and conditional capital increase By way of a resolution passed at the 25th Annual General Meeting on 4 July 2019, the Management Board was authorised until 3 July 2024 to increase the Company's ordinary shares, subject to the approval of the Supervisory Board, by up to € 21,367,500 by way of issuing up to 19,425,000 no-par value bearer shares, for contributions in cash or kind, in one or several tranches, also by way of indirect subscription rights, after having been taken over by one or more credit institutions in accordance with Section 153 (6) of the Austrian Stock Corporation Act (AktG). The Management Board was authorised, subject to the approval of the Supervisory Board, to determine the detailed terms and conditions of issue (in particular the issue amount, what the contribution in kind entails, the content of the share rights, the exclusion of subscription rights, etc.) (approved capital). The Supervisory Board was authorised to adopt amendments to the Articles of Association resulting from the issuance of shares from the approved capital.

Furthermore, by resolution of the 25th Annual General Meeting of 4 July 2019, the Management Board was authorised until 3 July 2024, subject to the approval of the Supervisory Board, to issue one or several convertible bearer bonds at a total nominal amount of up to € 150,000,000 and to grant to bearers of convertible bonds conversion rights and/or subscription rights for up to 19,425,000 new no-par value bearer shares in the Company in accordance with the convertible bond conditions to be defined by the Management Board. The Management Board was also authorised to completely or partially exclude shareholders' subscription rights to the convertible bonds. Furthermore, in doing so, the Company's ordinary shares were conditionally increased by up to € 21,367,500 by way of issuance of up to 19,425,000 new no-par value bearer shares in accordance with Section 159 (2) No. 1 of the Austrian Stock Corporation Act (AktG). This conditional capital increase will only be carried out if the bearers of convertible bonds issued based on the authorisation resolution passed at the Annual General Meeting on 4 July 2019 claim the right to conversion and/or subscription granted to them with regard to the Company's shares. Furthermore, the Management Board was authorised to determine, subject to approval from the Supervisory Board, the further details of carrying out the conditional capital increase (particularly the issue amount and the content of the share rights). The Supervisory Board was authorised to adopt amendments to the Articles of Association resulting from the issuance of shares from the conditional capital. The same applies in case the authorisation to issue convertible bonds is not exercised or the conditional capital is not used.

With regard to the approved capital and the conditional capital, the following definition of the amount in accordance with the resolutions passed at the 25th Annual General Meeting on 4 July 2019, is to be observed: the sum of (i) the number of shares currently issued or potentially to be issued from conditional capital in accordance with the convertible bond conditions and (ii) the number of shares issued from approved capital shall not exceed the total amount of 19,425,000 (limitation of authorised amount).

The Annual General Meeting also resolved to amend the Articles of Association in § 4 (Nominal capital) to reflect these changes.

Free reserves At the 27th Annual General Meeting on 8 July 2021 the Management Board was authorised to reallocate an amount of up to € 50,000,000 of the balance sheet profit carried forward to new account – after dividend distribution – to free reserves, subject to the approval of the Supervisory Board.

Outstanding shares The number of shares issued amounts to 38,850,000 at 31 March 2022 (previous year: 38,850,000).

Treasury shares By a resolution passed at the 27th Annual General Meeting on 8 July 2021, the Management Board was again authorised to purchase, within a period of 30 months from the adoption of the resolution by the General Meeting, treasury shares of up to 10% of the nominal share capital of the Company for a minimum consideration per share at the most 30% lower than the average, unweighted stock exchange closing price over the preceding ten trading days and a maximum consideration per share at the most 30% higher than the average, unweighted stock exchange closing price over the preceding ten trading days. The treasury shares may be purchased via the stock exchange, by means of a public offering or any other legally permitted way and for any legally permitted purpose. The Management Board was also authorised to withdraw repurchased treasury shares and treasury shares already held by the Company without any further resolution by the Annual General Meeting. The Supervisory Board was authorised to adopt amendments to the Articles of Association resulting from the withdrawal of the shares. The authorisations granted by the resolution of the 25th Annual General Meeting on 4 July 2019 on agenda item 9 were revoked.

Furthermore, the Management Board was authorised by the 25th Annual General Meeting on 4 July 2019, for a period of five years, i.e. up to and including 3 July 2024, subject to the approval of the Supervisory Board, to sell or use the repurchased treasury shares or treasury shares currently held by the Company other than via the stock exchange or by public offer in particular for the purposes of stock transfer programmes, convertible bonds or as a consideration for the acquisition of entities, investments or other assets or for any other legal purpose, and to exclude a general purchase opportunity for shareholders.

As at 31 March 2022, the Group held no treasury shares.

Dividend per share In the financial year 2021/22, a dividend of € 0.39 was paid per share (previous year: € 0.25).

23. Other reserves

The reclassification adjustments of the other comprehensive income realised in the profit for the year and the movement in other reserves are as follows:

€ in thousands	Currency translation differences	Financial assets at fair value through OCI	Hedging instruments for cash flow hedges	Remeasurement of obligations from post-employment benefits	Other reserves
Carrying amount 31 Mar 2020	**24,593**	**17**	**–**	**(9,887)**	**14,723**
Balance of unrealised changes before reclassification, net of tax	11,926	–	–	–	11,926
Transfer of realised changes recognised in the profit for the year, net of tax	–	–	–	–	–
Remeasurement of obligations from post-employment benefits	–	–	–	485	485
Available for sale financial assets, net of tax	–	(55)	–	–	(55)
Carrying amount 31 Mar 2021	**36,519**	**(38)**	**–**	**(9,402)**	**27,079**
Carrying amount 1 Apr 2021	36,519	(38)	–	(9,402)	27,079
Balance of unrealised changes before reclassification, net of tax	158,732	–	2,746	–	161,478
Transfer of realised changes recognised in the profit for the year, net of tax	–	–	–	–	–
Remeasurement of obligations from post-employment benefits, net of tax	–	–	–	(647)	(647)
Unrealised gains/losses on available-for-sale financial assets, net of tax	–	(1)	–	–	(1)
Carrying amount 31 Mar 2022	**195,251**	**(39)**	**2,746**	**(10,049)**	**187,909**

With regard to the presentation of income taxes attributable to the individual components of the other comprehensive income, including reclassification adjustments, reference is made to Note 6 “Income taxes”.

24. Hybrid capital

On 17 November 2017, a hybrid bond was issued at a nominal amount of € 175,000 thousand and with an annual coupon of 4.75% which was paid out on 24 November 2017. The subordinated bond has a perpetual maturity and can be first called in and redeemed by AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, but not by the creditors, after five years. If the bond is not called in and redeemed after five years, the mark-up increases by 5.0 percentage points on the actual coupon.

As the hybrid bond satisfies the IAS 32 criteria for equity, the proceeds from the bond issue are recognised as part of equity. Accordingly, coupon payments are also presented as part of the appropriation of profit. The issue costs of the hybrid bond amounted to € 2,113 thousand.

In January 2022, part of this hybrid bond with a nominal value of € 133,607 thousand was repurchased following an invitation to holders of the hybrid bond 2017 to tender the bond for purchase in cash. The purchase price amounted to 103.7% of the nominal value. The remaining hybrid bond 2017 has a perpetual maturity and can only be called and redeemed by AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, but not by the creditors, and will continue to be recognised as equity.

Another hybrid bond with an issue volume of € 350,000 thousand and a coupon of 5.0% was placed in January 2022. This hybrid bond has a perpetual maturity and can be called and redeemed after five years by AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, but not by the creditors. The proceeds of this hybrid bond will be reported as part of equity as this instrument satisfies the IAS 32 criteria for equity. Accordingly, coupon payments are also presented as part of the appropriation of profit. The issue costs of the hybrid bond amounted to € 2,676 thousand.

25. Cash flow

In accordance with IAS 7, cash and cash equivalents comprise cash on hand and demand, deposits and current, liquid investments that can be converted into known cash amounts at any time and which are only subject to an insignificant risk of changes in value. The indirect method was used to prepare the Consolidated Statement of Cash Flows.

Cash flow from operating activities before changes in working capital in the financial year 2021/22 was € 776,290 thousand (previous year: € 232,231 thousand), cash flow from operating activities was € 713,192 thousand (previous year: € 184,651 thousand). In addition to the significant improvement in earnings compared with the same period of the previous year, the main reason for this increase was the cash inflow from contract liabilities entered into (reference is made to Note 16 “Contract liabilities”).

Cash flow from investing activities in the financial year 2021/22 amounts to € -579,693 thousand (previous year: € -339,809 thousand) and comprises predominantly investments in the new plants in Chongqing and Kulim and technology upgrades in the other plants (€ -605,571 thousand) as well as investments of or return of liquid funds (€ 22,180 thousand). As of 31 March 2022, there are existing liabilities due to investments in the amount of € 244,026 thousand (previous year: € 170,050 thousand).

Cash flow from financing activities in the financial year 2021/22 amounts to € 396,870 thousand. The increase compared to the previous year’s figure of € 303,628 thousand is mainly attributable to the cash inflow from the raising of additional loans and promissory note loans.

€ in thousands	2021/22	2020/21
Cash flow from operating activities before changes in working capital	776,290	232,231
Cash flow from operating activities	713,192	184,651
Cash flow from investing activities	(579,693)	(339,809)
Free cash flow	133,499	(155,158)
Cash flow from financing activities	396,870	303,628
Change in cash and cash equivalents	530,369	148,470
Currency effects on cash and cash equivalents	36,702	(13,570)
Cash and cash equivalents at the end of the year	**1,119,921**	**552,850**

The balance of cash and cash equivalents at the end of the financial year 2021/22 was € 1,119,921 thousand (previous year: € 552,850 thousand). These are mainly used to ensure further investment.

The non-cash expense/income is as follows:

€ in thousands	2021/22	2020/21
Release of government grants	(7,118)	(3,896)
Other non-cash expense/(income), net	13,068	13,622
Non-cash expense/(income), net	**5,950**	**9,726**

Net debt reconciliation:

€ in thousands	2021/22	2020/21
Cash and cash equivalents	1,119,921	552,850
Financial assets	23,413	39,863
Financial liabilities, current	(78,402)	(84,101)
Financial liabilities, non-current	(1,276,579)	(1,017,143)
Net debt	**(211,647)**	**(508,531)**

	Other assets			
€ in thousands	Cash	Financial assets	Financial liabilities	Total
Net debt 31 Mar 2020	417,950	136,435	(801,133)	(246,748)
Cash flows	148,470	(95,557)	(300,959)	(248,046)
Foreign exchange adjustments	(13,570)	(960)	24	(14,506)
Other non-cash movements	–	(55)	824	769
Net debt 31 Mar 2021	**552,850**	**39,863**	**(1,101,244)**	**(508,531)**
Cash flows	530,369	(21,538)	(256,502)	252,329
Foreign exchange adjustments	36,702	763	(3,326)	34,139
Other non-cash movements	–	4,325	6,090	10,415
Net debt 31 Mar 2022	**1,119,921**	**23,413**	**(1,354,981)**	**(211,647)**

V. OTHER DISCLOSURES

26. Earnings per share

Earnings per share is calculated in accordance with IAS 33 "Earnings per Share".

Weighted average of outstanding shares The number of shares issued is 38,850,000. As of 31 March 2022, no treasury shares are held, which would have had to be deducted in the calculation of earnings per share.

The weighted average number of outstanding shares for the basic earnings per share calculation amounts to 38,850 thousand in the financial year 2021/22 and to 38,850 thousand in the financial year 2020/21.

The following table shows the composition of the diluted weighted average number of outstanding shares in the respective periods:

in thousands	2021/22	2020/21
Weighted average number of shares outstanding – basic	38,850	38,850
Diluting effect	–	–
Weighted average number of shares outstanding – diluted	**38,850**	**38,850**

Basic earnings per share Basic earnings per share are calculated by dividing the profit for the period attributed to the shareholders of the Company by the weighted average number of outstanding ordinary shares in the same period.

	2021/22	2020/21
Profit for the year attributable to owners of the parent company (€ in thousands)	92,838	39,111
Weighted average number of shares outstanding – basic (in thousands)	38,850	38,850
Basic earnings per share (in €)	**2.39**	**1.01**

Diluted earnings per share Diluted earnings per share are calculated by dividing the profit for the period attributed to the shareholders of the Company by the weighted average number of outstanding shares including the number of potentially outstanding ordinary shares in the same period. The potentially outstanding ordinary shares comprise the additional shares to be issued for exercisable options or subscription rights and are included in diluted earnings per share.

	2021/22	2020/21
Profit for the year attributable to owners of the parent company (€ in thousands)	92,838	39,111
Weighted average number of shares outstanding – diluted (in thousands)	38,850	38,850
Diluted earnings per share (in €)	**2.39**	**1.01**

27. Material events after the balance sheet date

No material events occurred after the balance sheet date.

28. Related party transactions

In connection with various projects, the Group received consulting services from companies in which Supervisory Board chairman Mr Androsch (AIC Androsch International Management Consulting GmbH) is active:

€ in thousands	2021/22	2020/21
AIC Androsch International Management Consulting GmbH	363	365
Total	**363**	**365**

Members of the Management Board and the Supervisory Board

In the financial year 2021/22 and until the issue date of these consolidated financial statements, the following persons served on the *Management Board*:

- Andreas Gerstenmayer (Chairman)
- Ingolf Schröder
- Peter Schneider (since 1 June 2021)
- Simone Faath (until 25 October 2021
- Heinz Moitzi (until 31 May 2021)

In the financial year 2021/22, the following persons were appointed members of the *Supervisory Board*:

- Hannes Androsch (Chairman)
- Regina Prehofer (First Deputy Chairwoman)
- Georg Riedl (Second Deputy Chairman)
- Hermann Eul
- Georg Hansis
- Robert Lasshofer
- Lars Reger
- Karin Schaupp
- Gertrude Tumpel-Gugerell

Delegated by the Works Council:

- Wolfgang Fleck
- Siegfried Trauch
- Günter Pint
- Günther Wölfler

The number of outstanding stock appreciation rights and staff costs from stock appreciation rights granted are as follows:

	Number of outstanding stock appreciation rights		Staff costs (€ in thousands)	
	31 Mar 2022	31 Mar 2021	2021/22	2020/21
Andreas Gerstenmayer	150,000	150,000	3,410	781
Peter Schneider	30,000	–	293	–
Ingolf Schröder	30,000	–	293	–
Heinz Moitzi[1)]	77,949	90,000	1,993	462
Monika Stoisser-Göhring[2)]	–	90,000	–	468
Total Management Board members	**287,949**	**330,000**	**5,989**	**1,711**
Monika Stoisser-Göhring[2)]	60,000	–	1,607	–
Total other executive employees	484,439	355,000	8,134	1,816
Total	**832,388**	**685,000**	**15,730**	**3,527**

[1)] Termination of Management Board mandate as of 31 May 2021
[2)] Former member of the Management Board

Reference is made to the comments on the stock option plans under Note 14 “Trade and other payables”.

Total compensation to the members of the Management Board and to executive employees in the financial year in accordance with IAS 24:

	2021/22			2020/21		
€ in thousands	Fixed	Variable	Total	Fixed	Variable	Total
Andreas Gerstenmayer	585	1,552	2,137	562	331	893
Peter Schneider	327	330	657	–	–	–
Ingolf Schröder	409	344	753	329	116	445
Simone Faath[1)]	238	178	416	196	83	279
Heinz Moitzi[2)]	256	72	328	456	240	696
Monika Stoisser-Göhring[3)]	–	–	–	54	26	80
Total Management Board members	**1,815**	**2,476**	**4,291**	**1,597**	**796**	**2,393**
Simone Faath[1)]	599	125	724	–	–	–
Heinz Moitzi[2)]	–	308	308	–	–	–
Monika Stoisser-Göhring[3)]	87	436	523	378	184	562
Total former Management Board members	**686**	**869**	**1,555**	**378**	**184**	**562**
Executive employees	7,339	5,191	12,530	7,813	1,781	9,594
Total	**9,840**	**8,536**	**18,376**	**9,788**	**2,761**	**12,549**

[1)] Termination of Management Board mandate as of 25 October 2021
[2)] Termination of Management Board mandate as of 31 May 2021
[3)] Former member of the Management Board

The variable compensation of Andreas Gerstenmayer includes remuneration from stock appreciation rights amounting to € 848 thousand (previous year: € 0 thousand). The variable compensation of Heinz Moitzi includes remuneration from stock appreciation rights amounting to € 308 thousand (previous year: € 0 thousand). The variable compensation of Monika Stoisser-Göhring includes remuneration from stock appreciation rights amounting to € 376 thousand (previous year: € 0 thousand).

Fixed remuneration of “Total former Management Board members” includes the severance payment and other claims in connection with the termination of the Management Board contract of Simone Faath.

Besides the above-mentioned compensation, € 58 thousand (previous year: € 55 thousand) were paid into a pension fund for Andreas Gerstenmayer, € 40 thousand (previous year: € 15 thousand) for Simone Faath, € 40 thousand (previous year: € 22 thousand) for Ingolf Schröder and € 33 thousand (previous year: € 0 thousand) for Peter Schneider.

In accordance with IAS 24, these are key management personnel who have direct or indirect authority and responsibility for planning, directing and controlling the activities of the entity; this includes managing directors of that entity.

Expenses for severance payments and retirement benefits for current and former members of the Management Board, executive employees and their surviving dependants are as follows:

	Severance payments		Retirement benefits	
€ in thousands	2021/22	2020/21	2021/22	2020/21
Expenses recognised in profit for the period	213	204	393	492
Remeasurement recognised in other comprehensive income	141	(77)	1,299	529

Total remuneration for services rendered personally by members of the Supervisory Board attributable to the financial year and proposed to the Annual General Meeting:

	2021/22			2020/21		
€ in thousands	Fixed	Variable	Total	Fixed	Variable	Total
Hannes Androsch	162	–	162	65	15	80
Willibald Dörflinger	–	–	–	14	3	17
Regina Prehofer	110	–	110	55	10	65
Georg Riedl	113	–	113	53	9	62
Hermann Eul	77	–	77	25	5	30
Karl Fink	–	–	–	8	2	10
Georg Hansis	77	–	77	23	5	28
Albert Hochleitner	–	–	–	8	2	10
Robert Lasshofer	74	–	74	27	5	32
Gerhard Pichler	–	–	–	–	–	–
Lars Reger	75	–	75	22	6	28
Karin Schaupp	77	–	77	30	7	37
Gertrude Tumpel-Gugerell	76	–	76	33	8	41
Total	**841**	**–**	**841**	**363**	**77**	**440**

29. Expenses for the Group auditor

The expenses for the financial year for the Group auditor are as follows:

€ in thousands	2021/22	2020/21
Audit of consolidated and separate financial statements	512	424
Other assurance services	512	25
Other services	170	17
Total	**1,194**	**466**

This item also includes expenses for other network members of the Group auditor, e.g. for the audit of financial statements of subsidiaries or tax consulting services.

30. Number of staff

The average numbers of staff in the financial year are as follows:

	2021/22	2020/21
Waged workers	8,925	7,980
Salaried employees	4,121	3,369
Total	**13,046**	**11,349**

The calculation of the number of staff includes an average of 317 leased personnel for the financial year 2021/22 and an average of 252 for the financial year 2020/21.

Leoben-Hinterberg, 16 May 2022

The Management Board

Andreas Gerstenmayer m.p   Peter Schneider m.p.   Ingolf Schröder m.p.

GROUP MANAGEMENT REPORT 2021/22

Table of contents

1. MARKET AND INDUSTRY ENVIRONMENT

1.1. General economic environment

Further recovery after COVID-19

After a pandemic-induced global recession, 2021 witnessed an interrupted recovery due to supply chain disruptions and high prices. Global economic output (GDP) increased by 5.6% in 2021. GDP grew by 5.2% in the euro area, and by 8.1% in China. Projections for 2022 predicted a global GDP annual growth rate of 3.5%[1,2]. Manufacturers who had to reduce or shut down production in 2020 due to the pandemic were not able to scale back up to meet the increased demand for goods. Combined with transportation issues, this caused a shortage of raw materials and increased prices, leading to high inflation at the end of 2021[22,23]. The end of 2021 and the beginning of 2022 saw signs of easing of supply chain bottlenecks, resulting in optimism of reduced inflationary pressures.

At the beginning of 2022, the pandemic-related restrictions were eased, and this increased optimism for easing of supply chain and inflation pressures. Unfortunately, the optimism was short-lived due to geopolitical tensions. In February 2022, Russia invaded Ukraine, causing a shock to global commodity markets. The immediate impact of the invasion included spikes in energy and food prices, as Russia and Ukraine were key global suppliers of oil, gas and wheat, as well as input materials for electronics manufacturing, such as neon, palladium, copper, aluminum and nickel. In response to the invasion, countries placed sanctions and other trade restrictions on Russian goods.

The US and EU announced plans to bolster electronics manufacturing away from China, and manufacturing firms announced substantial investments in new plants. Increased pandemic-related lockdowns in China following a policy of zero tolerance for COVID cases continue to cause uncertainty and volatility. To counter geopolitical risks, one of the success factors is to diversify sourcing of raw materials. The Russian invasion into Ukraine has once again highlighted this.

1.2. Industry environment

Consumers, computing, communication

The stay-at-home trend continued in 2021 with a substantial part of the globe still affected by the pandemic. Therefore, consumers continued to invest in electronic devices at a similar pace compared to 2020. Laptops continued to grow at a high rate of 19% YoY, reaching a historical height of 257 million units[3]. Gaming consoles enjoyed very strong growth of 27% YoY on units driven by high demand for new models[4]. With consumers' interests shifting towards more advanced wearable products, both smartwatch and true wireless stereo headsets enjoyed strong unit growth of 10% and 32% YoY, respectively. Overall, wearable shipments increased by 11% YoY[5].

The augmented reality and virtual reality (AR/VR) headwear market is about to reverse the downward trend for earwear as the worldwide market for AR/VR headsets grew 92.1% YoY to 11.2 million units in 2021. The holiday quarter was a major driver for the industry as almost half of the annual volume was shipped during Q4 2021, closing out a record year[6].

The smartphone market enjoyed a 5.7% YoY growth in units despite supply and logistics challenges, riding on the wave of a 5G smartphone upgrade cycle. Demand for 5G smartphones globally grew from 256 million units in 2020 to 559 million units in 2021[7]. With robust growth in the first half of 2021, all regions finished 2021 on a positive note. Within China, a slowdown in consumer demand led to a flat market with 1% YoY growth, despite growth in 5G smartphone units of 60% YoY[8].

While there are signs that companies are gradually asking their employees to go back to office, many companies across different industries (technology, banking, etc.) are expected to adopt a "hybrid" mode – a combination of office and home days

[1] OECD, "Economic Outlook", December 2021
[2] OECD, "Economic Outlook, Interim Report", March 2022
[3] IDC, "Quarterly Personal Computing Device Tracker", March 2022
[4] IDC, "Gaming Forecast", December 2021
[5] IDC, "Wearables Tracker", March 2021
[6] Prismark, "Electronics Supply Chain Reporter Q1 2022", March 2022
[7] IDC, "Quarterly Mobile Phone Tracker", March 2022
[8] Bernstein, "Global Semiconductors: Asian Semis, QCOM – China Smartphone Tracker (jan)", February 2022

during the week. “Back to office” equipment upgrades could support the computing segment in H1 2022. The implication for a future hybrid mode means the volume of computing related hardware will stay solid, even though 2022 YoY growth will be lower than the previous two years[9].

Automotive

Two major topics have driven the automotive industry in 2021: electrification and Advanced Driver Assistance System (ADAS). Market penetration of electrical vehicles has grown significantly, with China in the lead with an increase in sales of 190% (Q3 2021 vs Q3 2020), boosted by plans to ban internal combustion cars[10]. On the other hand, new safety requirements and the race for autonomous cars are increasing sales of sensors and computing power. A major milestone in 2021 was the introduction of the first car meeting the demanding legal requirements for a level 3 ADAS system; a significant step on the way to autonomous driving.

Nevertheless, the automotive industry is increasingly dependent on the semiconductor industry and it has been strongly affected by disruption in the semiconductor and material supply chain leading to the production of only 76 million cars in 2021 compared to 75 million in 2020[11]. For 2022, a recovery to 86 million is forecast[32]. However, high inflation and the war in Ukraine put this at risk. The automotive electronics and PCB markets increased by 12% and 25%, respectively[12]. This illustrates the trend towards increasing electronics in cars as well as the industry shifting to higher value cars during the crisis.

Driven by the increasing importance of the electronics in the automotive industry, car original equipment manufacturers (OEMs) and semiconductor companies are looking into joint ventures and restructuring and relocating the whole supply chain. These joint ventures are also working together to develop software platforms for the next ADAS generation. The continual merging between the automotive industry and traditional computer/consumer companies is bringing brand new players to the Automotive market.

Medical

The medical device industry has rebounded this year from one of its worst periods ever as the COVID-19 pandemic triggered major sales losses in 2020 with surgeries and consultations being disrupted. In 2021, revenues for medical electronics and PCBs increased by 13% and 17%, respectively[33].

There are two trends in the medical device market. The first trend is the increasing interest of consumers in wellness and health, boosting the global sales of wearables. Health agencies like the FDA in the US are regulating the use of these devices, and consumer companies are increasingly releasing FDA approved functionalities to expand their offering to attract more health conscious customers. The second trend is governments trying to bring medical devices closer to more consumers by opening the over-the-counter (OTC) market, that is, medical devices without a prescription. For example, members of the US Senate are pushing to finish the new Hearing Aid OTC regulation, which is planned to be passed at the end of 2022. This new market opens the door to non-medical companies with extensive experience in the consumer market to enter this newly created market, making devices falling into this category more affordable to consumers. Likewise, medical companies are also planning to serve this market and they are partnering with consumer companies to share knowledge and capabilities.

Industrial & Infrastructure

The communication landscape is shaped by the digitalisation trend that is being adopted by a greater number of companies and consumers each year. The key driver for this is 5G technology that enables connectivity and higher data throughput which is required to collect large amounts of data. There are already more than 50 countries that have auctioned 5G sub 6GHz frequencies and more than 20 for mmWave frequencies, enabling telecom companies to start building the new infrastructure[13]. In 2021, there was growth of 66% to

[9] Prismark, “Electronics Supply Chain Reporter Q4 2021“, December 2021
[10] PWC, “Electric Vehicle Sales Review Q4 2021“, November 2021
[11] LMC, “Light Vehicle Forecast“, January 2022
[12] Prismark, “Application Forecasts“, March 2022
[13] Global Mobile Suppliers Association, “Spectrum Auction Calendar“, January 2022

2 million units of 5G large cell and small cell deployment – the leader being China, followed by the USA[14]. 5G IoT connectivity demand has also seen large growth of 250% YoY to 7 million units, representing less than 2% of all IoT devices, while 4G accounts for 49%[15].

Due to companies having access to lower cost connectivity technologies, they start to implement large number of connected sensors into their processes. The majority of these sensors are image sensors used in the quality control process. Here, the YoY unit sales increased by 28.6% to 25 million units[16].

Semiconductors

With an approximate revenue increase of 26% YoY to US$ 556 billion, the year 2021 simply propelled the global semiconductor industry revenue into new heights[17]. The prevailing chip shortage issue, the bounceback of semiconductor chip demand, the continuation of the COVID-19 pandemic, and the huge capital spending were the main highlights in the industry. Throughout the whole of 2021, the industry faced high demand for semiconductor devices for different applications, including the automotive and consumer segments. This increased demand was initially seen in the automotive industry as the orders for new vehicles started to bounce back after being very low during the initial phase of the pandemic. The gradual shift in demand from the automotive sector to the other segments, complicated by the increase in consumer, telecommunication, and entertainment devices, and the recovery of demand for vehicles, characterised the difficulty of the supply-demand situation for semiconductors in 2021. The stockpiling of chips due to geopolitical tensions further increased demand amid the already saturated situation. In 2021, a record 1.15 trillion semiconductor units were shipped[38]. In December 2021 alone, an overall global sales increase of 28.3% relative to December 2020 was recorded[38].

Semiconductor companies ramped up their respective production to address as much as possible the ongoing chip shortage and high demand resulting in record high sales. The strained situation is expected to continue throughout 2022, however. In light of new technologies that are bolstering demand for several product segments such as new GPUs, crypto and edge computing, difficulties in the supply of semiconductors can be expected. Big industry players announced major investments in production facilities to enhance chip manufacturing capacity and to address the chip shortage. In 2021, a total of US$ 152 billion in global semiconductor industry capital expenditure was recorded – 30% higher than in 2020[18]. The majority of the spending was on foundries and was related to new factories and the introduction of 7/5/3nm processes.

The market for flip-chip (FC) substrates used in the packaging of high-end semiconductors grew faster than the semiconductor market at 43% YoY to US$ 10.6 billion[33]. Especially in the most advanced category of FC ball grid array (BGA) substrates using Ajinomoto Build-up Film (ABF) material, demand exceeded supply. In 2021, two trends could be observed: first, the high sales of laptops increased the demand for substrates used in the CPUs. Second, the technology in high-end computing and networking ICs, predominantly used in data centres, shifted and is requiring more complex and larger substrates. These need more production capacity per unit, increasing the shortage. This trend of larger and more complex substrates is a result of heterogeneous packaging concepts and is expected to continue and even increase[19].

1.3. Industry and technology trends

End-market trend - metaverse

The metaverse is best understood as an evolution into a more immersive 3D web viewable by AR/VR and traditional devices. Upgrades along five key vectors are expected: user hardware, infrastructure, content, community, and currency and settlement mechanism. The metaverse is developing improved use cases around gaming, entertainment, collaboration, social media, virtual worlds, education and fitness along with several industrial applications. On the hardware side, AR/VR devices are

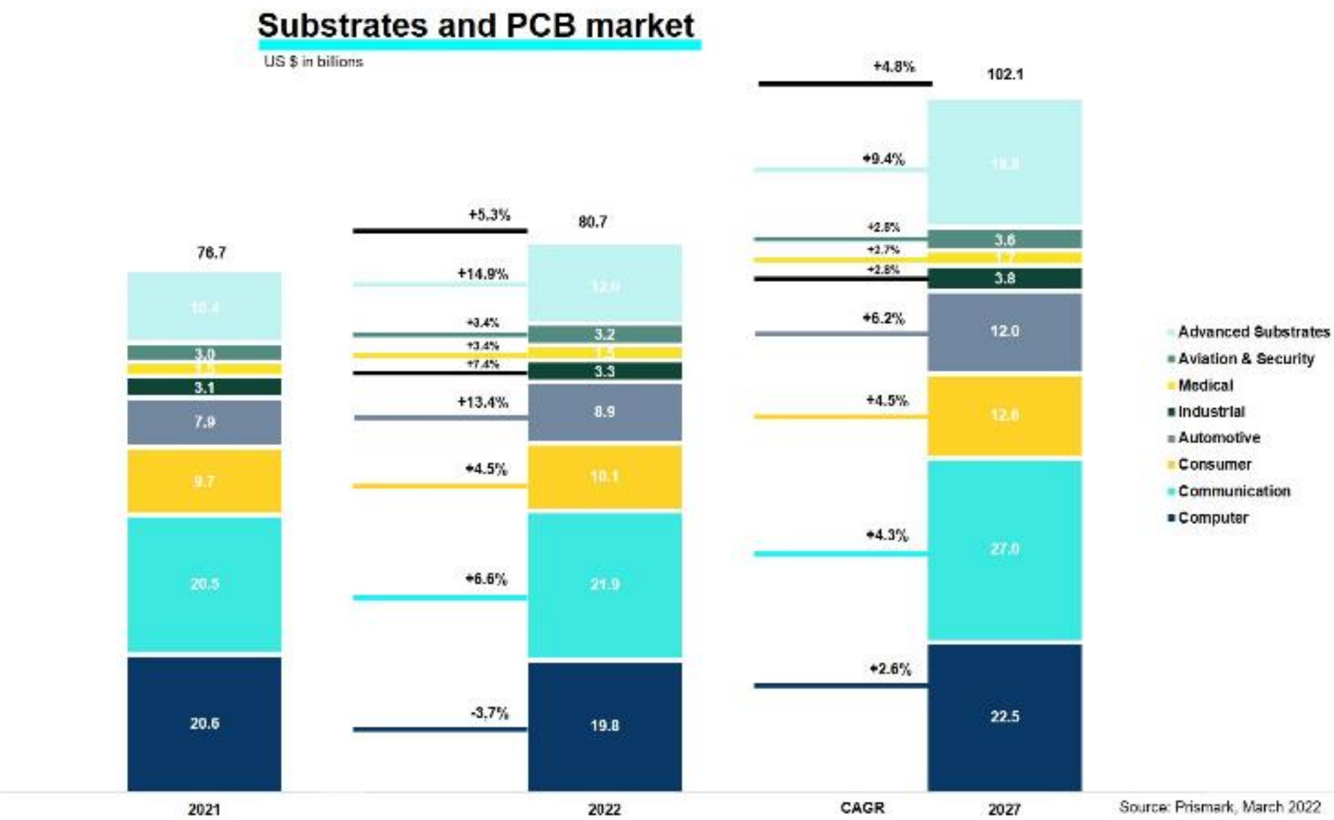
[14] Prismark, "5G Base Station Shipments", November 2021
[15] Yole Development, "5G mMTC and IoT Platforms – Technology and Market Trends 2021", September 2021
[16] Yole Development, "Sensors for Robotic Goods Transportation 2021", May 2021
[17] Semiconductor Industry Association (SIA), "SIA Databook", February 2022
[18] IC Insights, "The McClean Report", January 2022
[19] TechSearch International, "Advanced Packaging Update: Market and Technology Trends", vol. 4, January 2022

the main focus and projected to have a 48% shipment CAGR to 42 million units by 2025, although the larger traditional tech hardware categories could see upgrades to view richer content[5]. As headwear needs to be light, a strong push for modularisation and miniaturisation is to be expected. The increased data rates will require sophisticated communication modules and antenna-in-package (AIP). Alongside the roll-out of AR/VR devices, the demand for high bandwidth communication, like 5G and potential successor technologies, and data centres computing power is increasing.

Package Technology trend – heterogeneous integration and chiplets

To increase the computational performance, silicon processes have been improved to fit more functionality on the same area, requiring less energy for the same performance[20]. Additionally, the computation architecture has been improved allowing for more computational cores and improved interoperation providing ever increasing computational performance. However, a further increase in computational performance beyond Moore’s Law is not possible. Further increases in computational performance can be realised through innovative packaging concepts. In contrast to the classic system-on-chip (SoC) design – with a single piece of silicon – heterogeneous packaging concepts – disaggregating the single chip to multiple chiplets – are used. This concept allows for more computational performance at, comparatively, moderate cost and increased flexibility. This does not only apply for high-performance computing ICs, as they are used in servers, but can also be used to integrate other components, like optical interfaces. Current developments in networking ICs, use heterogeneous packaging to integrate the optoelectronic engine within the package, massively improving communication performance and energy efficiency. Classically, the optical engines are separate components mounted in the system. This illustrates that heterogeneous packaging and chiplets are nothing exotic, but the new standard in high-performance ICs for computing, AI, networking, and more applications.

The technical challenge in heterogeneous packaging is arising from the connection of the chiplets[20]. While a SoC requires only a connection from the chip to the PCB underneath, heterogeneous packaging also needs to solve the interconnection of the chiplets. There are different concepts involving substrates, silicon interposers and silicon bridges which are embedded in the substrate or placed on top of the substrate. All dominant solutions involve a substrate, which is usually a FC-BGA using ABF material. The disaggregation of the chip makes it possible to build significantly larger ICs, also requiring larger substrates. At the same time, the numbers of layers are increasing to allow for all the interconnection needed. Hence, heterogeneous packaging is the main driver for the increasing value-based growth in substrates. This development marks a shifting paradigm: as chiplets are cheaper to manufacture and allow for more flexibility than a single chip solution, substrates are getting more complex and more expensive, becoming a more important part of the final IC.



[20] TechSearch International, "Quantifying the Impact of Heterogeneous Integration: Chiplets and SiP", February 2021

2. ECONOMIC REPORT

2.1. Overall development of the Group

AT&S records robust growth

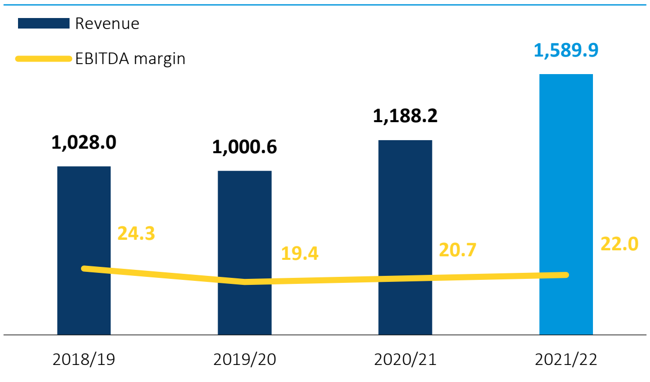
AT&S significantly increased revenue and EBITDA in a volatile market environment and reported record levels for both figures in the financial year 2021/22.

Consolidated revenue amounted to € 1,589.9 million, exceeding the revenue of € 1,188.2 million reported in the previous year by € 401.6 million.

Revenue grew on a broad basis, with the additional capacity for ABF substrates in Chongqing proving to be the main driver. In addition, the broader application portfolio for mobile devices and module printed circuit boards also contributed to revenue growth.

In the AIM business unit, all three segments supported the growth trend, with the Industrial segment recording the strongest increase. The Automotive segment also saw clearly positive revenue dynamics, although the shortage of semiconductors curbed an even better development.

Development of revenue and EBITDA margin
€ in millions/in % of revenue



2.2. Earnings development in the Group

Revenue up 33.8%

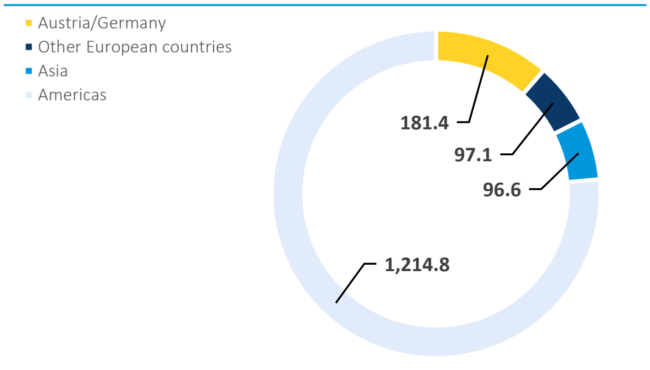
Revenue increased by 33.8% compared to the previous year and amounted to € 1,589.9 million, which was attributable in particular to capacity expansions in Chongqing. The Chongqing I plant for substrates operated at capacity throughout the year, and additional capacity was created by ramping-up the Chongqing III plant.

Foreign exchange effects had a positive impact of € 5.1 million or 0.3% on the development of revenue. 87.7% of revenue (previous year: 87.1%) was invoiced in foreign currencies (primarily US dollars).

Revenue in the second and third quarters was significantly higher than in the first quarter. In the third quarter, the Company recorded the highest quarterly revenue ever generated. Unlike in the past, revenue in the fourth quarter also exceeded that of the second quarter as in the previous year.

The regional revenue structure based on customers' headquarters shows a share of 76.4% for America, compared with 73.3% in the previous year. The share of products manufactured in Asia rose slightly from 87.7% to 88.4%.

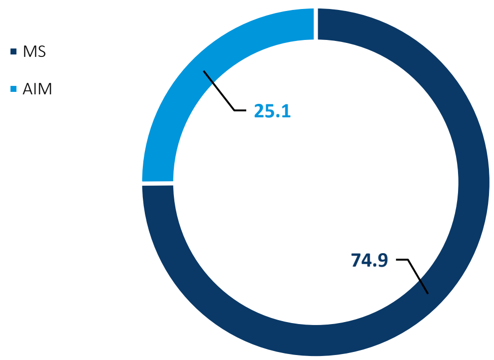
Revenue broken down by region, based on customers´ headquarters
€ in millions



The effects of recognising revenue over time, which is required for a number of customers in accordance with IFRS 15, led to an increase in reported revenue by € 74.2 million or 4.7% (effect in the previous year: increase by € 24.5 million or 2.1%). For further information please refer to the notes to the consolidated financial statements.

Revenue split by segment shows the following picture:

Revenue from external customers by segment
in %

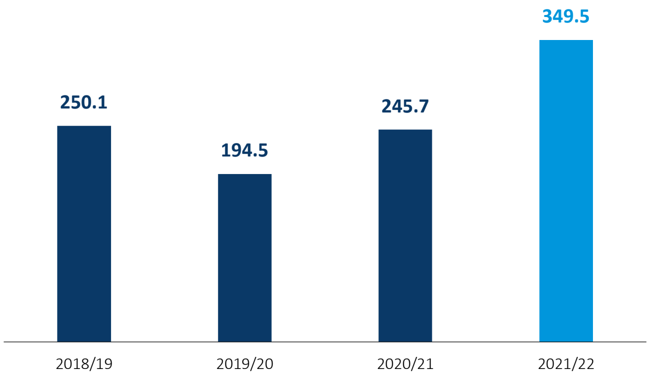


The share of the Mobile Devices & Substrates (MS) segment in revenue increased to 74.9% (previous year: 74.2%), the share of the Automotive, Industrial, Medical (AIM) segment declined to 25.1% (previous year: 25.8%). Further information on the development of the segments is provided in Section 2.3 "Earnings development in the segments".

EBITDA increases to € 349.5 million, EBITDA margin 22.0%

EBITDA, at € 349.5 million, significantly exceeded the prior-year figure of € 245.7 million. While the increase in revenue and the related rise in gross profit had a positive influence on earnings, higher selling and administrative costs reduced the operating result. Other operating income was higher than in the previous year and was positively influenced in particular by higher grants and negatively affected by higher start-up costs. Currency effects resulting primarily from the translation of international subsidiaries to the reporting currency had a negative effect of € -19.6 million on EBITDA.

Development of EBITDA
€ in millions



The EBITDA margin increased by 1.3 percentage points from 20.7% in the previous year to 22.0%.

Result key data
€ in millions (unless otherwise stated)

	2021/22	2020/21	Change in %
Revenue	1,589.9	1,188.2	33.8%
Operating result before interest, tax, depreciation and amortisation (EBITDA)	349.5	245.7	42.3%
EBITDA margin (%)	22.0%	20.7%	
Operating result (EBIT)	126.5	79.8	58.6%
EBIT margin (%)	8.0%	6.7%	
Profit for the year	103.3	47.4	>100%
Earnings per share (€)	2.39	1.01	>100%
Additions to fixed assets	734.3	552.2	33.0%
Average number of staff (incl. leased personnel)	13,046	11,349	14.9%

The higher start-up costs of € 43.5 million (previous year: € 9.8 million) resulted primarily from the capacity expansion in Chongqing and the start of construction work in Kulim. Adjusted for start-up costs, EBITDA amounted to € 378.4 million (previous year: € 255.3 million), which corresponds to growth of 48.2%.

The EBITDA margin adjusted for start-up costs rose from 21.5% in the previous year to 23.8%.

Increase in expense items

The increase in production costs by € 315.7 million to € 1,337.0 million results primarily from higher revenue, personnel costs, research and development expenses, and depreciation and amortisation. The development was intensified by negative currency effects.

In preparation for future technology generations and to pursue the modularisation strategy, AT&S increased its investment in research and development to € 181.5 million (previous year: € 118.9 million). These expenditures make the Company future-proof and significantly expand the earnings potential in the medium term.

Administrative and distribution costs exceeded the prior-year figures by € 40.1 million or 48.0% mainly due to effects from the preparation for future growth. They include the increase in provisions for stock appreciation rights by € 12.2 million resulting from the positive share price development, which was recognised as an expense in the Others segment.

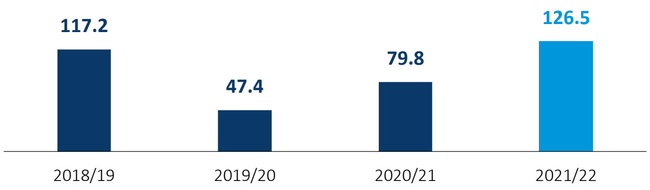
Other operating income improved from € -3.6 million to € -3.0 million. Positive effects primarily included higher grants of € 41.7 million (previous year: € 15.7 million) and an improved exchange rate result from the measurement of receivables and liabilities of € -2.0 million (previous year: € -10.4 million). Start-up losses of € 43.5 million (previous year: € 9.8 million) as a result of the production ramp-up in Chongqing and the beginning construction work in Kulim had a negative impact on other operating income.

Depreciation of property, plant and equipment and amortisation of intangible assets of € 223.1 million or 11.3% of non-current assets (previous year: € 165.4 million or 12.3% of non-current assets) reflect the high technical standard and the intensity of investment of AT&S. The increase by € 57.7 million compared with the previous year included € 53.7 million from the Mobile Devices & Substrates (MS) segment, which was predominantly attributable to higher depreciation at the plant in Chongqing. Depreciation and amortisation in the Automotive, Industrial, Medical segment (AIM) rose by € 2.7 million.

The operating result (EBIT) increased by € 46.7 million or 58.6% to € 126.5 million (previous year: € 79.8 million) due to the above-mentioned effects.

The EBIT margin rose by 1.2 percentage points to 8.0% (previous year: 6.7%).

Development of EBIT
€ in millions



Finance costs – net

Finance costs – net improved from € -20.1 million to € -4.4 million. Interest expense on bank borrowings and bonds amounted to € 15.7 million (previous year: € 11.2 million). Interest on social capital amounted to € 0.6 million and was below the prior-year level of € 1.0 million.

The hedging of the interest rate risk with hedging instruments (measurement and realised result) resulted in a gain of € 4.5 million (previous year: loss of € 1.1 million). The hedging instruments swap variable for fixed interest payments which do not meet the criteria of hedge accounting since the term and the amount do not match the hedged primary financial liabilities.

Capitalised interest on borrowings related to the acquisition of qualifying assets increased by € 0.9 million to € 2.7 million (previous year: € 1.8 million).

Due to the lower volume of time deposits and the continued unfavourable environment for investments, the return on financial investments declined by € 0.8 million to € 2.4 million (previous year: € 3.2 million).

The positive deviation in finance costs – net is attributable to currency effects. Positive exchange rate differences of € 8.8 million were recognised as income in the financial year 2021/22 (previous year: expense of € 8.1 million). The exchange rate differences resulted predominantly from liquid foreign currency funds and realised exchange rate gains from Group financing.

Finance costs – net are influenced by currency effects because investments are in part denominated in foreign currency. The main intragroup loans are long-term in nature and their repayment is neither scheduled nor probable in the foreseeable future. These loans are therefore recorded directly in equity through the statement of comprehensive income.

Profit for the year improves

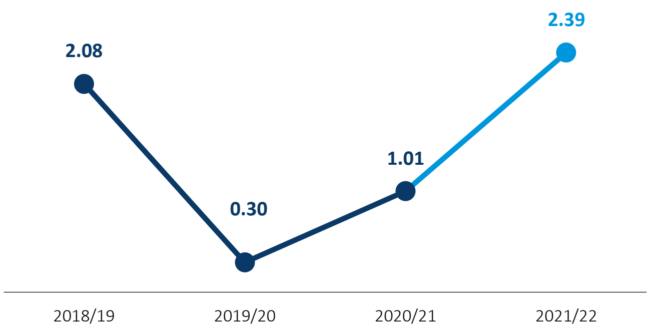
Profit for the year increased from € 47.4 million in the previous year by € 55.9 million to € 103.3 million. The Group's tax expense amounts to € 18.8 million (previous year: € 12.2 million).

Current income taxes rose to € 17.4 million (previous year: € 12.8 million). Deferred tax expenses (previous year: € -0.6 million) changed by € 2.1 million, turning into deferred tax income of € 1.4 million. The change was primarily caused by the increase in current income taxes by € 4.5 million due to higher earnings.

AT&S China reported the favourable tax status as a "high-tech company" in the calendar year 2020. This tax status commenced on 1 January 2020, is valid for three years and is dependent on achieving certain criteria each year.

Earnings per share increased from € 1.01 to € 2.39, with the number of shares outstanding remaining unchanged. In the calculation of earnings per share, interest on hybrid capital of € 10.5 million (previous year: € 8.3 million) was deducted from the profit for the year.

Earnings per share
in €

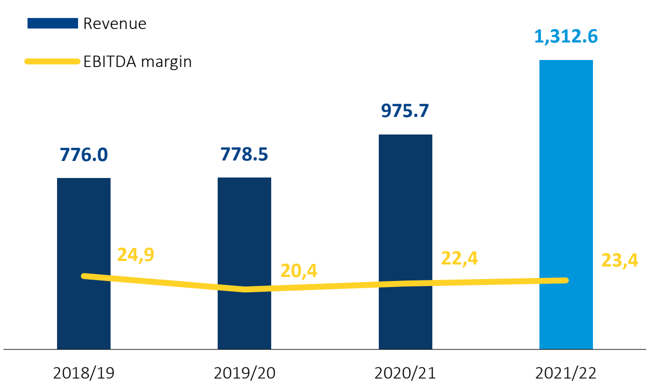


2.3. Earnings development in the segments

Mobile Devices & Substrates segment

The Mobile Devices & Substrates segment continued its positive development in the financial year 2021/22. The satisfactory performance of the segment is primarily attributable to the increased investments of the past years, which will be continued in the near future. The successful start-up of the expanded production capacities in Chongqing, which serve the growing demand for ABF substrates, contributed significantly to revenue growth. The broader customer and application portfolio of mobile devices and the demand for printed circuit boards for modules also had a positive impact. Negative currency effects had a reducing effect on earnings.

Mobile Devices & Substrates – Development of revenue, EBITDA margin
€ in millions/in % of revenue



With a revenue share of 74.9% (previous year: 74.2%), the Mobile Devices & Substrates segment is still the largest segment of the AT&S Group.

Revenue, at € 1,312.6 million, was up € 336.9 million or 34.5% on the prior-year figure of € 975.7 million. Revenue was positively influenced by the foreign exchange development, so that revenue growth was € 14.8 million higher as a result. In terms of geography, revenue with American customers continued to increase.

The segment's **EBITDA** amounted to € 306.7 million, up € 88.1 million or 40.3% on the prior-year figure of € 218.6 million. Despite start-up costs of € 41.8 million (previous year: € 6.2 million) related to the capacity expansion in Chongqing and the start of construction activities in Kulim, EBITDA increased due to the good operating performance at the Chongqing site. While currency translation effects had a positive impact on revenue, the improvement at the EBITDA level was reduced by € 19.7 million due to negative effects from currency translation.

Despite the good operating performance, the **EBITDA margin** of the Mobile Devices & Substrates segment, at 23.4%, only exceeded the prior-year value of 22.4% by 1.0 percentage points.

The segment's **depreciation and amortisation** increased by € 53.2 million or 38.9 % from € 136.8 million to € 190.0 million. The increase was primarily attributable to higher depreciation and amortisation at the Chongqing site.

Mobile Devices & Substrates segment – overview
€ in millions (unless otherwise stated)

	2021/22	2020/21	Change in %
Segment revenue	1,312.6	975.7	34.5%
Revenue from external customers	1,190.6	881.7	35.0%
Operating result before depreciation and amortisation (EBITDA)	306.7	218.6	40.3%
EBITDA margin (%)	23.4%	22.4%	
Operating result (EBIT)	116.6	81.8	42.6%
EBIT margin (%)	8.9%	8.4%	
Additions to fixed assets	619.7	497.9	24.5%
Average number of staff (incl. leased personnel)	9,695	8,264	17.3%

The operating result (**EBIT**) rose by € 34.9 million to € 116.6 million (previous year: € 81.8 million). The EBIT margin was up 0.5 percentage points to 8.9% (previous year: 8.4%) due to the increase in EBIT.

Additions to assets rose by € 121.8 million or 24.5 % to € 619.7 million (previous year: € 497.9 million). Apart from additions of € 65.5 million for ongoing expansion, replacement and technology upgrades at the Chongqing site additions to assets increased by € 72.1 million due to the beginning of construction at the Kulim plant.

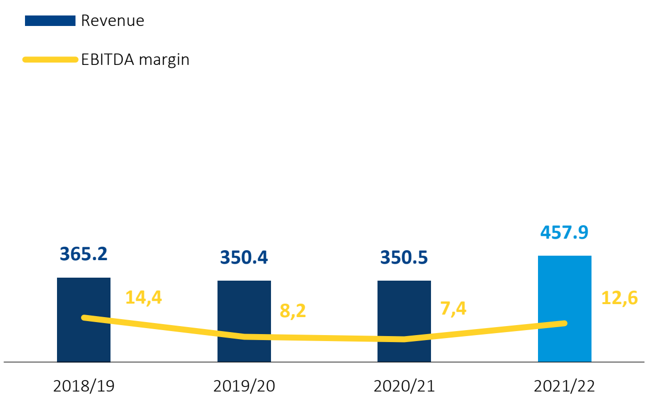
Automotive, Industrial, Medical segment: at a stable level

The segment's revenue, at € 457.9 million significantly exceeded the prior-year level of € 350.5 million. All segments recorded revenue growth in comparison with the previous year, with the Industrial segment reporting the strongest increase. In both the Automotive and the Medical & Healthcare segments, sales volume and, consequently, revenue were significantly higher than in the previous year. In addition, improvements were achieved in all three segments thanks to a more favourable product mix.

Regarding the development of the Leoben, Fehring, Ansan and Nanjangud sites, which are assigned to the Automotive, Industrial, Medical segment, please refer to Section 3.1 “Plants and branch offices” of the Management Report.

EBITDA increased by € 31.4 million or 120.4% to € 57.5 million (previous year: € 26.1 million). The increase resulted from higher revenue and the related additional contribution margins as well as higher grants for research expenses.

Automotive, Industrial, Medical – Development of revenue, EBITDA margin
€ in millions/in % of revenue



The **EBITDA margin** improved by 5.1 percentage points to 12.6% (previous year: 7.4%).

The operating result (**EBIT**) changed by € 28.7 million to € 29.2 million (previous year: € 0.5 million).

The **EBIT margin** of the Automotive, Industrial, Medical segment, at 6.4%, exceeded the prior-year value of 0.1% by 6.2 percentage points due to the above-mentioned effects.

Additions to assets rose by € 62.0 million to € 107.9 million (previous year: € 45.9 million). The additions were related to ongoing expansion, replacement and technology upgrade investments, in particular in Austria.

Automotive, Industrial, Medical segment – overview
€ in millions (unless otherwise stated)

	2021/22	2020/21	Change in %
Segment revenue	457.9	350.5	30.6%
Revenue from external customers	399.3	306.5	30.3%
Operating result before depreciation and amortisation (EBITDA)	57.5	26.1	>100%
EBITDA margin (%)	12.6%	7.4%	
Operating result (EBIT)	29.2	0.5	>100%
EBIT margin (%)	6.4%	0.1%	
Additions to fixed assets	107.9	45.9	>100%
Average number of staff (incl. leased personnel)	3,035	2,841	6.8%

Others segment

The result of the general holding activities included in the Others segment was € 15.6 million lower in EBITDA than in the previous year. The main reason for this deviation was the increase in provisions for stock appreciation rights by € 12.2 million resulting from the positive share price development in the financial year 2021/22.

Others segment – overview
€ in millions (unless otherwise stated)

	2021/22	2020/21	Change in %
Segment revenue	–	–	n.a.
Revenue from external customers	–	–	n.a.
Operating result before depreciation and amortisation (EBITDA)	(14.6)	1.0	(>100 %)
EBITDA margin (%)	–	-	
Operating result (EBIT)	(19.4)	(2.5)	(>100 %)
EBIT margin (%)	–	-	
Additions to fixed assets	6.7	8.4	(20.3%)
Average number of staff (incl. leased personnel)	316	244	29.4%

2.4. Assets and financial position

2.4.1. ASSETS

Increase in non-current assets

Total assets increased by 56.8% to € 3,746.3 million in the financial year 2021/22.

Non-current assets rose by € 645.6 million to € 2,023.0 million. While property, plant and equipment increased by € 648.8 million to € 1,950.2 million, intangible assets declined by € 11.0 million to € 31.8 million. In property, plant and equipment, additions to assets and technology upgrades of € 726.2 million were offset by depreciation totalling € 200.8 million. Property, plant and equipment as reported in the statement of financial position also includes right-of-use assets of € 89.3 million resulting from the application of IFRS 16.

The net change in non-current assets amounted to € 637.8 million or 47.4%, coming to € 1,982.0 million (previous year: € 1,344.2 million).

Current assets increased by € 710.7 million to € 1,723.3 million. Cash and cash equivalents rose to € 1,119.9 million (previous year: € 552.9 million). Financial assets declined by € 20.9 million to € 18.8 million. Overall, AT&S thus has cash and current financial assets totalling € 1,138.8 million (previous year: € 592.6 million). The increase in inventories of € 40.7 million to € 193.2 million was primarily due to the build-up of raw material inventories and unfinished products as a result of the increase in business volume. Trade receivables, other receivables and contract assets rose by € 125.0 million to € 390.3 million. Other receivables increased by € 27.6 million, contract assets by € 84.6 million and trade receivables by € 76.8 million due to the higher business volume. This increase was partially compensated for by additional factoring activities (change: € 64.2 million).

Trade payables rose by € 122.9 million or 38.5% from € 319.3 million to € 442.2 million, including an increase in liabilities from investments by € 74.0 million to € 244.0 million (previous year: € 170.1 million).

Significant decrease in net gearing

Equity rose by 56.1% from € 802.0 million to € 1,252.3 million. The positive profit for the year of € 103.3 million increased equity. Positive effects of € 158.7 million were related to currency differences from the translation of net asset positions of subsidiaries and the translation of long-term loans to subsidiaries. The issuance of a new hybrid bond and the partial repayment of the bond issued in 2017 led to an increase in equity by € 216.0 million. The measurement of hedging instruments to hedge cash flows increased equity by € 2.7 million.

Actuarial losses of € 0.6 million (previous year: gains of € 0.5 million) resulting from the parameters used for the calculation of personnel expenses decreased equity.

Net working capital
€ in millions (unless otherwise stated)

	31 Mar 2022	31 Mar 2021	Change in %
Inventories	193.2	152.5	26.7%
Trade receivables and contract assets	274.2	176.8	55.1%
Trade payables	(442.2)	(319.3)	(38.5%)
Liabilities from investments	244.0	170.1	43.5%
Working capital trade	**269.2**	**180.1**	**49.5%**
Other current assets, payables, provisions	2.3	20.8	(89.2%)
Net working capital	**271.5**	**200.9**	**35.1%**
Net working capital in % of total revenue	17.1%	16.9%	
Days outstanding (in days):			
Inventories	53	55	(3.6%)
Receivables	63	54	16.7%
Payables	76	77	(1.3%)

Interest expense for the hybrid bond of € 9.3 million as well as the dividend payment of € 15.2 million had a reducing effect on equity.

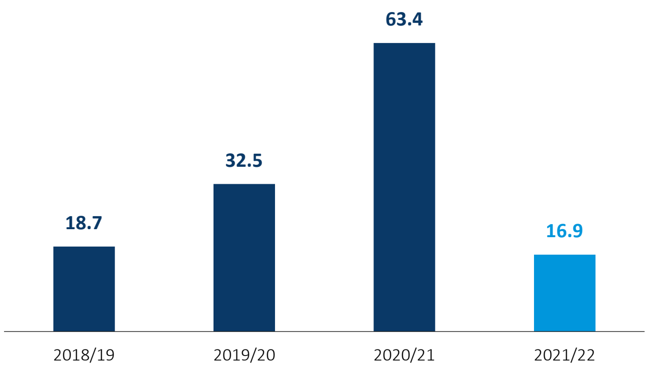
Non-current financial **liabilities** rose by € 259.4 million or 25.5% to € 1,276.6 million. In the past financial year, another promissory note loan was placed and a new loan agreement was concluded with a bank. The remaining cash was invested for the short term and is consequently recognised under cash and cash equivalents and under financial assets.

Current financial liabilities declined from € 84.1 million to € 78.4 million.

Net debt decreased by € 296.9 million or -58.4% to € 211.7 million (previous year: € 508.5 million). The reduction resulted primarily from the issuance of a hybrid bond and payments amounting to € 445.2 million as part of bilateral agreements, which are included in contract liabilities.

Net gearing declined to 16.9% and is therefore significantly below the level of the previous year of 63.4%.

Net gearing
in %



Net debt
€ in millions (unless otherwise stated)

	31 Mar 2022	31 Mar 2021	Change in %
Financial liabilities, current	78.4	84.1	(6.8%)
Financial liabilities, non-current	1,276.6	1,017.1	25.5%
Gross debt	**1,355.0**	**1,101.2**	**23.0%**
Cash and cash equivalents	(1,119.9)	(552.9)	(>100%)
Financial assets	(23.4)	(39.9)	41.3%
Net debt	**211.7**	**508.5**	**(58.4%)**
Operating result before interest, tax, depreciation and amortisation (EBITDA)	349.5	245.7	42.3%
Net debt/EBITDA ratio	0.6	2.1	
Equity	1,252.3	802.0	56.1%
Total consolidated statement of financial position	3,746.3	2,390.0	56.8%
Equity ratio (%)	33.4%	33.6%	
Net gearing (net debt/equity) (%)	16.9%	63.4%	

2.4.2. FINANCING

The focus of the financial year 2021/22 was on ensuring financial flexibility based on a solid capital structure and taking into account sufficient liquidity to carry out operating activities and the planned investments in all phases. To this end, a hybrid bond with a volume of € 350 million (XS2432941693) was successfully placed on the market in January 2022. The subordinated bond with an indefinite term and an early redemption option after 5 years will not only support the strategic growth in the coming years but also serves to strengthen the capital base of AT&S. In connection with this issuance, eligible holders of the € 175 million hybrid bond issued in 2017 (XS 1721410725) were invited to tender the bond for purchase in cash by AT&S. This offer was accepted to the extent of 76.4% of the nominal value so that a nominal value of € 41.4 million remains outstanding.

In addition to this market transaction directed at institutional investors, non-revolving bullet loans of a total volume of € 130 million were taken out and a promissory note transaction of an aggregate volume of € 40 million was successfully concluded. Furthermore, several smaller financing transactions were carried out and the financing structure was further optimised.

Focus on diversification of financing instruments

The financing of AT&S is based on a broad spread of both financing instruments and maturities. Based on the currently prevailing financial market conditions, individual areas can be expedited more strongly or, as the case may be, not used at times.

Loans which include **guarantees by governmental and supranational organisations** are a major component of the refinancing portfolio: their advantages lie in the fact that these organisations share part of the credit risk, as well as in favourable terms and conditions intended to provide incentives for investments in specific regions, for innovation and to promote the export sector. AT&S currently uses financing with guarantees by Oesterreichische Kontrollbank (OeKB).

The importance of **promissory note loans** as a key financing pillar did not change in the financial year 2021/22. The advantages of promissory note loans are their high level of predictability and their low placement costs. Due to these advantages, AT&S intends to also use this form of financing in the future.

At 31 March 2022, promissory note loans totalling € 728.8 million (previous year: € 738.5 million) were placed with national and international investors. The remaining terms range between two months and roughly eight years.

Furthermore, **bank loans** are used. As of 31 March 2022, € 532.8 million were taken out with national and international banks (previous year: € 320.2 million). They have remaining terms of between one and seven years.

Credit lines serve to cover liquidity fluctuations and as a financing reserve. At the reporting date, AT&S had unused credit lines of € 318.2 million (previous year: € 418.6 million) in the form of contracted loan commitments from banks. At 31 March 2022, AT&S had only used 79.2% (previous year: 61.7%) of its contracted financing potential and still possesses sufficient financial reserves in addition to cash and cash equivalents.

One of the most important tasks of the AT&S treasury function is to ensure sufficient liquidity reserves. Treasury also monitors the covenants defined in the credit agreements to ensure that

Instruments
€ in millions

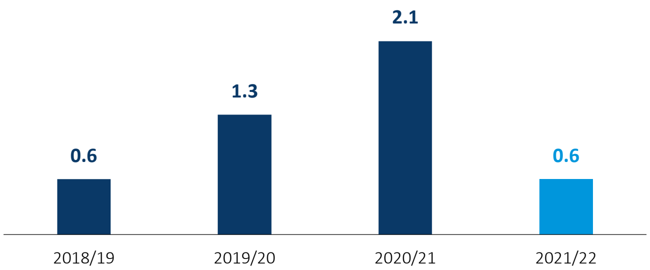
	31 Mar 2022	in %	31 Mar 2021	in %
Registered bond	15.0	0.9%	15.0	1.0%
Promissory note loans	728.8	45.7%	738.5	49.5%
Bank borrowings	532.8	33.4%	320.2	21.5%
Gross debt	**1,276.5**	**80.0%**	**1,073.7**	**72.0%**
Credit lines	318.2	20.0%	418.6	28.0%
Committed credit lines	**1,594.7**	**100.0%**	**1,492.3**	**100.0%**

these covenants are met. AT&S pursues the goal of standardising credit agreements in order to treat all lenders equally.

Low repayment period and high equity ratio

The theoretical repayment period for debts, defined as net debt/EBITDA, of 0.6 years was significantly lower than in the previous year (2.1 years) and lower than the maximum of 3.0 years defined by AT&S.

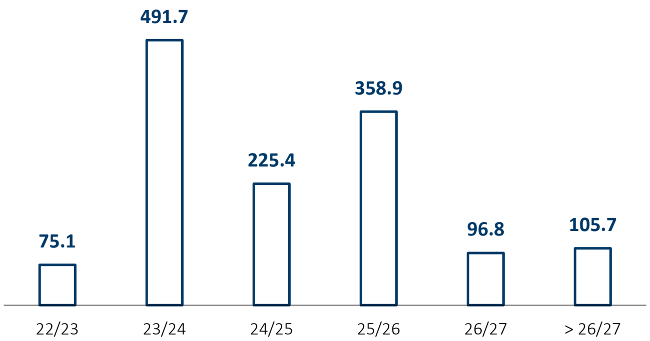
Net debt/EBITDA



The equity ratio decreased from 33.6% in the previous year to 33.4% in the reporting period and thus exceeded the medium-term target value of 30.0%. This is due in particular to the increase in total assets as a result of investments and securing the financing of the future investment programme. For further information regarding capital risk management, please refer to Note 20 “Additional disclosures on financial instruments” – subsection Capital Risk Management – in the notes to the consolidated financial statements.

AT&S pursues a balanced structure in terms of maturity. The repayment structure shows a high amount in the year 2023/24 due to the repayment of parts of the promissory note loans, bank loans and lease liabilities totalling € 491.7 million. AT&S strives to finance capital requirements early and has liquidity reserves of € 1,457.0 million at the reporting date (previous year: € 1,011.2 million), which consist of financial resources and unused credit facilities.

Redemption
€ in millions



Effective interest and currency management

Minimising interest rate risk is another important treasury objective, with a balance of variable and fixed interest rates. 43.8% (previous year: 46.3%) of financing is conducted at, or was swapped to, fixed interest rates and 56.2% (previous year: 53.8%) is based on variable interest rates.

Strategies for hedging interest rates are defined quarterly based on interest rate expectations and adapted as necessary. Compared with the previous year, the share of variable interest rates increased to benefit from negative market interest rates. Overall, AT&S is well protected against a possible turnaround or an increase in interest rates in the euro area.

AT&S also intends to invest available liquid funds **profitably but risk-sensitively.** At 31 March 2022, AT&S had financial resources totalling € 1,138.8 million (previous year: € 592.6 million). The aim is to achieve the highest possible yields in an environment that is currently very challenging from an investor perspective, and to avoid negative interest by optimising the investment periods and through early conversion of liquid funds into currencies with higher interest rates and which are also continually required by AT&S.

Early conversion into foreign currencies also serves as a natural currency hedge and a reduction of the exposure to foreign currencies. The objective of AT&S is to keep the US dollar net risk position to a minimum. At 31 March 2022, assets denominated in US dollars (trade receivables, financial assets and cash denominated in US dollars) amounting to € 386.6 million (previous year: € 236.3 million) were offset by liabilities denominated in US dollars (trade payables and financial liabilities denominated in US dollars) amounting to € 87.4 million (previous year: € 86.8 million). The resulting net risk position – at 31 March 2022 this was an active balance of € 299.2 million (previous year: € 149.5 million) – thus amounted to 8.0% (previous year: 6.3%) of the Group's total assets and liabilities.

In addition to this natural hedging and the above-mentioned instruments for interest rate hedging, AT&S occasionally hedges foreign currency transaction risks in the short term (up to one year).

Currency translation risks resulting from the conversion of subsidiaries with different local currencies are not hedged.

Further development of the financing network

Another treasury objective consists of optimised relationship management with financing partners. For AT&S, this means the selection of banks for national and international cooperation as well as setting up and maintaining the communication necessary for both sides. The aim is to create a high level of transparency regarding the opportunities and risks of AT&S in order to strengthen a long-term partnership with the financing institutions which is successful for both sides. The annual and quarterly reports serve as the basis for this.

In addition, meetings with our financing bank partners in which the opportunities for cooperation are discussed take place at least once a year.

2.4.3. CASH FLOW

Earnings situation boosts liquidity

Cash flow from operating activities before changes in working capital rose from € 232.2 million to € 776.3 million. This increase is primarily due to payments of € 446.4 million received as part of bilateral agreements, and to the increase in the operating result from € 79.8 million to € 126.5 million. Interest payments were up € 4.7 million to € 19.3 million (previous year: € 14.6 million). The interest received reflects the currently very difficult market environment for investments in euros and declined by € 0.8 million to € 2.4 million (previous year: € 3.2 million). Income taxes paid increased by € 2.2 million to € 11.7 million (previous year: € 13.9 million).

Cash flow from operating activities, at € 713.2 million (previous year: € 184.7 million), significantly exceeded the level of the previous year for the above-mentioned reasons. Higher cash flow from operating activities before changes in working capital rose further as a result of an increase of € 72.2 million in trade payables and other liabilities and an increase in cash flow from trade receivables, other receivables and contract assets by € 109.5 million, and was slightly reduced by changes in inventories of € -27.7 million.

Capital expenditures for property, plant and equipment and for intangible assets of € 605.6 million were substantially higher than in the previous year (€ 438.0 million). The main outflows resulted from investments in Chongqing and Kulim, and only to a lesser extent from expansion, replacement and technology upgrades in Shanghai and Austria.

Carrying amount of financial liabilities by maturity
€ in millions

	31 Mar 2022	in %	31 Mar 2021	in %
Remaining maturity				
Less than 1 year	78.4	5.8	84.1	7.6%
Between 1 and 5 years	1,171.1	86.4	946.3	85.9%
More than 5 years	105.5	7.8	70.9	6.4%
Total financial liabilities	**1,355.0**	**100.0**	**1,101.2**	**100.0%**

While capital expenditures for property, plant and equipment and for intangible assets increased by € 167.6 million in the financial year 2021/22, a net inflow of € 73.8 million was reported for financial assets. However, overall, **cash flow from investing activities**, at € -579.7 million, significantly exceeded the prior-year value of € -339.8 million.

Free cash flow from operating activities, i.e., cash flow from operating activities less net investments in property, plant and equipment and intangible assets, amounted to € 111.3 million in the financial year 2021/22 (previous year: € -251.1 million).

Free cash flow, i.e. cash flow from operating activities less cash flow from investing activities, amounted to € 133.5 million, exceeding the prior-year value of € -155.2 million by € 288.7 million; this is due, on the one hand, to payments received from customers (€ 446.4 million) and, on the other hand, to increased investing activities (change in net CAPEX € -166.1 million).

Cash flow from financing activities amounted to € 396.9 million and was € 93.2 million higher than the prior-year value of € 303.6 million, which was primarily due to inflows related to borrowings of € 255.5 million and investment grants of € 28.0 million, the hybrid capital transactions of € 208.7 million, the repayment of financial liabilities of € -70.9 million as well as the dividend payment of € -15.2 million and the hybrid coupon payment of € -9.3 million.

Substantial liquidity available for repaying existing financing and further investments

Despite very high investment levels, cash and cash equivalents increased from € 552.9 million to € 1,119.9 million due to a stable, high level of cash flow from operating activities and the above-mentioned financing and investment measures. Moreover, AT&S has current financial assets of € 18.8 million (previous year: € 39.7 million) at its disposal.

Overall, AT&S thus has cash and current financial assets totalling € 1,138.7 million (previous year: € 592.6 million). This currently very high amount serves to secure the financing of the future investment programme and short-term repayments.

2.4.4. Performance indicators

Indicators demonstrate strong operating performance

In addition to revenue and EBITDA, AT&S uses the indicators ROCE and Vitality Index for strategic corporate management. They reflect the operating performance vis-à-vis investors and customers.

AT&S uses the return on capital employed (ROCE) to measure its operating performance from the point of view of investors, using the ratio of the result adjusted for finance costs – net to average capital employed. This ratio serves to derive the extent to which AT&S fulfils its investors' interest requirements. Average capital costs are derived from the minimum return investors expect for providing equity or borrowings. The weighted average cost of capital (WACC) for the printed circuit

Cash flow statement (short version)
€ in millions

	2021/22	2020/21	Change in %
Cash flow from operating activities before changes in working capital	776.3	232.2	>100%
Cash flow from operating activities	713.2	184.7	>100%
Cash flow from investing activities	(579.7)	(339.8)	(70.6%)
Operating free cash flow	111.3	(251.1)	>100%
Free cash flow	133.5	(155.2)	>100%
Cash flow from financing activities	396.9	303.6	30.7%
Change in cash and cash equivalents	530.4	148.5	>100%
Currency effects on cash and cash equivalents	36.7	(13.6)	>100%
Cash and cash equivalents at the end of the year	**1,119.9**	**552.9**	**>100%**

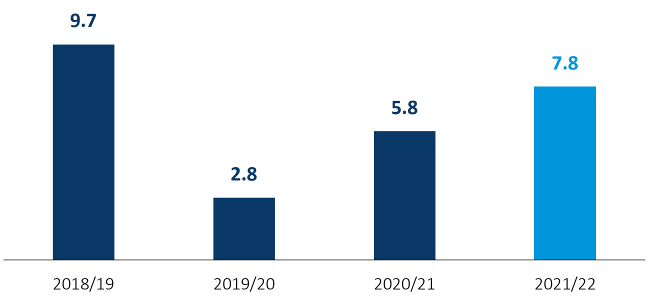
board industry was around 9.9%. With ROCE amounting to 7.8%, AT&S fell short of this level during the reporting period.

Net operating profit after tax (NOPAT) improved from € 67.6 million in the previous year to € 107.6 million due to the higher EBIT and despite higher taxes.

Capital employed rose by € 228.4 million mainly because of the higher average equity as a result of the capital measures implemented. Since the increase in NOPAT was higher than the increase in capital employed, ROCE rose from 5.8% in the previous year to 7.8%.

The second performance indicator shows the ability to implement innovations in a timely manner and in response to the market. AT&S measures this ability using the Vitality Index, which expresses the revenue share of products that feature new and innovative technologies and which have been launched on the market in the last three years. For the financial year 2021/22, the Vitality Index is 44.4% compared with 20.7% in the previous year. AT&S strives for a medium-term average Vitality Index of at least 20%. This target was exceeded in the financial year 2021/22.

ROCE
in %



2.5. Significant events after the reporting period

With regard to significant events after the reporting date, please refer to the explanations in the notes to the consolidated financial statements, note 27 “Significant events after the reporting date”.

Return on capital employed (ROCE)
€ in millions

	2021/22	2020/21	Change in %
Operating result (EBIT)	126.5	79.8	58.6%
Income taxes	(18.8)	(12.2)	(54.3%)
Operating result after tax (NOPAT)	**107.6**	**67.6**	**59.3%**
Equity – average	1,027.2	781.1	31.5%
Net debt – average	360.1	377.6	(4.6%)
Capital employed – average	**1,387.2**	**1,158.8**	**19.7%**
ROCE	**7.8%**	**5.8%**	

Vitality Index
€ in millions

	2021/22	2020/21	Change in %
Main revenue	1,589.8	1,188.1	33.8%
Main revenue generated by innovative products	705.2	246.0	>100%
Vitality Index	**44.4%**	**20.7%**	

3. OTHER STATUTORY INFORMATION

3.1.Plants and branch offices

The AT&S Group currently operates six production plants, which specialise in different technologies.

Leoben and Fehring The Austrian plants primarily supply the European market. In Europe, special applications and customer proximity are particularly important. Based on production and technological diversity, flexibility in manufacturing and the broad customer spectrum, the plant in Leoben continues to pursue the path of niche and prototype production started in recent years. Among other things, production using embedding technology takes place in Leoben. In addition, investments were made in the expansion of the IC core line in order to provide the required capacities for precursor material for the production in Chongqing. With capacity utilisation at a very good level in the financial year 2021/22, the plant in Fehring serves all segments of the Business Unit AIM, Industrial, Medical and Automotive.

Shanghai The plant in Shanghai manufactures leading-edge HDI (high density interconnection) printed circuit boards in serial production for the Mobile Devices & Substrates segment for customers all over the world. The plant was able to successfully meet the demand for HDI and mSAP printed circuit boards and has established itself as a leading supplier of the latest technology generation. The plant's broad technological spectrum was very well received by customers and the plant was continuously operating at capacity during the peak season months. Strong demand for HDI printed circuit boards continued at a stable level in 2021/22, which were produced for the Automotive, Industrial, Medical segment.

Chongqing The location in Chongqing currently comprises two operating plants and one plant under construction for high-end products. The plant Chongqing I for IC substrates (Integrated Circuit Substrates) operated at capacity throughout the year. The construction of the second, new plant for IC substrates (Chongqing III) proceeded as scheduled. The first of four lines was successfully ramped up and the installation of the second and third lines took place as planned. By the end of the coming financial year all lines should be successfully installed and in full operation. High-end mSAP printed circuit boards and printed circuit boards for modules are produced for mobile applications at the Chongqing II plant. The production capacity for modules was further expanded to serve the growing customer demand in the high-end segment. The full expansion of the plant is scheduled to be completed in the coming financial year.

Kulim Due to the strong demand for IC substrates, the construction of two new plants for IC substrates was started in Kulim, Malaysia. Construction work began in October and is proceeding according to schedule. When completed, up to 10 lines can be installed in the two plants. Moreover, the location offers enough space to build up to two additional plants.

Ansan The very positive development of the site in Korea continued in the financial year 2021/22, in particular in the medical technology segment for European and American customers. The expansion of the plant was completed in the financial year 2021/22, and production was launched.

Nanjangud Capacity utilisation at the location was good throughout the year and the plant primarily served customers from the Automotive and Industrial segments. The qualification for HF and HDI products was continued, thus further pursuing the strategy towards higher-quality technologies in the product mix.

Hong Kong AT&S Asia Pacific, based in Hong Kong, is the holding company for the Mobile Devices & Substrates segment – hence, for the Chinese plants and the allocated sales companies – and the headquarters of Group-wide procurement for this segment. The proximity to the customers' CEMs and to suppliers is a locational advantage which is highly valued by business partners.

Sales support companies The sales support companies in America, Germany, Japan and Taiwan continued to ensure good and close contact with customers in the financial year 2021/22.

3.2. Shareholder structure and disclosures on capital (disclosures pursuant to § 243a UGB)

Capital share structure and disclosure of shareholder rights

As of the reporting date at 31 March 2022, the Company's ordinary shares amount to € 42,735,000 and are made up of 38,850,000 no-par value shares with a notional value of € 1.10 per share. The voting right at the Annual General Meeting is exercised according to no-par value shares, with each no-par value share equalling one voting right. All shares are bearer shares.

Significant direct and indirect shareholdings in the Group parent company AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, which amount to at least 10% at the reporting date, are presented below: *see table below.*

At the reporting date of 31 March 2022, roughly 64.4% of the shares were in free float. With the exception of the shareholdings stated below, no other shareholder held more than 10% of the voting rights in AT&S. No shares with special control rights exist. The exercise of the voting right by employees who hold shares in the Company is not subject to any limitations.

No special provisions exist on the appointment and dismissal of members of the Management Board and the Supervisory Board.

The contracts of all Management Board members include a "Change of Control" clause. Such a change of control exists in the event that a shareholder of the Company has obtained control of the Company in accordance with Section 22 of the Austrian Takeover Act (ÜbG) by holding at least 30% of the voting rights (including the voting rights of third parties attributable to the shareholder pursuant to the Austrian Takeover Act), or the Company has been merged with a non-Group legal entity, unless the value of the other legal entity amounts to less than 50% of the value of the Company according to the agreed exchange ratio. In this case, the Management Board member is entitled to resign for good cause and terminate the Management Board contract at the end of each calendar month within a period of six months after the change of control takes legal effect, subject to a notice period of three months ("special termination right"). If the special termination right is exercised or the Management Board contract is terminated by mutual agreement within six months of the change of control, the Management Board member is entitled to the payment of their remuneration entitlements for the remaining term of this contract, however, for a maximum of three annual gross salaries. Other remuneration components shall not be included in the calculation of the amount of the severance payment and shall be excluded from it.

By resolution passed at the Annual General Meeting on 4 July 2019, the Management Board is authorised until 3 July 2024 to increase the Company's ordinary shares, subject to the approval of the Supervisory Board, by up to € 21,367,500 by way of issuing up to 19,425,000 new, no-par value bearer shares, for contributions in cash or in kind, in one or several tranches, also by way of indirect subscription rights, after having been taken over by one or more credit institutions in accordance with Section 153 (6) of the Austrian Stock Corporation Act (AktG). The Management Board is authorised, subject to the approval of the Supervisory Board, to exclude shareholders' subscription rights and to determine the detailed terms and conditions of issue (in particular the issue amount, subject of the contribution in kind, the content of the share rights, the exclusion of subscription rights, etc.) (approved capital). The Supervisory Board is

Significant direct and indirect shareholdings

Shares/in %	Shares	% capital	% voting rights
Dörflinger-Privatstiftung: Vienna, Austria	7,013,133	18.05%	18.05%
Androsch Privatstiftung: Vienna, Austria	6,819,337	17.55%	17.55%

authorised to adopt amendments to the Articles of Association resulting from the issuance of shares from the approved capital.

Furthermore, the Management Board was authorised by the Annual General Meeting until 3 July 2024, subject to the approval of the Supervisory Board, to issue one or several convertible bearer bonds at a total nominal amount of up to € 150,000,000 and to grant to bearers of convertible bonds conversion rights and/or subscription rights for up to 19,425,000 new no-par value bearer shares in the Company in accordance with the convertible bond terms and conditions to be defined by the Management Board. The Management Board was authorised, subject to the approval of the Supervisory Board in accordance with the provisions of the Stock Corporation Act, to determine issue and technical characteristics as well as the terms and conditions of the convertible bonds (in particular interest rate, issue amount, term and denomination, dilution protection provisions, conversion period, conversion rights and obligations, conversion ratio and conversion price). Furthermore, the Management Board was authorised to fully or partially exclude shareholders' subscription rights to the convertible bonds.

In addition, the Company's ordinary shares were conditionally increased by up to € 21,367,500 by way of issuance of up to 19,425,000 new no-par value bearer shares in accordance with Section 159 (2) No. 1 of the Austrian Stock Corporation Act (AktG). This conditional capital increase will only be carried out if the bearers of convertible bonds issued based on the authorisation resolution passed at the Annual General Meeting on 4 July 2019 claim the right to conversion and/or subscription granted to them with regard to the Company's shares. The Management Board was authorised to determine, subject to approval from the Supervisory Board, the further details of carrying out the conditional capital increase (particularly the issue amount and the content of the share rights).

The following definition of amount in accordance with the aforementioned authorisations is to be observed: the sum of (i) the number of shares currently issued or potentially to be issued from conditional capital in accordance with the convertible bond conditions and (ii) the number of shares issued from approved capital shall not exceed the total amount of 19,425,000 (limitation of authorised amount).

The Articles of Association were amended in accordance with the resolutions on approved capital and conditional capital and on the convertible bonds in § 4 (Nominal capital).

Treasury shares

At the 27th Annual General meeting of 8 July 2021, the Management Board was again authorised to purchase, within a period of 30 months from the adoption of the resolution, treasury shares to an extent of up to 10% of the nominal share capital for a minimum consideration per share being at the most 30% lower than the average, unweighted stock exchange closing price over the preceding ten trading days and a maximum consideration per share at the most 30% higher than the average, unweighted stock exchange closing price over the ten preceding trading days; such purchases may take place via the stock exchange, by means of a public offering or any other legally permitted way, and for any legally permitted purpose. The Management Board was also authorised to withdraw shares after repurchase as well as treasury shares already held by the Company without further resolution by the Annual General Meeting. The Supervisory Board was authorised to adopt amendments to the Articles of Association arising from the withdrawal of shares. The relevant authorisations granted by resolution of the 25th Annual General Meeting of 4 July 2019 under item 9 of the agenda were revoked.

Furthermore, the Management Board was authorised by the 25th Annual General Meeting on 4 July 2019, for a period of five years, i.e. up to and including 3 July 2024, subject to the approval of the Supervisory Board, to sell or use the repurchased treasury shares or treasury shares currently held by the Company other than via the stock exchange or by public offer in particular for the purposes of stock transfer programmes, convertible bonds or as a consideration for the acquisition of entities, investments or other assets or for any other legal purpose, and to exclude a general purchase opportunity for shareholders.

The Company held no treasury shares as of 31 March 2022.

Free reserves

At the 27th Annual General Meeting of 8 July 2021 the Management Board was authorised to reallocate an amount of up to € 50,000,000 of the balance sheet profit carried forward to new account – after dividend distribution – to free reserves, subject to the approval of the Supervisory Board.

There are no off-balance sheet transactions between AT&S and its subsidiaries.

AT&S has neither granted any loans nor assumed any liabilities in favour of board members.

For further information, please refer to the notes to the consolidated financial statements (Note 22 "Share capital" as well as Note 15 "Financial liabilities".

The Company's Corporate Governance Report pursuant to Section 243b of the Austrian Commercial Code is available at http://www.ats.net/company/corporate-governance/reports/.

3.3.Non-financial statement

In accordance with Section 243b (6) UGB (Austrian Commercial Code), the Company is exempt from the obligation to prepare a non-financial statement in the Management Report since a separate non-financial report has been drawn up. This non-financial report is included in the Annual Report 2021/22 as a separate chapter.

4. RESEARCH AND DEVELOPMENT

Structural development of technological opportunities

AT&S's research and development activities are focused on exploiting the opportunities arising from digitalisation and ecological optimisation for AT&S. The electronics industry, in particular microelectronics, plays a central role in this context. It provides systems which enable digitalisation in the first place (e.g. data centres and computers with high-performance processors). In addition, the energy consumption of these devices can be reduced dramatically based on the smart structure of the overall systems. Microelectronics also form the basis for completely new solutions for more efficient energy use in the course of electrification along the energy value chain (energy production, transportation, storage and usage of e-mobility) and its management. The ongoing projects in this context are summarised in our four key development areas:

Miniaturisation and functional integration: Not only are electronic devices continuously getting smaller and lighter, they are also increasingly powerful and fulfil more and more functions. The task of AT&S is to create the basis for this development. To do so, the Company is working on technologies which increase trace density and reduce the thickness of the systems. Another field of research covers technologies enabling the direct integration of electronic components into printed circuit boards and substrates, increasing the packaging density and efficiency of the overall system.

Fast signal transmission: As digitalisation progresses, and is driven by improved data transmission possibilities (5G and subsequently 6G or similar), the data volume to be processed will increase significantly in the years to come. Electronic systems working at higher frequencies (e.g. communication modules for 5G and in the future 6G, radar systems for cars) require new solutions for the interconnect technology. Based on development projects in this area AT&S ensures that the products transmit signals fast, precisely and with minimal losses.

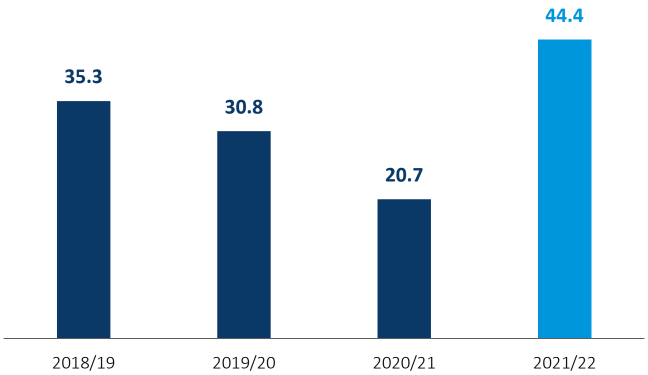
Performance and performance efficiency: In electrification, there is currently a strong trend towards carbon-neutral energy production, new energy source systems and electricity-based forms of propulsion. AT&S focuses its development activity on systems which enable optimum power supply with the lowest electrical losses from energy production to usage, and can therefore switch, control and transmit high loads.

Manufacturing of the future: Industrial production processes will change fundamentally in the decades to come. The processes will increasingly be organised using artificial intelligence (AI), and sustainability will also play a key role: the manufacturing of products must involve minimum consumption of natural resources, be highly reliable and enable the reuse of the materials employed. AT&S is working on new solutions which allow efficient and flexible manufacturing with minimum resource consumption (material, water, energy, etc.). To this end, large data volumes are being put to use via digitalisation in order to optimise and improve production processes as well as product properties and quality, and new solutions enabling the sparing use of resources in production are being developed.

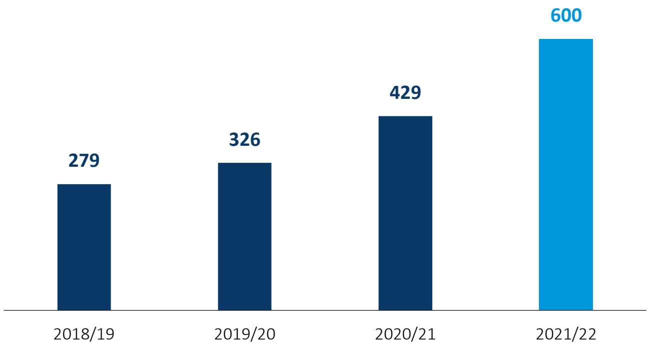
Innovation rate still high

The Vitality Index measures the impact of the innovative strength of a company. It describes the share in revenue AT&S has generated with innovative products launched on the market in the past three years. Generally speaking, the Vitality Index is higher in the years following the successful implementation of new technologies and lower in the development phase of new technologies (i.e. during the phase before their market launch). In the past financial year we see the effect of the launch of new, innovative products on the market. AT&S strives for a mean annual Vitality Index of at least 20%. In the past financial year, a Vitality Index of 44.4% was recorded.

Vitality Index
in %



Number of patents granted



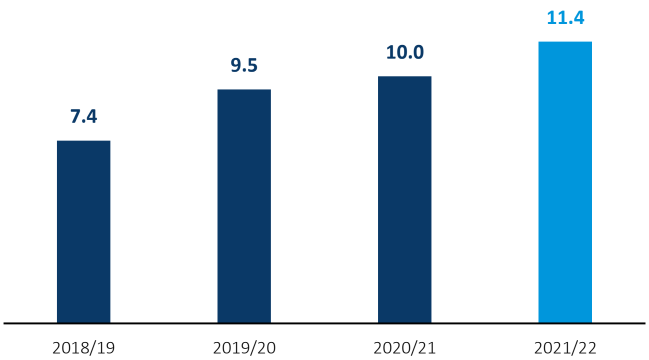
AT&S is currently concentrating on new technologies for the production of more powerful and energy-efficient substrates for computer processors. Another focus is on technologies for the production of modules (electronic units for specific tasks connecting several components with each other) and new solutions for the 5G wireless standard.

The innovative strength and long-term competitiveness of a company are also reflected in the number and quality of its patents: AT&S submitted a total of 49 new patent applications in the financial year 2021/22. At present, AT&S has 446 patent families, which result in 600 granted patents. The IP portfolio is further strengthened by externally acquired licences, in particular in the area of embedding technology.

R&D expenses: 11.4% of revenue

The costs of research and development projects totalled € 181.5 million in the financial year 2021/22. This corresponds to a research rate (i.e. ratio to revenue) of 11.4% compared with 10% in the previous year. Based on the continuously high research rate, AT&S is securing its position as the technology leader for the years to come.

Research rate
in %/ratio to revenue



Two-level development process

AT&S ensures efficiency in development among other things by closely collaborating with customers, suppliers and research institutions worldwide.

AT&S pursues a two-level innovation process. In a first step, opportunities are identified, ideas are examined for their development potential, novel concepts are developed and reviewed for their general feasibility. This level corresponds to applied research and technology evaluation.

Subsequently, it is the task of the local technology development and implementation departments at the AT&S sites to continue the experimental development of processes and products and to integrate them into the existing production process.

These development activities are accompanied by developments in the virtual world. Product properties, reliability behaviour and processes are increasingly supported by simulation. The centre for these developments is based at the location in Leoben. In the past financial year it was also decided to establish a new development centre for substrates and advanced packaging here.

Key development projects

In the past financial year, R&D activities continued to concentrate on the work on the next substrate and packaging technologies. The focus is on new technologies which allow making the patterns on printed circuit boards and substrates even smaller. Some of the required technologies are currently under development in Chongqing and Leoben. We are also working very closely with our suppliers to develop new manufacturing concepts. These technology components will be used to ensure signal transmission into the system and energy supply for future generations of computer processors. These computer processors are at the heart of nearly all electronic systems.

Intensive work continued on high-frequency-range projects for the new 5G mobile communication standard and radar systems. AT&S also won last year's "Futurezone Award" with a highly innovative technological solution from this field of research, air-filled waveguides.

In addition, a large-scale cooperative research project was launched with many European partners along the electronic value chain. The objective is to develop highly efficient electronic systems on the basis of a new class of semiconductors, so-called wide bandgap devices, which are based on silicon carbide (SiC) or gallium nitride (GaN), for applications in power electronics. They will be used in the areas of electromobility, industrial applications and energy production in the future.

In the medical technology segment, a new development step towards miniaturisation was successfully taken. Substrate-like printed circuit boards, which are extremely small and thin, were developed especially for application in hearing aids. They not only represent very robust substrates, but also have to have excellent signal transmission properties in order to ensure optimal audio quality. This development has been awarded the Innovation Prize 2022 of the Province of Styria.

Cooperation with research institutions

The national and international collaboration with research institutions was further intensified in the past financial year. The emphasis was on consolidating collaborations that had been entered into in the two preceding years. These projects have already produced the first good results. In addition, focus was placed on research institutions around the new location in Malaysia, and a strategic cooperation with Shanghai University was started.

5. OPPORTUNITIES AND RISKS

5.1. Opportunities and risk management

STRUCTURE AND INSTRUMENTS

Opportunities and risk management is a fundamental part of conducting business within the AT&S Group. The objective of increasing enterprise value involves not only opportunities but also risks. The task of Risk Management is to provide a uniform system which enables early identification and proactive management of positive or negative deviations from the corporate goals. Therefore, AT&S operates a Group-wide Risk Management (RM) system in accordance with the Austrian Code of Corporate Governance (ACCG), an Internal Control System (ICS) in accordance with COSO standards, as well as Internal Audit based on the IIA standards.

From an organisational perspective, Risk Management, Internal Control System and Internal Audit functions fall within the responsibility of the CFO. The Group Risk Manager reports quarterly to the full Management Board at a Management Board meeting. The Supervisory Board is included within the framework of the Audit Committee meetings, which take place at least twice a year. The proper functioning of the risk management system is assessed annually by the auditor in the

AT&S RISK MANAGEMENT PROCESS

_Risk strategy
defined by the Management Board and process owners.

_Risk identification
Group-wide survey with subsequent evaluation. Immediate reporting of significant new risks (≥3).

_Risk evaluation
consistent Group-wide evaluation of all risks with respect to their monetary impact, probability of occurring, and resulting risk rating of 1 (low) to 6 (critical).

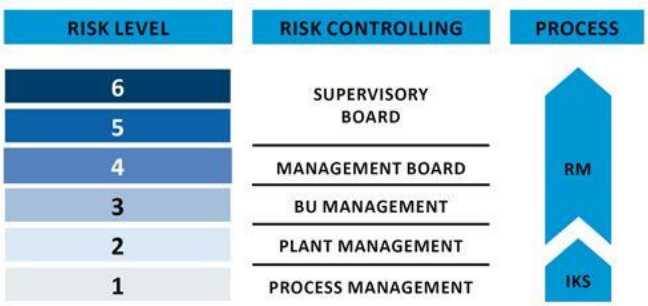
_Aggregation & reporting
aggregation and regular reports on all significant risks (risk level ≥3) to the Management Board and Audit Committee by the Risk Manager.

_Risk mitigation & monitoring
in accordance with defined reporting and decision levels (based on risk level, see Figure 2).

_Risk management software
Group-wide for risks and ICS controls.

Figure 1: AT&S Risk Management Process

AT&S RISK LEVELS AND RISK CONTROLLING



_Risk exposure & risk level
The AT&S risk levels are derived from operating cash flow and the equity ratio as an indicator of the risk capacity of the Group.

_Risk mitigation
clear assignment of responsible decision levels based on risk level (see left).

_ICS & RM
management of process risk (risk level 1–2) supported by the internal control system. At Group level, relevant risks (risk level ≥ 3) are managed and reported through the risk management process.

RM: Risk Management; ICS: Internal Control System; BU: Business Unit
Figure 2: AT&S Risk Levels and Risk Controlling

course of the annual audit of the financial statements pursuant to Rule 83 ACCG.

The risk management process shown in Figure 1 is conducted at least twice a year.

Risk management is conducted based on the risk strategy and risk exposure at the hierarchy level assigned to the relevant level of risk (see Figure 2).

RISK MANAGEMENT IN 2021/22

In the financial year 2021/22, risk management focused on the implementation and further development of a software-based GRC solution alongside the management of risks arising from the operating business. The objective of this further development is to strengthen the links between governance, risk and compliance processes and to use synergies.

5.2. Explanation of individual risks

The risks, uncertainties and opportunities facing the Group are generally based on worldwide developments in the printed circuit board and substrate market and the Group's own operating performance. An overview of the AT&S risk categories, significant individual risks, risk mitigation measures and the expected trend in the coming years is shown in Figure 3 and explained in further detail in the following.

Risk category	Significant risks & opportunities	Trend	Risk mitigation & opportunity realisation
STRATEGY	• Sales price development • Capacity utilisation • Technology development • Investments		• Consistent focus on high-end technologies & target applications • Customer proximity and early customer contact • Technology development projects & technology roadmap • Market analysis, strategy review and adaption
MARKET	• Market and segment development • Development of key customers • Sales strategy and implementation		• Balanced segment portfolios and diversification of the customer portfolio • New customer acquisition & share increases with existing customers • Consistent acquisition of defined target applications
PROCUREMENT	• Development of procurement prices • Single-source Risk & Supply chain disruption		• Procurement strategy (negotiation, allocation, technical changes) • Supplier risk assessment & multi-sourcing
BUSINESS ENVIRONMENT	• Confidentiality breach • Catastrophe, fire • Political risk • Pandemic		• Increased security level based on the implementation of an information security management system (ISO 27001) • Internal & external audits, emergency practice • Business continuity management, Insurance • Containment actions (e.g. protective measures, distancing regulations, remote working)
OPERATIONS	• Quality performance • Intellectual property • Project management • Operating costs		• Black Belt programme, continuous quality improvement measures • Continuous expansion and protection of the IP portfolio • Rigorous project management • Cost reduction and efficiency enhancement programmes at all sites
ORGANISATION	• Loss of key personnel		• Employee retention, deputy regulation & succession planning
FINANCE	• Foreign exchange risk • Financing & liquidity • Tax risk • Impairment		• Natural FX hedging through long-term CF planning • Long-term planning for financing and liquidity, interest swaps • Continuous monitoring of compliance with tax laws • Project controlling, impairment tests, strategy review and adaptation

FX: Foreign Exchange; CF: Cashflow
Figure 3: AT&S Risk Categories, Significant Individual Risks, Risk Trends and Risk Mitigation Measures

STRATEGY

Investment risk

In order to use growth potential and remain competitive, AT&S undertakes substantial investments in new technologies (IC substrates) as well as in the further development and capacity expansion of existing technologies (SLP, mSap, HDI). In order to secure the high-end substrate business as a strategic cornerstone, AT&S is planning to invest a total of approximately € 1.7 billion in a production facility at the Kulim Hi-Tech Park, Kedah, Malaysia, the biggest investment in the history of the Company to date. The project is carried out in cooperation with two leading manufacturers of high-performance computing semiconductors, who also contribute to the financing of the project. Construction of the facility has begun; it is scheduled to be operational by 2024. The successful start-up of production in Chongqing also serves the growing demand for ABF substrates. Full capacity is expected to be available in the third quarter of the financial year 2023/24.

In addition, the Company is investing in a new R&D centre for substrate and packaging solutions for the global semiconductor industry at its site in Leoben-Hinterberg. A significant part of the investment volume of € 500 million will be used for a new research centre including production of small series and prototypes. Another technology upgrade of the production equipment will also be implemented.

Incorrect assessments of technological developments, changes in demand, restrictions through third-party patents, negative price developments, customer-specific technologies, shorter technology cycles or problems in the technical implementation may have severe adverse effects on the intrinsic value of such investments. These effects can generally affect all current AT&S business activities. If there are any indications of such adverse effects, impairment tests of these investments are performed as required, which may lead to high impairment requirements due to the high investments made.

Competition risk

The clear focus on the high-tech segment, coupled with the highest quality standards and consistent cost controls, has so far enabled AT&S to successfully withstand the effects of intense competition, overcapacity in the market, and persistent “commodification” with a corresponding margin reduction in the HDI (high-density interconnect) technology segment. This was complemented by the successful transfer of HDI technology from smartphone applications and other mobile devices to further applications, for example those in the automotive industry. Delays in switching over to the new technologies on the customer side and volatile market developments may pose challenges for AT&S and lead to excess supply, overcapacities and underutilisation.

The opportunities of the Austrian plants of AT&S are based on high flexibility, high quality standards and the ability to react very quickly to changing specifications and technologies. These capabilities are absolutely imperative for prevailing in the competitive environment, especially in the Industrial segment, which is subject to diverse technological requirements among a large number of customers. To safeguard this competitive edge, AT&S constantly pursues new forms of technology and projects in close cooperation with customers.

The demand for ABF substrates, which are produced at the location in Chongqing, China, continues unabated. AT&S is investing in the development of existing areas (Chongqing III) for the production of ABF substrates in Chongqing and in a production facility in Kulim, Malaysia, to meet this demand. The capacity expansion will continue to support company growth and enables AT&S to establish itself with new customers.

Competitor risks arise due to potential quality improvements and technological developments in countries with low production costs. This could lead to a loss of competitiveness at AT&S sites, especially in Austria and possibly also at other production sites such as those in South Korea and China. In addition, competitors announced substantial investments in capacities for ABF substrates in the past year. Although current demand forecasts speak against it, there is a possibility of overcapacities and, consequently, falling prices as soon as the investments are available to the market as production capacity.

In addition, a difficult market environment in the financial year 2022/23 could have an adverse effect on the Group’s results. Lower demand for IC substrates, stagnating smartphone sales, weak demand in the Automotive and Industrial segments as well as unfavourable market developments in the other core segments could lead to a decline in revenue. Despite the acceleration of digitalisation caused by the pandemic and the resulting increase in demand for high-end interconnect solutions, the uncertain development of the COVID-19 pandemic may still lead to a negative business development. An aggravation of the COVID-19 pandemic, as is currently the case in China (SHA), could have a negative impact on AT&S. The pandemic is leading to different developments in the segments. In the Automotive segment, the chip shortage is still slowing down the market upturn. In addition, the Ukraine-Russia conflict is having a negative effect on the Automotive segment. The temporary shutdown of production facilities and the difficulties regarding the availability of materials are confronting car manufacturers with challenges which could also affect AT&S. Along with a direct impact on material supplies and the demand for individual products, significant secondary effects are also expected. The disruption of food and energy supply as well as transport routes are having severe implications. Depending on the duration of the conflict, the effects on the economy as whole could be immense. The broad-based positioning of AT&S in the Mobile Devices & Substrates segment and in the Automotive, Industrial, Medical segment with their different production cycles can partially cushion market risks. Along with controlling risks, crisis-proof applications are being pushed based on customer and application analyses.

MARKET

Potential loss of key customers

With the help of advanced production technologies and high quality standards, AT&S has managed to establish itself as a reliable provider to some of the world's most renowned players in the electronics industry. Due to the focus on high-end technology, the number of customers is limited to technology leaders. The revenue generated with the five largest customers accounts for 70% of total revenue. Our long-term relationships with these customers also offer excellent opportunities for the future. However, concentration of this kind also poses risks in the event that there is a significant reduction in business volume or profitability from these customers. The ongoing improvement of AT&S's competitiveness, the expansion of the customer base and the development of new products were recently successfully continued and support the rapid compensation of potential negative development among individual key customers.

PROCUREMENT

Procurement prices and availability

Price fluctuations in energy and raw materials (gold, copper and laminates) can have both a positive and a negative impact on achievable margins in the short term. The focus in the financial year 2021/22 was on the availability of raw materials as well as on price development. In particular, the Ukraine-Russia conflict and its impact on the availability of materials and subsequently on the price situation can have negative effects for AT&S. AT&S was able to reduce the procurement risk based on targeted supplier management. However, the current trend of rising raw material prices is expected to continue in the coming financial year since global production capacities of materials have declined due to the COVID-19 pandemic and the Ukraine-Russia conflict while global demand is growing again. In particular, the development of prices and the availability of raw materials such as copper can have a massive impact on the business development. Raw material shortages lead to longer lead times and uncertainties in terms of delivery dates. Increasing transport costs, in particular for air and sea freight, as well as scarce transport capacities, confront AT&S with additional challenges. The closing of Russian airspace and the bypassing of ports in the crisis regions lead to alternative transport routes which can have a negative influence on transportation costs and delivery times. Pandemic-related local lockdowns can also cause a reduction in transport capacities, for example congestion at airports and seaports. Strong demand for production equipment causes longer delivery times for machinery and can delay planned investments. Capacity shortages of production materials, components and equipment can also occur in the growth markets targeted by AT&S in the future and influence the business development of AT&S.

Suppliers

The sourcing strategy of AT&S focuses on a wide and clearly diversified base of carefully selected suppliers in order to reduce dependencies on individual suppliers. Long-standing and stable customer-supplier relations are in place with key suppliers with particular expertise and competitive standing. To avoid supply shortages, AT&S conducts rigorous supplier risk management, taking account of regional cluster risks, various supply routes, and alternative procurement options. Customer specifications may limit the raw materials used to certain suppliers, which may result in a dependency for AT&S. However, with few exceptions – for example in the IC substrates and ECP areas, where the supplier base is smaller – alternative supplier options are usually available in order to respond to supply risks.

BUSINESS ENVIRONMENT

Location-specific risks

The vast majority of AT&S's operating activities are based at sites outside of Austria, particularly in China. This means that the Group might be subject to potential legal uncertainties, state intervention, trade restrictions or political unrest. Irrespective of the above, any production site of the Group may furthermore be exposed to disruptive events such as fire, natural disasters, acts of war, shortages of supply or other elementary events. The termination of land use rights, permits or lease contracts for specific plants might also have a considerable negative impact on the production output of the Group.

To minimise the effects of such risks, the Group has instituted business continuity management. AT&S also conducts active insurance management by means of weighing the risks and associated costs. It has concluded insurance contracts to the extent customary for a company of this size wherever such contracts were available at costs which are reasonable in relation to the impending risks.

The pandemic, which has now been ongoing for two years, still confronts AT&S with challenges. Numerous protective measures have been taken aiming to optimally protect employees from the SARS-CoV-2 virus while at the same time keeping up ongoing operations and thus securing jobs. Mandatory face masks were introduced on the Company premises, remote working regulations massively extended, canteen operations limited and business travel stopped. At the Chinese production sites in particular, operations can be maintained by setting up accommodation for staff in the event of a local lockdown. Special transport permits allow carrying out urgent deliveries and procuring new materials for production in the event of a lockdown. In addition, a designated info point has been set up on the AT&S intranet to keep all employees informed and a telephone hotline for all employee questions has been installed. A task force has been established at the respective locations for the implementation, monitoring and, where necessary, adaptation of these measures.

An aggravation of the current conditions, the provision of production materials and personnel, the supply processes and demand may still influence the business development. The global effects of the pandemic can lead to weaker demand in some customer segments.

Political risks

The electronics industry is characterised by highly integrated, transnational supply chains which are based on the free trade of goods and services. Potential protectionism or growing political tensions can lead to discontinuities in the supply chain and to competitive advantages for competitors in specific countries.

The conflict between Ukraine and Russia, which has been ongoing since February 2022, has an impact on the entire global economy. In addition to the resulting humanitarian disaster, this conflict also affects the availability of materials and energy, which is also reflected in their price development. Uncertainty regarding gas supply can also have a negative effect on AT&S. In particular, the Austrian production sites would be affected by gas cut-offs. To mitigate this risk, measures have been taken enabling the Company to respond quickly if required. Far-reaching sanctions and other unexpected geopolitical developments can have negative effects on the business operations of AT&S. A crisis team, which is responsible for monitoring and mitigation, has been established to identify new developments in the conflict and the resulting effects on AT&S as quickly as possible.

A potential aggravation of the trade conflict between the USA and China could lead to an increase in punitive tariffs on imports of certain goods in both countries as well as trade restrictions for technology companies. From the current perspective, AT&S will not be significantly affected by the conflict since further processing of the products largely takes place in China. Nevertheless, ongoing monitoring of the affected goods is necessary. Moreover, an escalation of the Korea conflict or a war in East Asia (e.g. China and Taiwan) could have a negative effect on business activities. In addition, resulting macroeconomic developments may have an adverse effect on the business of AT&S.

Compliance

Any amendments to regulatory requirements, such as the prohibition of specific processes or materials, might lead to a rise in production costs. AT&S might be subject to payment of substantial damages or penalties should any breach of customer confidentiality agreements or statutory provisions occur. AT&S has implemented organisational measures aimed at preventing or minimising the occurrence of compliance risks. The extension of such measures is ongoing. As a rule, AT&S follows a zero-tolerance policy and expects 100% compliance with all applicable laws and regulations on the part of its employees. The Governance, Risk & Compliance Committee (GRC Committee) pursues the objective of identifying and mitigating potentially relevant compliance and governance risks. In addition, AT&S introduced the whistleblowing platform "We Care", which enables employees and external third parties to report potential compliance violations.

Fraud, data security and cybercrime

To continue to successfully prevent attempted fraud, internal controls were further intensified in the past few financial years and initiatives to raise awareness among employees with regard to such fraud schemes were increased. Moreover, AT&S continually works to expand data and information security. In the financial year 2018/19, a project regarding the EU General Data Protection Regulation was implemented. Based on an analysis of internal processes regarding the use of personal data, the required measures were assessed and implemented in order to ensure the protection of sensitive data. Following the successful certification of all European locations in accordance with ISO 27001, the focus in the financial year 2020/21 was on the roll-out of the Information Security Management System (ISMS) at the locations in China and India. As a result, these locations were certified according to ISO 27001:2013. Alignment with international IT standards ensures safe handling and appropriate access to information, and the availability of reliable systems. Subsequently the roll-out is planned at the production site in Korea.

OPERATIONS

Quality and delivery performance

As in the past, the high quality of products, adherence to delivery deadlines and service quality will offer the Group an opportunity to differentiate itself from the competition and exploit growth opportunities in the future. At the same time, AT&S has to make substantial contractual commitments, especially to key customers, with respect to capacity reserves and volume guarantees, adherence to delivery deadlines and quality performance. Any technical defects, quality deficiencies, difficulties in delivering products or failure to provide volume guarantees granted may expose AT&S to warranty claims, claims for damages and contractual penalties. In the Mobile Device business, quality deficiencies may even lead to delivery stops for certain part numbers. Even if such quality deficiencies were not caused in the production process of AT&S but within the supply chain, such delivery stops may lead to significant drops in revenue. Substantial quality deficiencies could also result in product recalls and the loss of customers. AT&S has established a quality management and planning system designed to rule out or minimise deficiencies in product quality and planning mistakes and their negative consequences as far as possible. In order ensure high product quality, AT&S not only meets general international quality standards (ISO 9001) but also further standards for the automotive, aviation and medical sectors. Furthermore, the Group is insured against major risks by virtue of an (extended) product liability insurance policy taking into account exclusions of coverage and customary coverage limits.

Intellectual property

AT&S endeavours to exploit any opportunities for obtaining intellectual property as well as gaining access to promising patents through the development of its own projects, cooperation schemes with partners, and investments. Risks arise if AT&S fails to protect its intellectual property, thus enabling the competition to utilise these technologies. Legal disputes about intellectual property can prevent AT&S from using or selling disputed technologies. Furthermore, legal disputes with regard to the unauthorised use of external intellectual property can have considerable negative financial consequences.

Technology and project development

The establishment and expansion of capacity for IC substrates in Chongqing and Kulim lead to specific risks given the significant investment volume. The market for IC substrates is influenced by technological changes. The establishment of an R&D centre including prototype production in Austria is also intended to serve the development of new technologies, thus mitigating the market risk of IC substrates. However, this technological progress includes the general risk of new technology developments. Complications in advancing theses technological developments and project implementation could result in major burdens on business development and the existing financial and administrative resources. In the current year, AT&S will concentrate on the start-up of the new production capacities at plant III in Chongqing, China, continue to push the investment projects in Kulim, Malaysia, and the expansion of the site in Leoben, Austria, and implement technology upgrades at other locations.

Cost control

Continuous cost reduction and efficiency increases in all business segments are crucial to the Group's profitability. If cost reduction measures and performance increases cannot be implemented as planned (or if the costs cannot be passed on to customers), this may have a negative impact on the competitiveness of the Group.

ORGANISATION

Employees

The collective industry experience and management expertise of the employees of the AT&S Group are the foundation for using future opportunities. The business of the Group might suffer if employees in leading positions were to terminate their employment relations with AT&S or if AT&S were unable to continue to recruit highly qualified personnel in all areas of value creation and retain them long-term. The two major projects (Leoben and Kulim) require a high number of qualified personnel. AT&S is looking for approximately 6,000 new employees in Malaysia and 700 employees in Austria. Should it not be possible to hire sufficient qualified staff, this might have a negative impact on the progress of these major projects. AT&S continuously develops strategies for retaining key employees, recruiting valuable personnel and further expanding the skills of its staff.

FINANCE

Foreign exchange risk

Exchange rate fluctuations in EUR, RMB and USD – and to a lesser extent in JPY, KRW and INR – can have considerable positive or negative effects on the results of the Group. To minimise these effects, the Group employs a hedging strategy by generating opposing cash flows in the respective currencies. The high investments in China of the past few years result in significant currency risks related to the RMB and to the USD. The extent of these risks is continuously analysed. The results are incorporated in strategies to implement efficient currency management.

Financing and liquidity

The Group uses long-term financial and liquidity planning to secure the financial needs for the expansion strategy. However, negative business developments, significant deviations from assumptions in business cases, exchange rate fluctuations or valuation adjustments may cause failure to achieve the targeted equity ratio and the net debt/EBITDA ratio, and subsequently lead to additional financing requirements under more difficult terms and higher costs, or the loss of existing financing facilities. Interest rates are hedged centrally for the Group as a whole by Group Treasury, using appropriate financial instruments.

For more information on financial, liquidity, credit and foreign exchange risks, please refer to Note 20 "Additional disclosures on financial instruments" in the notes to the consolidated financial statements.

Tax risk

The Company is active on a global basis and thus subject to different tax systems. Unless the requirements for the formation of a provision or liability are met, both national and international tax risks are incorporated within financial risks and monitored accordingly. At present, the material tax risks are related to the Company in India. In order to minimise future tax risks, the Group continuously monitors compliance with national tax laws and international guidelines such as those of the OECD (in particular with a view to the BEPS action plan (Base Erosion and Profit Shifting)). Although AT&S strives to comply with all tax laws and regulations, there is a risk of different interpretations of international transactions in different countries, which may lead to double taxation and additional tax burdens.

ESG

ESG risks, i.e. risks regarding environmental, social and governance issues, have also been considered as part of corporate risk management. For further information regarding material ESG risks, please refer to the non-financial report 2021/22, section “Embedding and managing sustainability”.

5.3. Internal control and risk management system with regard to accounting

The accounting-related Internal Control and Risk Management system is an integral part of the Group-wide risk management system. According to the framework concept of COSO (the Committee of Sponsoring Organizations of the Treadway Commission), the actual risk management as well as the Internal Control System (ICS) are subsumed under the concept of company-wide risk management. The main criteria of the Risk Management, Internal Control System and Internal Audit of AT&S are specified in a Group-wide risk management and audit manual.

The documentation of the internal controls (business processes, risks, control measures and those responsible) is made principally in the form of control matrices, which are archived in a central management database. The accounting-related Internal Control System includes principles, procedures and measures to ensure the compliance of accounting in terms of the control targets described for financial reporting.

The accounting procedures are documented in separate process instructions. These processes are standardised across the Group and are presented in a standardised documentation format. Additional requirements for accounting procedures result from specific local regulations. The basic principles of accounting and reporting are documented in the process descriptions and in detailed process instructions, which are also filed in the central management manual. In addition, guidelines on measurement procedures and organisational requirements in connection with the processes of accounting and preparing the financial statements are compiled and updated on a regular basis. Schedules are set in accordance with Group requirements.

The internal financial reporting is done on a monthly basis as part of Group reporting, with the financial information being reviewed and analysed by the Corporate Accounting and Corporate Controlling department. The monthly budget/actual variance with corresponding comments on the results of the segments, of the plants as well as of the Company, is reported internally to the executives and to the members of the Supervisory Board.

The annual preparation of the budget is carried out by the Corporate Controlling department. Quarterly forecasts are drawn up during the year for the remaining financial year based on the quarterly results and current planning information. The forecasts, with comments on the budget comparison and presentations on the impact of opportunities and risks up to the end of the financial year, are reported to the Supervisory Board. In addition to regular reporting, multiple-year planning, project-related financial information or calculations on investment projects are prepared and submitted to the Supervisory Board.

6. OUTLOOK

Macroeconomic development

Prior to the outbreak of the war in Ukraine it was assumed that most of the important global macroeconomic variables would return to normal after the COVID-19 pandemic in the period of 2022-23. The OECD Economic Outlook of December 2021 projected global GDP growth of 4.5% in 2022 and 3.2% in 2023. Russia and Ukraine are major producers and exporters of important foods, minerals and energy. The developments observed for raw material prices and in the financial markets since the beginning of the war could – if they were to continue – reduce global GDP growth by more than 1 percentage point in the current year and increase global consumer price inflation by about 2.5 percentage points[21].

In contrast, demand for both the communication infrastructure required for data transmission and for processing capacity is growing. Along with the increase in mobile devices, it is above all growing usage that drives the demand. Growing data traffic and data volume have a positive impact on demand in this context. Market analyses project further growth of 4% for printed circuit boards and of 15% for IC substrates in the 2022 calendar year. For further information on industry and technology trends please refer to Section 1 "Market and industry environment" of the Management Report.

Structural trends drive growth

The global development towards a digital society will continue to progress in the 2022/23 financial year. The use of ever smarter devices and increasing interconnectedness generate exponentially growing amounts of data. With its solutions and services, AT&S is excellently positioned in all areas affected by this trend. AT&S will use the business opportunities arising as a result in order to grow profitably and faster than the market in the future. To expand our performance, we consistently invest large sums in technology development and capacity expansion. Our long-term corporate goals reflect our clear growth ambitions in profitable market segments and applications.

The positive outlook of the electronics industry is currently dampened by a shortage of semiconductors and the uncertainty regarding the effects of the COVID measures in China. The expectations for AT&S's individual segments are currently as follows: the market conditions for IC substrates continue to offer significant growth opportunities in the medium term. The 5G mobile communication standard as well as the module printed circuit board business will remain a positive driver in the area of Mobile Devices. In the Automotive segment, the semiconductor shortage should ease somewhat and show a positive trend. In the Industrial and Medical segments, AT&S expects continued positive development for the current financial year.

Operationally, AT&S will concentrate on the start-up of the new production capacities at plant III in Chongqing, China, continue to push the investment projects in Kulim, Malaysia, and the expansion of the site in Leoben, Austria, and implement technology upgrades at other locations and of course further optimise the business performance.

Investments

The Management Board considers the market trends to be fully intact. Therefore, AT&S will continue its investment programme for new capacities and technologies unimpeded in the current financial year as previously announced.

The growing technological requirements and high investments in product capacities lead to an increase in the required basic investments (maintenance and technology upgrades). Depending on the market development, these are estimated at roughly € 150 million.

Investments of € 100 million planned for the financial year 2021/22 have been postponed to the financial year 2022/23.

As part of the strategic projects, the management is planning additional investments totalling up to € 1 billion for the financial year 2022/23 depending on the progress of projects.

Overall guidance for the financial year 2022/23

Against the backdrop of the expectations for global economic growth, available capacity and the markets relevant to AT&S as described above, the Company expects revenue of approximately € 2 billion in the financial year 2022/23, assuming a euro/US dollar exchange rate of 1.17. Taking into account effects amounting to approximately € 75 million from the start-

[21] OECD, "Economic Outlook, Interim Report", March 2022

up of new production capacities in Kulim, Leoben and Chongqing, the adjusted EBITDA margin is expected to range between 23% and 26%. Due to the expected increase in the balance sheet total, it cannot be ruled out that the equity ratio could fall below the medium-term target of >30%.

Leoben-Hinterberg, 16 May 2022

The Management Board

Andreas Gerstenmayer m.p.
Peter Schneider m.p.
Ingolf Schröder m.p.

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS 2021/22

This report is a translation of the German original, which is solely valid.

Auditor's report
Report on the Audit of the Consolidated Financial Statements
Opinion

We have audited the consolidated financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, Leoben (the Group), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB.

Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 and with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained up to the date of our report is sufficient and appropriate to provide a basis for our opinion as of that date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Deferred tax assets from tax loss carryforwards and other deductible temporary differences

- Description and Issue

According to IAS 12.34 a deferred tax asset shall be recognised for unused tax losses carried forward to the extent that it is probable that future taxable profit will be available, against which these unused tax losses can be utilised. In addition, when the entity has incurred losses in recent years, convincing other evidence is necessary, that sufficient taxable profits will be available.

The recognition of deferred tax assets is based on the assumption that within a planning period of at least 5 years enough taxable income will be generated against which the tax loss carried forward and other deductible temporary differences can be utilised. These assumptions are based on estimates of the current as well as the planned taxable results and the taxable impact of any future measures implemented by the companies concerned.

The Group has recognised deferred tax assets in the amount of TEUR 24,698 (prior year: TEUR 25,113). Therein included are deferred tax assets from tax loss carryforwards and taxable goodwill amortization amounting to TEUR 26,148 (prior year: TEUR 22,527) as well as taxable respectively deductible temporary differences amounting to TEUR -1,450 (prior year: 2,586).

For further information we refer to the notes to the consolidated financial statements

- Section I.B.e on accounting and measurement policies in respect of income taxes
- Section I.C. on critical accounting estimates and assumptions concerning recognition and measurement of deferred income tax and current tax liabilities
- Section III.6. note on income taxes.

The valuation of deferred tax assets requires judgement and involves significant estimation uncertainties, and therefore, constitutes a risk of material misstatement in the consolidated financial statements. Estimation uncertainties exist in particular in relation to the assumptions made in the business plan and their effect on taxable results. For this reason, we identified this issue as a key audit matter.

- Our Response

For all material consolidated companies we have

- evaluated the process relating to the calculation of future taxable income as basis for the recognized deferred tax assets,
- retraced the changes in tax loss carryforwards on basis of the preliminary tax calculation,
- ensured that planned taxable results on which the calculation is based are in line with the business plan of the entity,
- analyzed the assumptions made concerning the usability of the loss carryforwards and the temporary differences as well as critically assessed the underlying planning assumptions, and
- audited the presentation and explanations in the notes to the consolidated financial statement.

2. Revenue Recognition over time according to IFRS 15

- Description and Issue

Pursuant to IFRS 15 Revenue from Contracts with Customers, the Group recognises revenue over time for a part of the customers. According to IFRS 15.35c revenue must be recognised over time when products specifically tailored to the needs of the customers are produced and thus have no alternative use and the entity has the enforceable right to payment for performance of the service completed to date, including a margin.

Performance obligations that in accordance with over time revenue recognition criteria are already satisfied but the payment is still outstanding, shall be recognized as contract assets in accordance with IFRS 15. As of 31 March 2022, the group states contract assets in the amount of TEUR 177,328 (prior year: TEUR 92,767) after considering impairment according to IFRS 9. The revenue recognized over time in the financial year 2021/22 amounts to TEUR 1 085,035 (prior year: TEUR 808,555).

For further information we refer to the notes to the consolidated financial statements section I.B.d on the accounting and measurement policies in respect of revenues from contracts with customers. In addition, we refer to the disclosures on revenue in the notes to the consolidated financial statements in section III.1. as well as to those on contract assets in section IV.11.

For the group wide analysis of the contractual and legal basis regarding the relevant accounting criteria for the identification of revenues that need to be recognized over time significant judgment from the management is involved, especially with regard to the evaluation if the enforceable right to payment for performance of the completed service exists. Furthermore because of the multitude of different types of contracts with customers, the group wide calculation of the contract assets to be recognized as of the reporting date can be considered complex. For this reason, we identified this issue as a key audit matter.

- Our Response

We have

- assessed the group´s accounting policies regarding revenue recognition, taking into consideration industry-specific circumstances, our understanding of the business as well as the analysis of a sample of contract assessments done by the management to verify that IFRS 15 was implemented properly,
- audited accuracy and completeness of the automatically generated reports for the calculation of the contract assets involving internal specialists and
- audited, based on samples, that revenue was actually recognised in line with the Group accounting policies on over time revenue recognition

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the consolidated management report and our auditor's report thereon. The annual report, except for the consolidated non-financial report, is expected to be made available to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. With respect to the consolidated management report we refer to the section "Report on the Audit of the Consolidated Management Report".

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we, based on the work we did before the date of this report on the other information, conclude that the other information is materially misstated, we have to report it. In that respect, we have nothing to report.

Responsibilities of Management Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Consolidated Management Report

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the consolidated management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the consolidated management report.

Opinion

In our opinion, the consolidated management report is prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the consolidated financial statements.

Statement

In the light of the knowledge and understanding of the Group and its environment obtained in the course of our audit of the consolidated financial statements, we have not identified material misstatements in the consolidated management report.

Other Matters which we are required to address according to Article 10 of Regulation (EU) No 537/2014

We were appointed as auditors by the annual general meeting on 8 July 2021 and commissioned by the supervisory board on 21 December 2021 to audit the consolidated financial statements for the financial year ending on 31 March 2022. We have been auditing the Group uninterrupted since the financial year ending 31 March 2021.

We confirm that our opinion expressed in the section "Report on the Audit of the Consolidated Financial Statements" is consistent with the additional report to the audit committee referred to in Article 11 of Regulation (EU) No 537/2014.

We declare that we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 and that we remained independent of the Group in conducting the audit.

Engagement Partner

The engagement partner responsible for the audit is Gerhard Marterbauer.

Vienna, 16 May 2022

Deloitte Audit Wirtschaftsprüfungs GmbH

Gerhard Marterbauer m.p.
Certified Public Accountant

This report is a translation of the audit report according to section 273 of the Austrian Commercial Code (UGB). The translation is presented for the convenience of the reader only. The German wording of the audit report is solely valid and is the only legally binding version. Section 281(2) UGB applies.

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft

FINANCIAL STATEMENTS AS OF 31 MARCH 2022

Table of contents

Balance Sheet

AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG

BALANCE SHEET AS OF 31 MARCH 2022
(Preceeding year for comparison)

in € ASSETS	31 Mar 2022	31 Mar 2021
A. FIXED ASSETS		
I. Intangible Assets		
1. Industrial property rights and similar rights, and licenses thereto	4,403,036.29	5,822,714.81
	4,403,036.29	5,822,714.81
II. Property, plant and equipment		
1. Buildings on third party land	9,453,676.90	4,690,904.75
2. Machinery and technical equipment	86,273,381.97	60,478,649.36
3. Other assets, fixtures and furniture	5,106,714.66	4,926,791.48
4. Prepayments and construction in progress	45,890,774.47	614,503.41
	146,724,548.00	70,710,849.00
III. Financial assets		
1. shares in affiliated companies	320,406,007.60	251,440,490.16
2. loans to affiliated companies	1,524,271,885.75	850,442,556.87
of which due and payable within more than one year	*1,519,955,998.89*	*844,644,980.02*
3. securities	93,753.81	93,753.81
4. other loans and advances	0.00	7,739,932.51
of which due and payable within more than one year	*0.00*	*0.00*
	1,844,771,647.16	1,109,716,733.35
	1,995,899,231.45	1,186,250,297.16
B. CURRENT ASSETS		
I. Inventories		
1. raw materials and supplies	15,350,045.14	8,663,615.31
2. work in progress	9,404,178.22	8,888,949.35
3. finished goods and goods for resale	19,540,552.83	12,068,148.87
4. advance payments	1,554,684.33	0.00
	45,849,460.52	29,620,713.53
II. Receivables and other assets		
1. trade receivables	40,984,859.17	35,433,165.82
of which due and payable within more than one year	*0.00*	*0.00*
2. receivables from affiliated companies	20,332,080.35	12,039,809.88
of which due and payable within more than one year	*0.00*	*0.00*
3. other receivables and assets	40,114,323.29	16,385,005.03
of which due and payable within more than one year	*0.00*	*0.00*
	101,431,262.81	63,857,980.73
III. Securities and shares		
1. other securities and shares	848,500.00	986,000.00
	848,500.00	986,000.00
IV. Cash on hand, bank balances	425,948,294.80	347,424,356.65
	574,077,518.13	441,889,050.91
C. PREPAYMENTS AND ACCRUED INCOME	5,844,205.52	3,333,874.45
D. DEFERRED TAX ASSETS	18,024,417.00	21,973,500.00
TOTAL ASSETS	2,593,845,372.10	1,653,446,722.52

SHAREHOLDER'S EQUITY AND LIABILITIES	31 Mar 2022	31 Mar 2021
A. SHAREHOLDER'S EQUITY		
I. Share capital	42,735,000.00	42,735,000.00
Capital subscribed	42,735,000.00	42,735,000.00
paid-in nominal capital	42,735,000.00	42,735,000.00
II. Capital reserves appropriated	163,270,702.50	163,270,702.50
III. Revenue reserves		
1. statutory reserve	4,273,500.00	4,273,500.00
2. other reserves (free reserves)	17,505,782.55	17,505,782.55
IV. Unappropriated retained earnings	57,800,790.14	68,547,554.76
of which profit/loss brought forward	53,396,054.76	95,485,564.56
	285,585,775.19	296,332,539.81
B. GOVERNMENT GRANTS	4,692,289.74	1,640,616.40
C. PROVISIONS		
1. provisions for severance payments	23,970,325.03	25,329,836.56
2. provisions for pensions	10,217,802.27	8,820,381.78
3. tax provisions	1,253,638.48	658,641.44
4. other provisions	54,752,088.60	34,730,075.90
	90,193,854.38	69,538,935.68
D. LIABILITIES		
1. bonds	406,393,000.00	190,000,000.00
of which due and payable within less than one year	*0.00*	*0.00*
of which due and payable within more than one year	*406,393,000.00*	*190,000,000.00*
2. bank loans	527,699,712.80	309,111,288.72
of which due and payable within less than one year	*24,128,288.80*	*23,682,720.72*
of which due and payable within more than one year	*503,571,424.00*	*285,428,568.00*
3. promissory note loans	732,783,499.32	742,622,224.34
of which due and payable within less than one year	*36,283,499.32*	*53,122,224.34*
of which due and payable within more than one year	*696,500,000.00*	*689,500,000.00*
4. liabilities financing partners	401,869,999.10	0.00
of which due and payable within less than one year	*0.00*	*0.00*
of which due and payable within more than one year	*401,869,999.10*	*0.00*
5. payments received on account of orders	52,717,414.50	0.00
6. trade payables	61,591,759.35	15,727,621.85
of which due and payable within less than one year	*61,591,759.35*	*15,727,621.85*
of which due and payable within more than one year	*0.00*	*0.00*
7. payables to affiliated companies	16,055,652.26	18,516,446.96
of which due and payable within less than one year	*16,055,652.26*	*18,516,446.96*
of which due and payable within more than one year	*0.00*	*0.00*
8. other liabilities	13,364,264.83	9,220,498.48
of which due and payable within less than one year	*10,886,930.83*	*7,219,848.48*
of which due and payable within more than one year	*2,477,334.00*	*2,000,650.00*
of which tax authorities	*2,011,693.87*	*1,558,831.52*
of which social securit authorities	*2,237,161.62*	*1,890,668.60*
	2,212,475,302.16	1,285,198,080.35
E. ACCRUALS AND DEFERRED INCOME	898,150.63	736,550.28
TOTAL EQUITY AND LIABILITIES	2,593,845,372.10	1,653,446,722.52

Profit- and Loss Statement

AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG
PROFIT AND LOSS ACCOUNT FOR THE PERIOD
1 APR 2021 TO 31 MAR 2022
(Preceeding year for comparison)

in €		2021/22	2020/21
1.	**Sales Revenue**	437,320,519.23	347,372,910.98
2.	**Variation in stocks of finished goods and in work in progress as well as in services rendered but not yet billable**	1,612,533.25	2,880,376.05
3.	**Work performed by the undertaking for its own purposes and capitalised**	5,134.10	49,605.51
4.	**Other operating income**	39,933,313.33	14,655,511.93
	a) Income from the disposal of or additions to fixed assets other than financial assets	0.00	9,375.00
	b) Income from the release of provisions	251,302.92	466,627.90
	c) Other	39,682,010.41	14,179,509.03
5.	**Expenditure for raw materials and consumables and other external expenses for production services**	-276,791,032.01	-216,608,247.94
	a) Expenditure for raw materials and consumables	-252,591,081.90	-202,907,553.78
	b) Other external expenses for production services	-24,199,950.11	-13,700,694.16
6.	**Personnel expenses**	-133,905,278.43	-99,744,315.06
	a) Wages and salaries		
	aa) Wages	-26,105,484.89	-23,532,068.15
	bb) Salaries	-80,689,163.29	-53,552,773.42
	b) Social security expenses		
	aa) of which for retirement benefits	-1,362,822.16	-1,043,388.71
	bb) expenditure for severance payments and contributions to corporate severance and retirement funds	-2,777,293.90	-1,370,253.10
	cc) expenditure for statutory social contributions as well as charges and mandatory contributions calculated as a proportion of wages and salaries	-21,874,814.31	-18,704,737.50
	dd) other social expenses	-1,095,699.88	-1,541,094.18
7.	**Value adjustments**	-20,629,397.57	-19,808,791.88
	a) in respect of tangible and intangible fixed assets	-21,151,580.44	-20,128,155.47
	b) less amortisation of investment grants from public funds	522,182.87	319,363.59
8.	**Other operating expenses**	-65,572,784.77	-50,402,951.70
	a) Taxes, not to be shown under No. 18	-443,867.55	-307,633.11
	b) Other	-65,128,917.22	-50,095,318.59
9.	**Subtotal of Nos. 1 - 8**	-18,026,992.87	-21,605,902.11
10.	**Income from participating interest**	0.00	21,750,951.60
	thereof from affiliated companies	*0.00*	*21,750,951.60*
11.	**Income from other investments and loans forming part of the fixed assets**	37,229,952.63	30,447,882.26
	thereof from affiliated companies	*37,221,090.63*	*30,447,882.26*
12.	**Other interest receivable and similar income**	2,615,022.17	261,944.65
	thereof from affiliated companies	*10,742.71*	*8,923.76*
13.	**Income from the disposal or revaluation of financial assets and securities shown in current assets**	37,337,361.47	2,724,812.31
	Income from affiliated companies	29,644,249.48	1,919,455.01
	thereof from write-ups	35,734,625.22	93,500.00
14.	**Expenditure resulting from financial fixed assets and securities shown in current assets**	-137,500.00	-33,493,018.43
	thereof from write-offs	*-137,500.00*	*-33,493,018.43*
	thereof from affiliated companies	*0.00*	*33,418,018.43*
15.	**Interest payable and similar expenses**	-49,191,330.28	-24,614,833.51
16.	**Subtotal of Nos. 10 - 15**	27,853,505.99	-2,922,261.12
17.	**Profit or loss before taxation (Subtotal of No. 9 and No. 16)**	9,826,513.12	-24,528,163.23
18.	**Taxes on income**	-5,421,777.74	-2,409,846.57
	of which changes in recognised deffered taxes	*-3,949,083.00*	*-1,971,307.00*
19.	**Profit or loss after taxation**	4,404,735.38	-26,938,009.80
20.	**Profit or loss brought forward from the preceeding financial year**	53,396,054.76	95,485,564.56
21.	**Balance sheet profit**	57,800,790.14	68,547,554.76

Notes to the Financial Statements as of 31 March 2022

Table of contents

1. GENERAL INFORMATION

The financial statements of AT & S Austria Technologie & Systemtechnik AG (hereinafter referred to as "AT&S") as of 31 March 2022 have been prepared in accordance with the provisions of the Austrian Commercial Code (UGB) as amended. The financial statements, prepared under Austrian generally accepted accounting principles, present a true and fair view of the assets and liabilities, the financial situation of the company as of 31 March 2022, as well as of the results of its operations for the year then ended.

In particular, the principles of going concern and individual valuation were adhered to in the seperate valuation of assets and liabilities. The principle of prudence was applied as all identifiable risks and impending losses were taken into account. Only the profits realised at the balance sheet date were recognised. Previously applied valuation methods were maintained.

Estimations are based on prudent judgments. If empirical values determined by statistical methods from similar circumstances are available, they are to be taken into account.

If assets or liabilities pertain to several items of the balance sheet, they are disclosed under the respective item they are stated.

2. GROUP RELATIONS AND RESTRUCTURING OPERATIONS

Since 31 March 1999, AT&S has been a parent company within the meaning of section 244 UGB.

By applying the provisions of section 245a UGB, the consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), complemented by notes and comments that are statutory under commercial law. A management report for the Group is also prepared.

AT&S prepares the consolidated financial statements for the largest and smallest group of companies. The financial statements are deposited with Commercial court in Leoben.

Advantage was taken of the exemptions provided under section 245 (1) UGB.

The corporate law measures taken in the financial year are presented below:

As of 15 June 2021, 100% shares (MYR 1.00) of the AT&S Austria Technologie & Systemtechnik (Malaysia) Sdn. Bhd. were acquired. Subsequently, on 28 July 2021 at AT&S Austria Technologie & Systemtechnik (Malaysia) Sdn. Bhd. a capital increase from MYR 347,146,999.00 to MYR 347,147,000.00 was carried out.

3. ACCOUNTING AND VALUATION METHODS

3.1. Non-current assets

Intangible and **tangible assets** are recognised at acquisition or production cost plus incidental acquisition cost less scheduled and unscheduled amortisation/depreciation.

Scheduled amortisation/depreciation is charged on a straight-line basis according to the useful life.

	Useful life
Intangible assets	4 - 10 years
Buildings on third party land	12 - 40 years
Machinery and technical equipment	5 - 15 years
Other assets, fixtures and furnitures	3 - 10 years

For additions during the first half of the financial year, the full annual amortisation/depreciation was charged, for additions during the second half of the financial year, half of the annual amortisation/depreciation was charged. With regard to additions, amortisation/depreciation is calculated on the basis of the date of their initial use.

The option to immediately write off low-value assets pursuant to section 226 (3) UGB was used.

Financial assets are stated at acquisition costs or the lower market values at the balance sheet date.

3.2. Current assets

Raw materials and supplies as well as **merchandise** are valued at acquisition costs taking into account the strict lower of cost or market principle. Spare parts are valued at acquisition costs less a percentage with regard to discounts granted for asset classes. Discounts and bonuses received, as well as transport costs and customs were taken into account.

Work in process and **finished goods** were valued at production costs. Material and production overhead costs were also included in the production costs.

Receivables and other assets are stated at nominal values. Provisions are made for identifiable specific doubtful accounts.

Receivables denominated in foreign currencies are translated using the exchange rate at the date of the original transaction or the lower bank buying rate at the balance sheet date.

Current securities are valued at acquisition costs or the lower market prices at the balance sheet date.

Cash and cash equivalents held at banks denominated in foreign currencies are recognized at the exchange rate prevailing at the time of origination or lower exchange rate at the balance sheet date.

3.3. Prepaid expenses and deferred charges

Prepaid expenses and deferred charges are reported as an item of deferred expenses before reporting date as long as it is expenditure for a specific period after the balance sheet date.

3.4. Deferred taxes

Deferred taxes are recognised for differences between the carrying amounts in the financial statements and the taxable carrying amounts of fixed assets, provisions, liabilities and deferred items, which are expected to be offset in future financial years.

For future tax benefits arising from the carryforward of unused losses are recognised to the extent, as there are convincing and substantial evidences that sufficient taxable profit will be available in the future.

For the calculation of deferred taxes, tax rates are used, that have been enacted or substantively enacted on the balance sheet date and are expected to apply when the realisation of tax relief or tax burden is expected. The calculation is based on the currently valid tax rate of 24,75% with expected realisation within the fiscal year 2022/2023, with the tax rate of 23,75% with expected realisation within the fiscal year 2023/2024 and with the tax rate of 23% with expected realisation within the fiscal year 2024/2025.

An offsetting of deferred tax assets with deferred tax liabilities is carried out, if necessary, to the extent that it is legally possible to offset the actual tax refund claims with the actual tax liabilities.

3.5. Provisions

The calculation of **provisions for severance payments** is based on the AFRAC-statement 27 “provisions for pensions, severance payments, anniversary bonus and comparable long-term liabilities persuant to the Austrian commercial Code “ (December 2020) pursuant to IFRS measurement requirements (IAS 19) based on the “projected unit credit method”, applying a discount rate of 1.70% (prior year: 1.10%) and a pensionable age according to the provisions of the 2003 pension reform as well as on the mortality tables AVÖ 2018-P. Furthermore, the company-specific staff turnover was taken into account by using an adequate turnover rate. As valorization for salaries and wages 2.60% were scheduled (prior year: 2.50%). The defined benefit obligation (DBO) amounts to € 23,970,325.04 (prior year: € 25,329,836.56) at the balance sheet date.

The change in the financial assumptions lead to an income of € 1,377,765.72 (prior year: expense of € 73,682.77), which is reported in the financial result.

The calculation of **provisions for pensions** is based on the AFRAC-statement 27 “provisions for pensions, severance payments, anniversary money and comparable long-term due liabilities to the provisions of the Austrian commercial Code “ (December 2020) pursuant to IFRS measurement requirements (IAS 19) based on the “projected unit credit method”, applying a discount rate of 1.90% (prior year: 1.30%) based on the mortality tables AVÖ 2018-P. The pensionable age was determined according to the provisions of the 2003 pension reform. The uprating of the pensionable age for women starting from 2024 is also considered in the calculation. 2.10% as a value adjustment for pension were recognised (prior year: 1.50%).

The defined benefit obligation (DBO) of unfunded benefit obligations amounts to € 1,323,018.55 (prior year: € 1,346,062.20) at the balance sheet date. The change in the financial assumptions of unfunded benefit obligations results in an income of € 162.12 (prior year: expense of € 29,910.58), which is reported in the financial result.

Moreover, pension obligations were in part transferred to APK Pensionskasse AG, Vienna, for which a provision was made at the balance sheet date. The defined benefit obligation (DBO) less plan assets amounts to € 8,894,783.32 (prior year: € 7,474,319.59) at the balance sheet date. The change in the financial assumptions of the funded obligations results in an expense of € 695,306.39 (prior year: expense of € 285,030.59), which is reported in the financial result.

The calculation of **provision for anniversary bonuses** is based on the AFRAC-statement 27 "provisions for pensions, severance payments, anniversary money and comparable long-term due liabilities to the provisions of the Austrian commercial Code " (December 2020) pursuant to IFRS measurement requirements (IAS 19) applying the "projected unit credit method" based on entitlements pursuant to collective agreements, applying a discount rate of 1.70% (prior year: 1,00%) as well as taking into account internal fluctuation by using an adequate turnover rate. As valorization for salaries and wages 2.60% were scheduled (prior year: 2.50%).

Expenses for anniversary bonuses in the amount of € 23,188.11 (prior year: € 63,303.61) are included in wages. Expenses for anniversary bonuses in salaries amounted to € 159,722.04 (prior year: € 400,055.05).

The change in the financial assumptions results in an income of € 370,922,13 (prior year: expense of € 171,375.42), which is reported in the financial result.

Other provisions are calculated in accordance with statutory requirements taking into account all identifiable risks and uncertain liabilities. The other provisions are stated at their amount repayable.

3.6. Liabilities

Liabilities are stated at the amount repayable.

Liabilities denominated in foreign currencies are translated using the exchange rate at the date of the original transaction or the higher bank selling rate at the balance sheet date.

3.7. Accruals and deferred income

Accruals and deferred income are reported as an item of deferred income before the reporting date as long as it is revenue for a specific period after the balance sheet date. In order to deliver a true and fair view of the net assets, financial position and results of operations, accrued expense subsidies from items "grants from public funds" were reclassified as liabilities from deferred income.

4. BREAKDOWN AND COMMENTS ON BALANCE SHEET ITEMS

4.1. Non-current assets

Reference is made to the following table for the development of non-current asset items.

AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG

Non-Current Assets movements statement for the year ended 31 March 2022

in €	Acquisition/Production cost					Accumulated amortization/depreciation					book value	
	as of 1 Apr 2021	Additions	Disposals	Transfers	as of 31 Mar 2022	as of 1 Apr 2021	Additions	Disposals	write-ups	as of 31 Mar 2022	as of 31 Mar 2022	as of 31 Mar 2021
I. Intangible assets												
1. industrial property rights and similar rights, and licences thereto	35.745.375,90	1.917.403,66	121.282,64	0,00	37.541.496,92	29.922.661,09	3.337.082,18	121.282,64	0,00	33.138.460,63	4.403.036,29	5.822.714,81
thereof low-value assets	*0,00*	*48.643,28*	*48.643,28*	*0,00*	*0,00*	*0,00*	*48.643,28*	*48.643,28*	*0,00*	*0,00*	*0,00*	*0,00*
	35.745.375,90	1.917.403,66	121.282,64	0,00	37.541.496,92	29.922.661,09	3.337.082,18	121.282,64	0,00	33.138.460,63	4.403.036,29	5.822.714,81
II. Property, plant and equipment												
1. buildings on third party land	9.176.093,56	5.997.632,47	27.769,78	0,00	15.145.956,25	4.485.188,81	1.234.860,32	27.769,78	0,00	5.692.279,35	9.453.676,90	4.690.904,75
2. machinery and technical equipment	251.023.063,95	39.354.500,87	14.015.150,82	613.199,73	276.975.613,73	190.544.414,59	14.111.304,78	13.953.487,61	0,00	190.702.231,76	86.273.381,97	60.478.649,36
3. other assets, fixtures and furnitures	19.550.114,15	2.671.992,78	883.187,11	0,00	21.338.919,82	14.623.322,67	2.468.333,16	859.450,67	0,00	16.232.205,16	5.106.714,66	4.926.791,48
thereof low-value assets	*0,00*	*669.383,86*	*669.383,86*	*0,00*	*0,00*	*0,00*	*669.383,86*	*669.383,86*	*0,00*	*0,00*	0,00	*0,00*
4. prepayments and construction in progress	614.503,41	45.889.470,79	0,00	-613.199,73	45.890.774,47	0,00	0,00	0,00	0,00	0,00	45.890.774,47	614.503,41
	280.363.775,07	93.913.596,91	14.926.107,71	0,00	359.351.264,27	209.652.926,07	17.814.498,26	14.840.708,06	0,00	212.626.716,27	146.724.548,00	70.710.849,00
III. Financial assets												
1. shares in affiliated companies	274.002.995,31	68.965.517,44	0,00	0,00	342.968.512,75	22.562.505,15	0,00	0,00	0,00	22.562.505,15	320.406.007,60	251.440.490,16
2. loans to affiliated companies	885.430.834,66	687.159.594,25	42.974.514,85	0,00	1.529.615.914,06	34.988.277,79	0,00	0,00	29.644.249,48	5.344.028,31	1.524.271.885,75	850.442.556,87
3. securities	168.753,81	0,00	0,00	0,00	168.753,81	75.000,00	0,00	0,00	0,00	75.000,00	93.753,81	93.753,81
4. other loans and advances	7.739.932,51	0,00	7.739.932,51	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	7.739.932,51
	1.167.342.516,29	756.125.111,69	50.714.447,36	0,00	1.872.753.180,62	57.625.782,94	0,00	0,00	29.644.249,48	27.981.533,46	1.844.771.647,16	1.109.716.733,35
	1.483.451.667,26	**851.956.112,26**	**65.761.837,71**	**0,00**	**2.269.645.941,81**	**297.201.370,10**	**21.151.580,44**	**14.961.990,70**	**29.644.249,48**	**273.746.710,36**	**1.995.899.231,45**	**1.186.250.297,16**

The item “buildings on third party land” includes land values in the amount of € 1,229,400.11 (prior year: € 0.00)

4.2. Shares in affiliated companies

Shares in affiliated companies
in €

	Book value 31 Mar 2022	Share %	Shareholders' equity according to IFRS	Result of the past financial year according to IFRS	Book value 31 Mar 2021
AT&S Deutschland GmbH, Düren, Germany	1,053,000.00	100	1,137,077.96	81,822.64	1,053,000.00
AT&S India Private Limited, Nanjangud, India	16,898,516.89	100	15,594,680.99	1,212,855.71	16,898,516.89
AT&S Asia Pacific Limited, Hongkong, China	229,768,865.92	100	699,662,190.65	41,981,665.89	229,768,865.92
AT&S Korea Co., Ltd., Ansan-City, South Korea	3,713,663.01	100	56,006,996.14	19,317,660.58	3,713,663.01
AT&S Americas LLC, San José, California, USA	6,444.34	100	1,507,480.94	284,755.37	6,444.34
AT&S Austria technologie & Systemtechnik (Malaysia) Sdn. Bhd.	68,965,517.44	100	69,275,715,63	-4,964,538.41	0
Total	**320,406,007.60**				**251,440,490.16**

Shares in affiliated companies are valued at acquisition cost or at their fair values at the balance sheet date.

The carrying amounts of the shares in affiliated companies were analysed. There were no indications of a lower fair value.

4.3. Loans

The item „Loans to affiliated companies" includes an amount of € 4,315,886.86 (prior year: € 5,797,576.85) which falls due within one year. In connection with the loans, write-offs in the amount of € 29,644,249.48 (prior year: write-ups in the amount of € 33,418,018.43) were recorded in the financial year.

The item "other loans" includes an amount of € 7,739,932.51 which falls due within one year.

4.4. Receivables and other assets

ADDITIONAL DISCLOSURE TO RECEIVABLES

Trade receivables were assigned to banks to the amount 100% of the nominal value and are fully derecognised on the basis of the cessions of the essential opportunities and risks and on the basis of the transfer of the right to use to the acquiring party. As of 31 March 2022 trade receivables in total of € 15,048,976.13 (prior year: € 8,566,389.36) were sold. The default risk was completely assigned to the purchaser. AT&S assumes a liability for default, which is partly covered by credit insurance. The maximum risk associated with liability to default was € 1,504,897.61 as of balance sheet date (prior year: € 856,639.46) less the credit insurance coverage. Claims of existing credit insurances were transferred to the purchaser if applicable. Payments from customers of assigned trade receivables are presented in other receivables. Received customer payments from sold receivables are reported in short-term liabilities against banks. The administration of the trade receivables remains at AT&S.

The receivables against affiliated companies consist exclusively of trade receivables of € 20,332,080.35 (prior year: € 12,039,809.88).

INCOME THAT WILL AFFECT CASH FLOW ONLY AFTER THE BALANCE SHEET DATE

Other receivables and assets include the following material income that will affect cash flow only after the balance sheet date:

Income that will affect cash flow only after the balance sheet date
in €

	31 Mar 2022	31 Mar 2021
Tax-free premiums	10,340,074.86	9,906,401.28
COVID-19 refunds	4,669,511.57	846,332.53
Grant IPCEI	4,231,464.00	0,00
Energy tax reimbursements	2,632,654.75	2,413,250.83
Supplies rebates	803,082.78	614,992.89
Total	**22,676,787.96**	**13,780,977.53**

4.5. Deferred tax assets

The company has recognised deferred taxes for tax loss carryforwards amounting to € 52,596 thousand (prior year: € 64,379 thousand), which can be offset against future positive taxable income in line with the current tax planning. No deferred tax assets were recognised for tax loss carryforwards in amount of € 55,634 thousand (prior year: € 55,240 thousand) as it cannot be assumed that this will be feasible in the foreseeable future.

The development of the deferred tax assets, classified by balance sheet items (temporary differences) and loss carryforwards, is as follows:

Deferred tax assets
in €

	Fixed assets	Loss carryforwards	Provisions	Liabilities	**Total**
As of 31 Mar 2020	**0.00**	**18,581,955.00**	**5,130,325.00**	**232,527.00**	**23,944,807.00**
Recognised in profit or loss of the financial year	16,071.00	-2,487,282.00	432,129.00	67,775.00	**-1,971,307.00**
As of 31 Mar 2021	**16,071.00**	**16,094,673.00**	**5,562,454.00**	**300,302.00**	**21,973,500.00**
Recognised in profit or loss of the financial year	-3,750.00	-3,998,644.00	-629,713.00	683,024.00	**-3,949,083.00**
As of 31 Mar 2022	**12,321.00**	**12,096,029.00**	**4,932,741.00**	**983,326.00**	**18,024,417.00**

4.6. Shareholders' equity

SHARE CAPITAL

The ordinary shares of the company as of 31 March 2022 amount to € 42,735,000.00 (prior year: € 42,735,000.00) and are made up of 38,850,000 (prior year: 38,850,000) no-par value bearer shares with a notional value of € 1.10 each.

APPROVED CAPITAL AND CONDITIONAL CAPITAL INCREASE

By resolution passed at the 25th annual general meeting on the 4 July 2019, the management board was authorised to increase the company's ordinary shares, subject upon approval by the supervisory board until 3 July 2024, by up to € 21,367,500.00 by way of issuing up to 19,425,000 new no-par value bearer shares against contribution in cash or in kind, in one or several tranches, also by way of indirect rights offering after having been taken over by one or more credit institutions in accordance with section 153 (6) Austrian Stock Corporation Act (AktG). In doing so, the management board was authorised, subject to approval by the supervisory board, to determine the detailed conditions for such issuance (in particular the issue amount, what the contribution in kind entails, the content of the share rights, the exclusion of subscription rights, etc.) (approved capital). The supervisory board was authorised to adopt amendments to the articles of association resulting from the issuance of shares from the approved capital.

Furthermore, by resolution of the 25th annual general meeting on the 4 July 2019, the management board was authorised until 3 July 2024, subject to approval by the supervisory board, to issue one or several convertible bearer bonds at a total nominal amount of up to € 150,000,000.00 and to grant to bearers of convertible bonds subscription rights and/or conversion rights for up to 19,425,000 new no-par value bearer shares of the company in accordance with the convertible bond conditions to be defined by the management board. In this regard, the management board was also authorised to fully or partially exclude the shareholders' subscription right to convertible bonds.

Furthermore, in doing so, the company's ordinary shares were conditionally increased by up to € 21,367,500.00 by way of issuance of up to 19,425,000 new no-par value bearer shares in accordance with section 159 (2) No. 1 Austrian Stock Corporation Act (AktG). This conditional capital increase is only carried out insofar as the bearers of convertible bonds issued based on the authorisation resolution passed at the 25th annual general meeting on the 4 July 2019 claim the right to conversion and/or subscription granted to them with regard to the company's shares. Furthermore, the management board was authorised to determine, subject to approval by the supervisory board, the further details of carrying out the conditional capital increase (particularly the issue amount and the content of the share rights). The supervisory board was authorised to adopt amendments to the articles of association resulting from the issuance of shares from the conditional capital. The same applies in case the authorisation to issue convertible bonds is not exercised or the conditional capital is not used.

With regard to increasing the approved capital and/or the conditional capital increase, the following definition of amount in accordance with the resolutions passed at the 25th annual general meeting on the 4 July 2019 is to be observed: The sum of (i) the number of shares currently issued or potentially to be issued from conditional capital in accordance with the convertible bond conditions and (ii) the number of shares issued from approved capital shall not exceed the total amount of 19,425,000.

By a resolution passed at the 25th annual general meeting on the 4 July 2019, the articles of association was accordingly amended in section 4 (share capital).

FREE RESERVES

By resolution of the 27th annual general meeting on 8 July 2021, the Management Board was authorised, subject to the approval of the Supervisory Board, to rededicate an amount of up to € 50,000,000.00 of the – after distribution of a dividend –retained earnings carried forward into free reserves.

SHARES IN CIRCULATION

The amount of issued shares per 31 March 2022 is 38,850,000 (prior year: 38,850,000).

APPROVED TREASURY SHARES

By a resolution passed at the 27th annual general meeting on 8 July 2021, the management board was authorised (pursuant to section 65 (1) No. 8 of the Austrian Stock Corporation Act (AktG)) to acquire - within 30 months as from the resolution date - treasury shares to the maximum extent of up to 10% of the ordinary shares of the company at a lowest price that may be no more than 30% lower than the average unweighted closing rate of the last 10 trading days and at a highest price per share of a maximum of up to 30% above the average unweighted closing rate of the last 10 trading days. The acquisition may be carried out via the stock exchange, by means of a public offering or in any other legal way and for any legal purpose. The management board was also authorised to withdraw repurchased treasury shares as well as treasury shares already held by the company without any other resolution of the annual general meeting.

Furthermore the management board was authorised at the 25th annual general meeting on 4 July 2019 (pursuant to section 65 (1b) AktG), for a period of five years as of the date the resolution was passed, i.e. up to and including the 3 July 2024, upon approval by the supervisory board, to sell or use the repurchased treasury shares or treasury shares already held by the company also in a different way than via the stock exchange or by public offer, most notably for the following purposes:

- the servicing of stock transfer programmes,
- convertible bonds, or
- as consideration for the acquisition of entities, participating interests or other assets, and
- for any other legal purpose,

and by doing so, to exclude the general purchase option of shareholders (subscription right exclusion).

AT & S Austria Technologie & Systemtechnik AG does not hold any treasury shares (prior year: 0 shares) at the balance sheet date.

RESTRICTION OF THE DISTRIBUTION

There is a distribution restriction for deferred tax assets of € 18,024,417.00 (prior year: € 21,973,500.00), as there are no reserves available at any time in accordance with section 235 (2) UGB. For this reason a distribution restriction for € 518,634.45 (prior year: € 4,467,717.45) exists at the balance sheet date.

PROPOSAL FOR THE DISTRIBUTION OF THE RESULT

The management board and the supervisory board of AT&S Austria Technologie & Systemtechnik AG propose to allocate the balance sheet profit of the Company as of 31 March 2022 in an amount of € 57,800,790.14, as follows: Distribution of a dividend in an amount of € 0.90 per outstanding no-par value share entitled on the payment day and carry forward the residual amount of € 22,835,790.14.

4.7. Provisions

„Other Provisions“ include the following items:

in €	31 Mar 2022	31 Mar 2021
Stock appreciation rights	16,938,087.00	3,586,793.00
Other personal expenses	10,782,536.09	5,481,577.29
Holidays not yet consumed	5,803,495.55	4,442,876.42
Anniversary bonuses	5,613,429.55	5,902,019.55
Holiday bonus/Christmas bonus	3,759,501.58	3,140,430.30
Pending losses	3,675,495.32	1,911,331.62
Warranty and claims	1,348,609.71	148,609.71
Compensatory time off	1,331,519.10	908,613.74
Legal and advisory expenses	1,231,424.72	660,846.00
Remuneration to the Supervisory Board	841,000.00	439,521.00
Impending losses arising from derivative financial instruments	508,473.11	6,598,848.85
Customer bonuses	224,400.03	713,292.25
Debtors’ discounts	223,460.63	137,406.32
var. other provisions	2,470,656.13	657,909.85
Total	**54,752,088.60**	**34,730,075.90**

STOCK APPRECIATION RIGHTS PLAN (2017 TO 2019)

Due to the expiry of the stock option plan (2014 to 2016), the 91st supervisory board meeting on 6 June 2016 passed a resolution to introduce a long-term incentive programme based on stock appreciation rights (SAR). SAR relate to the value increase in share prices based on the development of the share price. SAR may be granted in the period between 1 April 2017 and 1 April 2019.

Under the stock appreciation rights plan “SAR 2017-2019“on 1 April 2017 297,500 SAR were granted at an exercise price of € 9.96 per share. On 1 April 2018 270,000 SAR were granted at an exercise price of € 21.94 per share and on 1 April 2019 267,500 SAR were granted at an exercise price of € 17.25 per share.

Each SAR entitles the holder to the right to a cash settlement at the remaining amount between the exercise price and the closing rate of the AT&S share at the stock exchange with the main quotation (currently Vienna Stock Exchange) at the date the subscription right is exercised. The exercise price of the stock appreciation rights is determined at 200% of the exercise price of the date of grant.

Exercise price:
The exercise price of SAR is determined at the respective date of grant, corresponding to the average closing rate of the AT&S share at the Vienna Stock Exchange or at the stock exchange with the main quotation of the AT&S shares over a period of six calendar months immediately preceding the date of grant.

Exercise period:
SAR may be exercised in full or in part after the respective completion of a three-year period following the date of grant, not however during a restricted period. Granted stock appreciation rights not exercised within five years after the grant date become invalid and forfeit without compensation.

Requirements to exercise:

SAR may only be exercised by the beneficiaries if the following requirements are met at the date of exercise:

- The beneficiary's employment contract with a company pertaining to the AT&S Group remains valid. Subject to certain conditions, rights may also be exercised within a year after expiry of the three year waiting period.
- The required personal investment in the amount of 20% of the first amount granted (in SAR) in AT&S shares is held. If the personal investment is not fully established by the end of the three-year waiting period, the previously granted SAR of the "SAR 2017 – 2019" become forfeit in full. The established personal investment is required to be held over the complete period of participation in the programme and will also apply to the granting in the subsequent years. The personal investment may only be wound down when exercise is no longer possible.
- The earnings per share (EPS) performance target was met. The level of attainment of the earnings per share performance indicator determines how many of the SAR granted may actually be exercised. The target value is the EPS value determined in the mid-term plan for the balance sheet date of the third year after the grant date. If the EPS target is attained at 100% or surpassed, the SAR granted may be exercised in full. If attainment is between 50% and 100%, the SAR granted may be exercised on a pro rata basis. If the EPS value attained is below 50%, the SAR granted become forfeit in full.

Number and allocation of SAR granted:

in numbers	Andreas Gerstenmayer	Heinz Moitzi[1)]	Monika Stoisser-Göhring[2)]	Karl Asamer[2)]	Executive employees	Total
1 Apr 2017	50,000	30,000	30,000	30,000	157,500	297,500
thereof expired	-50,000	-30,000	-30,000	-30,000	-157,500	-297,500
1 Apr 2018	50,000	30,000	30,000	0	160,000	270,000
thereof expired	-6,838	-4,103	-4,103	0	-84,470	-99,514
thereof exercised	-43,162	-12,948	-25,897	0	-43,591	-125,598
1 Apr 2019	50,000	30,000	30,000	0	157,500	267,500
thereof expired	-0	-0	0	0	-62,500	-62,500
Summe	**50,000**	**42,949**	**30,000**	**0**	**126,939**	**249,888**

1) The allocation occured before appointment to the member of the management board, termination as a member of the management board as of 31 May 2021.
2) Former member of the management board.

The SAR exercised during the financial year had a value of € 2,199,806.27 when these SAR were exercised.

Valuation of share price appreciation rights as of the balance sheet date:

The stock appreciation rights are measured at fair value at the respective balance sheet date using the Monte Carlo method. The fair value of the stock appreciation rights granted is recognized in the balance sheet over their term.

Fair value of SAR granted:

in € Granted on	1 Apr 2018	1 Apr 2019
Fair values as of 31 Mar 2022	1,277,512.00	6,795,750.00

STOCK APPRECIATION RIGHTS PLAN (2020)

Due to the expiry of the stock appreciation rights plan (2017 to 2019), the 112th supervisory board meeting on 12 March 2020 passed again a resolution for a long-term incentive programme based on stock appreciation rights (SAR). SAR relate to the value increase in share prices based on the development of the share price. SAR allocation could take place on 1 April 2020.

Under the stock appreciation rights plan “SAR 2020“on 1 April 2020 290,000 SAR were granted at an exercise price of € 17.56 per share.

Each SAR entitles the holder to the right to a cash settlement at the remaining amount between the exercise price and the closing rate of the AT&S share at the stock exchange with the main quotation (currently Vienna Stock Exchange) at the date the subscription right is exercised. The exercise price of the stock appreciation rights is restricted at 200% of the exercise price of the date of grant.

Exercise price:
The exercise price of SAR is determined at the respective date of grant, corresponding to the average closing rate of the AT&S share at the Vienna Stock Exchange or at the stock exchange with the main quotation of the AT&S shares over a period of six calendar months immediately preceding the date of grant.

Exercise period:
SAR may be exercised in full or in part after the respective completion of a three-year period following the date of grant, not however during a restricted period. Granted stock appreciation rights not exercised within five years after the grant date become invalid and forfeit without compensation.

Requirements to exercise:
SAR may only be exercised by the beneficiaries if the following requirements are met at the date of exercise:

- The beneficiary’s employment contract with a company pertaining to the AT&S Group remains valid. Subject to certain conditions, rights may also be exercised within a year after expiry of the three year waiting period.
- The required personal investment in the amount of 20% of the first amount granted (in SAR) in AT&S shares is held. If the personal investment is not fully established by the end of the three-year waiting period, the previously granted SAR of the “SAR 2020” become forfeit in full. The established personal investment is required to be held over the complete period of participation in the programme and will also apply to the granting in the subsequent years. The personal investment may only be wound down when exercise is no longer possible.
- The earnings per share (EPS) performance target was met. The level of attainment of the earnings per share performance indicator determines how many of the SAR granted may actually be exercised. The target value is the EPS value determined in the mid-term plan for the balance sheet date of the third year after the grant date. If the EPS target is attained at 100% or surpassed, the SAR granted may be exercised in full. If attainment is between 50% and 100%, the SAR granted may be exercised on a pro rata basis. If the EPS value attained is below 50%, the SAR granted become forfeit in full.

Number and allocation of SAR granted to the management board:

in numbers	Andreas Gerstenmayer	Heinz Moitzi[1)]	Monika Stoisser-Göhring[2)]	Executive employees	Total
1 Apr 2020	50,000	30,000	30,000	180,000	290,000
therof expired	0	0	0	-20,000	-20,000
Total	**50,000**	**30,000**	**30,000**	**160,000**	**270,000**

[1)] Termination as a member of the management board as of 31 May 2021.
[2)] Former member of the management board.

Valuation of SAR at the balance sheet date:
SARs are measured at fair value at the respective balance sheet date using the Monte Carlo method. The fair value of the SAR granted is recognised as expense over their term.

Fair value of SAR granted:

in € Granted on	1 Apr 2020
Fair values as of 31 Mar 2022	7,431,210.00

STOCK APPRECIATION RIGHTS PLAN (2021 TO 2023)

Due to the expiry of the stock appreciation rights plan (2020), the 118th Supervisory Board meeting on 18 March 2021 passed again a resolution for a long-term incentive programme based on stock appreciation rights (SAR). SAR relate to the value increase in share prices based on the development of the share price. SAR may be granted in the period between 1 April 2021 and 1 April 2023.

Under the stock appreciation rights plan “SAR 2021-2023“on the 1 April 2021 342,500 SAR were granted at an exercise price of € 22.92 per share.

Each SAR entitles the holder to the right to a cash settlement at the remaining amount between the exercise price and the closing rate of the AT&S share at the stock exchange with the main quotation (currently Vienna Stock Exchange) at the date the subscription right is exercised. The exercise price of the stock appreciation rights is determined at 200% of the exercise price of the date of grant.

Exercise price:
The exercise price of SAR is determined at the respective date of grant, corresponding to the average closing rate of the AT&S share at the Vienna Stock Exchange or at the stock exchange with the main quotation of the AT&S shares over a period of six calendar months immediately preceding the date of grant.

Exercise period:
SAR may be exercised in full or in part after the respective completion of a three-year period following the date of grant, not however during a restricted period. Granted stock appreciation rights not exercised within five years after the grant date become invalid and forfeit without compensation.

Requirements to exercise:

SAR may only be exercised by the beneficiaries if the following requirements are met at the date of exercise:

- The beneficiary's employment contract with a company pertaining to the AT&S Group remains valid. Subject to certain conditions, rights may also be exercised within a year after expiry of the three year waiting period.
- The required personal investment in the amount of 20% of the first amount granted (in SAR) in AT&S shares multiplied with € 10,00 is held. If the personal investment is not fully established by the end of the three-year waiting period, the previously granted SAR of the "SAR 2021-2023" become forfeit in full. The established personal investment is required to be held over the complete period of participation in the programme and will also apply to the granting in the subsequent years. The personal investment may only be wound down when exercise is no longer possible.
- The earnings per share (EPS) performance target was met. The level of attainment of the earnings per share performance indicator determines how many of the SAR granted may actually be exercised. The target value is the EPS value determined in the mid-term plan for the balance sheet date of the third year after the grant date. If the EPS target is attained at 100% or surpassed, the SAR granted may be exercised in full. If attainment is between 50% and 100%, the SAR granted may be exercised on a pro rata basis. If the EPS value attained is below 50%, the SAR granted become forfeit in full.

Number and allocation of SAR granted to the management board:

in numbers	Andreas Gerstenmayer	Ingolf Schröder	Peter Schneider	Simone Faath[1)]	Heinz Moitzi[2)]	Executive employees	Total
1 Apr 2021	50,000	30,000	30,000	30,000	5,000	197,500	342,500
therof expired	0	0	0	-30,000	0	0	-30,000
Total	**50,000**	**30,000**	**30,000**	**0**	**5,000**	**197,500**	**312,500**

[1)] Termination as a member of the management board as of 25 October 2021.
[1)] Termination as a member of the management board as of 31 May 2021.

Valuation of SAR at the balance sheet date:

SARs are measured at fair value at the respective balance sheet date using the Monte Carlo method. The fair value of the SAR granted is recognised as expense over their term.

Fair value of SAR granted:

in €	Granted on 1 Apr 2021
Fair values as of 31 Mar 2022	8,297,088.00

4.8. Liabilities

ADDITIONAL DISCLOSURE TO LIABILITIES

in €	Balance sheet value as of 31 Mar 2022	Remaining maturity of more than five years	thereof secured by collaterals
Bonds	406,393,000.00	15,000,000.00	0.00
Bank loans	527,699,712.80	30,000,000.00	10,000,000.00
Promissory note loans	732,783,499.32	23,500,000.00	0.00
Liabilities to financing partners	401,869,999.10	74,844,915.94	0.00
Advances received	52,717,414.50	0.00	0.00
Trade payables	61,591,759.35	0.00	0.00
Payables to affiliated companies	16,055,652.26	0.00	0.00
Other liabilities	13,364,264.83	0.00	0.00
Total	**2,212,475,302.16**	**143,344,915.94**	**10,000,000.00**

in €	Balance sheet value as of 31 Mar 2021	Remaining maturity of more than five years	thereof secured by collaterals
Bonds	190,000,000.00	15,000,000.00	0.00
Bank loans	309,111,288.72	20,072,000.00	10,000,000.00
Promissory note loans	742,622,224.34	23,500,000.00	0.00
Trade payables	15,727,621.85	0.00	0.00
Payables to affiliated companies	18,516,446.96	0.00	0.00
Other liabilities	9,220,498.48	0.00	0.00
Total	**1,285,198,080.35**	**58,572,000.00**	**10,000,000.00**

The item “Bonds” includes a hybrid bond issued in November 2017 with an nominal value of € 41,393,000 (prior year: € 175,000,000.00) and an interest rate of 4.75%. In January 2022, part of this hybrid bond with a nominal value of € 133,607,000.00 was repurchased after an invitation to the holders of the hybrid bond to offer it for purchase against cash payment. The purchase price was € 1,037.00 per € 1,000.00 nominal amount plus accrued interest. The remaining subordinated bond has an unlimited term and could be canceled for the first time after five years by AT&S, but not by creditor. If the bond will not be canceled after this period, the extra charge will raise to the then valid interest rate about five percent.

Furthermore, the item “Bonds” includes a hybrid bond issued in January 2022,with an issuing volume of € 350,000,000 and an interest rate of 5.00%. The subordinated bond has an unlimited term and could be canceled for the first time after five years by AT&S, but not by creditor. If the bond will not be canceled after this period, the extra charge will raise to the then valid interest rate by five percent.

Liabilities to financing partners result from payments received of US-$ 447,000,000.00 from bilateral agreements for financing the construction of new production facilities.

Payables to affiliated companies include trade payables in the amount of € 16,055,652.26 (prior year: € 18,516,446.96). Assigned receivables are provided as collaterals to banks.

EXPENSES THAT WILL AFFECT CASH FLOW ONLY AFTER THE BALANCE SHEET DATE

The item “Other liabilities” includes the following material expenses that will affect cash flow only after the balance sheet date:

in €	31 Mar 2022	31 Mar 2021
Interest with regard to bonds	4,056,032.93	2,908,044.52
Regional health insurance	2,237,161.62	1,890,668.60
Tax authority	1,469,694.94	1,099,000.83
Wages and salaries	1,095,399.51	152,814.82
Communities	189,890.32	149,382.91
Total	**9,048,179.32**	**6,199,911.68**

4.9. Contingent liabilities pursuant to section 199 UGB

There were no contingent liabilities of guarantees at the balance sheet date (prior year: € 0.00). With regard to contingent liabilities in amount of default risk of the factoring, reference is made to item 4.4. Receivables and other assets.

4.10. Obligations from the use of tangible assets not recognised in the balance sheet

in €	In the following financial year	In the next five financial years
Obligations from sale and lease back transactions	1,431,000.24	7,533,689.04
Prior year:	1,424,324.40	7,126,104.96
Obligations from rental agreements	960,071.64	4,082,300.70
Prior year:	952,449.48	4,709,357.40
Total	**2,391,071.88**	**11,615,989.74**
Prior year:	2,376.773.88	11,835,462.36

4.11. Other financial obligations

At the balance sheet date, orders in the amount of € 84,333,066.59 (prior year: € 12,907,947.00) were outstanding for replacement and expansion investments.

4.12. Derivative financial instruments

Derivative financial instruments are used to hedge against possible interest rate and currency fluctuations. Hedged items are primarily payments related to loans and promissory notes.

	Nominal value 31 Mar 2022	Fair value 31 Mar 2022 in €	Book value 31 Mar 2022 in €
Interest related products			
Swaps	€ 408,000,000.00	3,954,226.76	-508,473.11

	Nominal value 31 Mar 2021	Fair value 31 Mar 2021 in €	Book value 31 Mar 2021 in €
Interest related products			
Swaps	€ 258,000,000.00	-6,598,848.85	-6,598,848.85

The interest hedging instruments are used to hedge the variable debt instruments. The fair value as of 31 March 2022 include both positive and negative fair values of interest hedging instruments.

The remaining terms of derivative financial instruments outstanding at the balance sheet date, are as follows:

in months	31 Mar 2022	31 Mar 2021
Interest related products: Swaps	13 - 48	25 – 52

5. COMMENTS ON INCOME STATEMENT ITEMS

5.1. Revenue

in €	2021/22	2020/21
Abroad	398,807,773.48	317,823,193.64
Domestic	38,512,745.75	29,549,717.34
Total	**437,320,519.23**	**347,372,910.98**

5.2. Other operating income

in €	2021/22	2020/21
Grant IPCEI	17,332,464.00	0.00
Income of exchange differences	11,422,662.90	2,988,523.55
Income of taxfree premium	6,065,293.00	4,906,376.28
Energy tax reimbursements	1,141,338.81	1,341,854.80
Income of non-taxable funds R&D	1,080,780.32	1,719,822.50
COVID-19 refunds	327,349.71	691,221.88
Residual of other operating result	2,312,121.67	2,531,650.02
Total	**39,682,010.41**	**14,179,509.03**

5.3. Personnel expenes

a) Expenses for severance payments and contribution to staff provision funds

in €	2021/22	2020/21
Members of the Management Board and executive employees	317,042.41	66,434.25
Other employees	2,460,251.49	1,303,818.85
Total	**2,777,293.90**	**1,370,253.10**

The Expenses of severance payments and contributions to staff provision funds include severance payments in the amount of € 1,982,357.81 (prior year: € 792,531.93).

b) Expenses for pensions

in €	2021/22	2020/21
Members of the Management Board and executive employees	278,052.28	418,503.89
Other employees	1,084,769.88	624,884.82
Total	**1,362,822.16**	**1,043,388.71**

5.4. Other operating expenses

in €	2021/22	2020/21
Third party services	23,425,533.06	17,297,418.42
Legal and consulting fees	9,263,884.93	5,635,667.28
Rental and leasing expenses	8,928,210.66	6,675,021.48
Maintenance of factory building and equipment	4,738,035.04	4,152,486.13
Costs of exchange differences	3,047,910.03	5,900,101.12
Loss of accounts receivable	3,043,611.76	1,255,316.67
Freight outward customers	2,382,254.73	1,885,246.92
Marketing costs and commissions for sales agents	1,421,888.19	808,250.63
Insurance expenses	1,416,447.19	1,213,992.48
Cost of cleaning of buildings	936,396.85	852,585.70
Travel expenses	827,531.99	210,515.98
Expenses for company car	269,005.67	175,404.72
Residual of other operating expenses	5,428,207.12	4,033,311.06
Total other operating expenses	**65,128,917.22**	**50,095,318.59**

5.5. Expenses for the auditor

The expenses for the auditor are disclosed in the consolidated financial statements of AT&S Austria Technologie & Systemtechnik AG, 8700 Leoben-Hinterberg.

6. ADDITIONAL DISCLOSURES PURSUANT TO THE AUSTRIAN COMMERCIAL CODE (UGB)

6.1. Board members, employees

In the financial year the **average number of staff** was:

	2021/22	2020/21
Waged workers	656	637
Salaried employees	794	674
Total	**1,450**	**1,311**

MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD:

In the financial year, the following persons served as **members of the Management Board**:

- Andreas Gerstenmayer (Chairman)
- Ingolf Schröder
- Peter Schneider (since 1 June 2021)
- Simone Faath (until 25 October 2021)
- Heinz Moitzi (until 31 May 2021)

In the financial year, the following persons were appointed as **members of the Supervisory Board**:

- Hannes Androsch (Chairman)
- Regina Prehofer (First deputy chairwoman)
- Georg Riedl (Second deputy chairman)
- Hermann Eul
- Georg Hansis
- Robert Lasshofer
- Lars Reger
- Karin Schaupp
- Gertrude Tumpel-Gugerell

Delegated by the **Works Council**:

- Wolfgang Fleck
- Siegfried Trauch
- Günter Pint
- Günther Wölfler

TOTAL REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD:

€ in thousands	2021/22			2020/21		
	fixed	variable	total	fixed	variable	total
Andreas Gerstenmayer	585	1,552	2,137	562	331	893
Ingolf Schröder	409	344	753	329	116	445
Peter Schneider	327	330	657	0	0	0
Simone Faath[1)]	238	178	416	196	83	279
Heinz Moitzi[2)]	256	72	328	456	240	696
Monika Stoisser-Göhring[3)]	0	0	0	54	26	80
Total members of the management Board	**1,815**	**2,476**	**4,291**	**1,597**	**796**	**2,393**
Simone Faath[1)]	599	125	724	0	0	0
Heinz Moitzi[2)]	0	308	308	0	0	0
Monika Stoisser-Göhring[3)]	87	436	523	378	184	562
Total former members of the management Board	**686**	**869**	**1,555**	**378**	**184**	**562**
Sum total	**2,501**	**3,345**	**5,846**	**1,975**	**980**	**2,955**

1) Termination as a member of the management board as of 25 October 2021.
2) Termination as a member of the management board as of 31 May 2021.
3) Former member of the management board.

The variable portion of the remuneration of Andreas Gerstenmayer includes compensation from stock appreciation rights in the amount of € 848 thousand (prior year: € 0 thousand). The variable portion of the remuneration of Heinz Moitzi includes compensation from stock appreciation rights in the amount of € 308 thousand (prior year: € 0 thousand). The variable portion of the remuneration of Monika Stoisser-Göhring includes compensation from stock appreciation rights in the amount of € 376 thousand (prior year: € 0 thousand).

The item "Total former members of the management board" includes the severance payment in connection with the termination of the contract of Simone Faath.

In addition to the above-mentioned remuneration, € 58 thousand (prior year: € 55 thousand) for Andreas Gerstenmayer, € 40 thousand (prior year: € 15 thousand) for Simone Faath, € 40 thousand (prior year: € 22 thousand) for Ingolf Schröder and € 33 thousand (prior year: € 00 thousand) for Peter Schneider were paid into the pension fund.

NUMBER OF STOCK APPRECIATION RIGHTS AS OF THE BALANCE SHEET DATE OF THE MEMBERS OF THE MANAGEMENT BOARD:

	31 Mar 2022	31 Mar 2021
Andreas Gerstenmayer	150,000	150,000
Ingolf Schröder	30,000	0
Peter Schneider	30,000	0
Heinz Moitzi[1)]	77,949	90,000
Monika Stoisser-Göhring[2)]	0	90,000
Total members of the management Board	**287,949**	**330,000**
Monika Stoisser-Göhring[2)]	60,000	0
Total	**347,949**	**330,000**

1) Termination as a member of the management board as of 31 May 2021.
2) Former member of the management board.

By 31 March 2022, the exercise price of € 21.94 (12,949 pieces) as of 1 April 2018, of € 17.25 (110,000 pieces) as of 1 April 2019, of € 17.56 (110,000 pieces) as of 1 April 2020 and of € 22.92 (115,000 pieces) as of 1 April 2021 is less than the current price of the shares as of the balance sheet date (€ 50.40).

With regard to members of the Supervisory Board, remuneration in the amount of € 841,000.00 (prior year: €439,521.00) was recognised as expenses.

As of 31 March 2022, there were no loans or advances to members of the Board of Management or the Supervisory Board.

6.2. Significant events after the reporting period

Until the 16 May 2022 no events or developments had incurred, which would have led to a material change regarding the presentation or valuation of the single assets and liabilities compared with the 31 March 2022.

Leoben-Hinterberg, 16 May 2022

The Management Board:

Andreas Gerstenmayer m.p. | Peter Schneider m.p. | Ingolf Schröder m.p.

MANAGEMENT REPORT 2021/22

Table of contents

MANGEMENT REPORT 2021/22

1. MARKET AND INDUSTRY ENVIRONMENT

1.1.Company profile

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft (hereinafter referred to as "AT&S") is the leading manufacturer of printed circuit boards in Europe and globally one of the technology leaders in the printed circuit board (PCB) industry. AT&S concentrates in high-end technologies and applications in the segments Mobile Devices & Substrates and Automotive, Industrial, Medical. AT&S is successful among its mostly Asian competitors because of its clear focus on high-end, exceptional process know-how, quality, efficiency, capacity utilisation and European governance. AT&S has a cost-effective production footprint in close proximity to the customer, with seven production sites in Austria (Leoben, Fehring), India (Nanjangud), China (Shanghai, Chongqing), Malaysia (Kulim) and South Korea (Ansan).

1.2.General economic environment

Further recovery after COVID-19

After a pandemic-induced global recession, 2021 witnessed an interrupted recovery due to supply chain disruptions and high prices. Global economic output (GDP) increased by 5.6% in 2021. GDP grew by 5.2% in the euro area, and by 8.1% in China. Projections for 2022 predicted a global GDP annual growth rate of 3.5%[22,23]. Manufacturers who had to reduce or shut down production in 2020 due to the pandemic were not able to scale back up to meet the increased demand for goods. Combined with transportation issues, this caused a shortage of raw materials and increased prices, leading to high inflation at the end of 2021[22,23]. The end of 2021 and the beginning of 2022 saw signs of easing of supply chain bottlenecks, resulting in optimism of reduced inflationary pressures.

At the beginning of 2022, the pandemic-related restrictions were eased, and this increased optimism for easing of supply chain and inflation pressures. Unfortunately, the optimism was short-lived due to geopolitical tensions. In February 2022, Russia invaded Ukraine, causing a shock to global commodity markets. The immediate impact of the invasion included spikes in energy and food prices, as Russia and Ukraine were key global suppliers of oil, gas and wheat, as well as input materials for electronics manufacturing, such as neon, palladium, copper, aluminum and nickel. In response to the invasion, countries placed sanctions and other trade restrictions on Russian goods.

The US and EU announced plans to bolster electronics manufacturing away from China, and manufacturing firms announced substantial investments in new plants. Increased pandemic-related lockdowns in China following a policy of zero tolerance for COVID cases continue to cause uncertainty and volatility. To counter geopolitical risks, one of the success factors is to diversify sourcing of raw materials. The Russian invasion into Ukraine has once again highlighted this.

1.3.Industry environment

Consumers, computing, communication

The stay-at-home trend continued in 2021 with a substantial part of the globe still affected by the pandemic. Therefore, consumers continued to invest in electronic devices at a similar pace compared to 2020. Laptops continued to grow at a high rate of 19% YoY, reaching a historical height of 257 million units[24]. Gaming consoles enjoyed very strong growth of 27% YoY on units driven by high demand for new models[25]. With consumers' interests shifting towards more advanced wearable products, both smartwatch and true wireless stereo headsets enjoyed strong unit growth of 10% and 32% YoY, respectively. Overall, wearable shipments increased by 11% YoY[26].

The augmented reality and virtual reality (AR/VR) headwear market is about to reverse the downward trend for earwear as the worldwide market for AR/VR headsets grew 92.1% YoY to 11.2 million units in 2021. The holiday quarter was a major driver for the industry as almost half of the annual volume was shipped during Q4 2021, closing out a record year[27].

[22] OECD, "Economic Outlook", December 2021
[23] OECD, "Economic Outlook, Interim Report", March 2022
[24] IDC, "Quarterly Personal Computing Device Tracker", March 2022
[25] IDC, "Gaming Forecast", December 2021
[26] IDC, "Wearables Tracker", March 2021
[27] Prismark, "Electronics Supply Chain Reporter Q1 2022", March 2022

The smartphone market enjoyed a 5.7% YoY growth in units despite supply and logistics challenges, riding on the wave of a 5G smartphone upgrade cycle. Demand for 5G smartphones globally grew from 256 million units in 2020 to 559 million units in 2021[28]. With robust growth in the first half of 2021, all regions finished 2021 on a positive note. Within China, a slowdown in consumer demand led to a flat market with 1% YoY growth, despite growth in 5G smartphone units of 60% YoY[29].

While there are signs that companies are gradually asking their employees to go back to office, many companies across different industries (technology, banking,…etc.) are expected to adopt a "hybrid" mode – a combination of office and home days during the week. "Back to office" equipment upgrades could support the computing segment in H1 2022. The implication for a future hybrid mode means the volume of computing related hardware will stay solid, even though 2022 YoY growth will be lower than the previous two years[30].

Automotive

Two major topics have driven the automotive industry in 2021: electrification and Advanced Driver Assistance System (ADAS). The market penetration of electrical vehicles has grown significantly, with China in the lead with an increase in sales of 190% (Q3 2021 vs Q3 2020), boosted by plans to ban internal combustion cars[31]. On the other hand, new safety requirements and the race for autonomous cars are increasing sales of sensors and computing power. A major milestone in 2021 was the introduction of the first car meeting the demanding legal requirements for a level 3 ADAS system; a significant step on the way to autonomous driving.

Nevertheless, the automotive industry is increasingly dependent on the semiconductor industry and it has been strongly affected by disruption in the semiconductor and material supply chain leading to the production of only 76 million cars in 2021 compared to 75 million in 2020[32]. For 2022, a recovery to 86 million is forecast[32]. However, high inflation and the war in Ukraine put this at risk. The automotive electronics and PCB markets increased by 12% and 25%, respectively[33]. This illustrates the trend towards increasing electronics in cars as well as the industry shifting to higher value cars during the crisis.

Driven by the increasing importance of the electronics in the automotive industry, car original equipment manufacturers (OEMs) and semiconductor companies are looking into joint ventures and restructuring and relocating the whole supply chain. These joint ventures are also working together to develop software platforms for the next ADAS generation. The continual merging between the automotive industry and traditional computer/consumer companies is bringing brand new players to the automotive market.

Medical

The medical device industry has rebounded this year from one of its worst periods ever as the COVID-19 pandemic triggered major sales losses in 2020 with surgeries and consultations being disrupted. In 2021, revenues for medical electronics and PCBs increased by 13% and 17%, respectively[33].

There are two trends in the medical device market. The first trend is the increasing interest of consumers in wellness and health, boosting the global sales of wearables. Health agencies like the FDA in the US are regulating the use of these devices, and consumer companies are increasingly releasing FDA approved functionalities to expand their offering to attract more health conscious customers. The second trend is governments trying to bring medical devices closer to more consumers by opening the over-the-counter (OTC) market, that is, medical devices without a prescription. For example, members of the US Senate are pushing to finish the new Hearing Aid OTC regulation, which is planned to be passed at the end of 2022. This new market opens the door to non-medical companies with extensive experience in the consumer market to enter this newly created market, making devices falling into this category more affordable to consumers. Likewise, medical companies are also planning to serve this

[28] IDC, "Quarterly Mobile Phone Tracker", March 2022
[29] Bernstein, "Global Semiconductors: Asian Semis, QCOM – China Smartphone Tracker (jan)", February 2022
[30] Prismark, "Electronics Supply Chain Reporter Q4 2021", December 2021
[31] PWC, "Electric Vehicle Sales Review Q4 2021", November 2021
[32] LMC, "Light Vehicle Forecast", January 2022
[33] Prismark, "Application Forecasts", March 2022

market and they are partnering with consumer companies to share knowledge and capabilities.

Industrial & Infrastructure

The communication landscape is shaped by the digitalisation trend that is being adopted by a greater number of companies and consumers each year. The key driver for this is 5G technology that enables connectivity and higher data throughput which is required to collect large amounts of data. There are already more than 50 countries that have auctioned 5G sub 6GHz frequencies and more than 20 for mmWave frequencies, enabling telecom companies to start building the new infrastructure[34]. In 2021, there was growth of 66% to 2 million units of 5G large cell and small cell deployment – the leader being China, followed by the USA[35]. 5G IoT connectivity demand has also seen large growth of 250% YoY to 7 million units, representing less than 2% of all IoT devices, while 4G accounts for 49%[36].

Due to companies having access to lower cost connectivity technologies, they start to implement large number of connected sensors into their processes. The majority of these sensors are image sensors used in the quality control process. Here, the YoY unit sales increased by 28.6% to 25 million units[37].

Semiconductors

With an approximate revenue increase of 26% YoY to US$ 556 billion, the year 2021 simply propelled the global semiconductor industry revenue into new heights[38]. The prevailing chip shortage issue, the bounceback of semiconductor chip demand, the continuation of the COVID-19 pandemic, and the huge capital spending were the main highlights in the industry. Throughout the whole of 2021, the industry faced high demand for semiconductor devices for different applications, including the automotive and consumer segments. This increased demand was initially seen in the automotive industry as the orders for new vehicles started to bounce back after being very low during the initial phase of the pandemic. The gradual shift in demand from the automotive sector to the other segments, complicated by the increase in consumer, telecommunication, and entertainment devices, and the recovery of demand for vehicles, characterised the difficulty of the supply-demand situation for semiconductors in 2021. The stockpiling of chips due to geopolitical tensions further increased demand amid the already saturated situation. In 2021, a record 1.15 trillion semiconductor units were shipped[38]. In December 2021 alone, an overall global sales increase of 28.3% relative to December 2020 was recorded[38].

Semiconductor companies ramped up their respective production to address as much as possible the ongoing chip shortage and high demand resulting in record high sales. The strained situation is expected to continue throughout 2022, however. In light of new technologies that are bolstering demand for several product segments such as new GPUs, crypto and edge computing, difficulties in the supply of semiconductors can be expected. Big industry players announced major investments in production facilities to enhance chip manufacturing capacity and to address the chip shortage. In 2021, a total of US$ 152 billion in global semiconductor industry capital expenditure was recorded – 30% higher than in 2020[39]. The majority of the spending was on foundries and was related to new factories and the introduction of 7/5/3nm processes.

The market for flip-chip (FC) substrates used in the packaging of high-end semiconductors grew faster than the semiconductor market at 43% YoY to US$ 10.6 billion[33]. Especially in the most advanced category of FC ball grid array (BGA) substrates using Ajinomoto Build-up Film (ABF) material, demand exceeded supply. In 2021, two trends could be observed: first, the high sales of laptops increased the demand for substrates used in the CPUs. Second, the technology in high-end computing and networking ICs, predominantly used in data centres, shifted and is requiring more complex and larger substrates. These need more production capacity per unit, increasing the shortage. This trend of larger and more complex substrates is a result of

[34] Global Mobile Suppliers Association, “Spectrum Auction Calendar“, January 2022
[35] Prismark, “5G Base Station Shipments“, November 2021
[36] Yole Development, “5G mMTC and IoT Platforms – Technology and Market Trends 2021“, September 2021
[37] Yole Development, “Sensors for Robotic Goods Transportation 2021“, May 2021
[38] Semiconductor Industry Association (SIA), “SIA Databook“, February 2022
[39] IC Insights, “The McClean Report“, January 2022

heterogeneous packaging concepts and is expected to continue and even increase[40].

1.4. Industry and technology trends

End-market trend - metaverse

The metaverse is best understood as an evolution into a more immersive 3D web viewable by AR/VR and traditional devices. Upgrades along five key vectors are expected: user hardware, infrastructure, content, community, and currency and settlement mechanism. The metaverse is developing improved use cases around gaming, entertainment, collaboration, social media, virtual worlds, education and fitness, along with several industrial applications. On the hardware side, AR/VR devices are the main focus and projected to have a 48% shipment CAGR to 42 million units by 2025, although the larger traditional tech hardware categories could see upgrades to view richer content[26]. As headwear needs to be light, a strong push for modularisation and miniaturisation is to be expected. The increased data rates will require sophisticated communication modules and antenna-in-package (AIP). Alongside the roll-out of AR/VR devices, the demand for high bandwidth communication, like 5G and potential successor technologies, and data centre computing power is increasing.

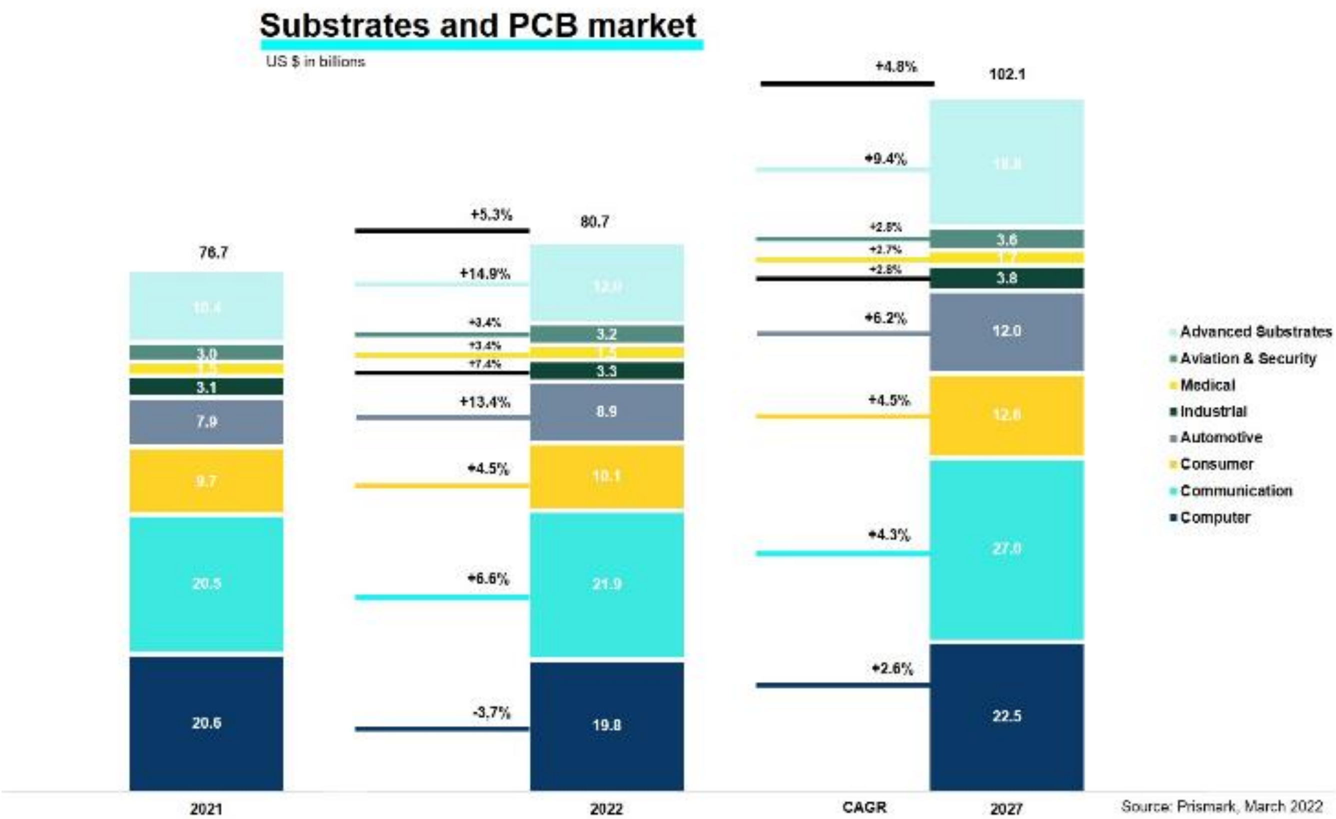
Package Technology trend – heterogeneous integration and chiplets

To increase the computational performance, silicon processes have been improved to fit more functionality on the same area, requiring less energy for the same performance[41]. Additionally, the computation architecture has been improved allowing for more computational cores and improved interoperation providing ever increasing computational performance. However, a further increase in computational performance beyond Moore´s Law is not possible. Further increases in computational performance can be realised through innovative packaging concepts. In contrast to the classic system-on-chip (SoC) design – with a single piece of silicon – heterogeneous packaging concepts – disaggregating the single chip to multiple chiplets – are used. This concept allows for more computational performance at, comparatively, moderate cost and increased flexibility. This does not only apply for high-performance computing ICs, as they are used in servers, but can also be used to integrate other components, like optical interfaces. Current developments in networking ICs use heterogeneous packaging to integrate the optoelectronic engine within the package, massively improving communication performance and energy efficiency. Classically, the optical engines are separate components mounted in the system. This illustrates that heterogeneous packaging and chiplets are nothing exotic, but the new standard in high-performance ICs for computing, AI, networking and more applications.

The technical challenge in heterogeneous packaging is arising from the connection of the chiplets[41]. While a SoC requires only a connection from the chip to the PCB underneath, heterogeneous packaging also needs to solve the interconnection of the chiplets. There are different concepts involving substrates, silicon interposers and silicon bridges which are embedded in the substrate or placed on top of the substrate. All dominant solutions involve a substrate, which is usually a FC-BGA using ABF material. The disaggregation of the chip makes it possible to build significantly larger ICs, also requiring larger substrates. At the same time, the numbers of layers are increasing to allow for all the interconnection needed. Hence, heterogeneous packaging is the main driver for the increasing value-based growth in substrates. This development marks a shifting paradigm: as chiplets are cheaper to manufacture and allow for more flexibility than a single chip solution, substrates are getting more complex and more expensive, becoming a more important part of the final IC.

[40] TechSearch International, "Advanced Packaging Update: Market and Technology Trends", vol. 4, January 2022

[41] TechSearch International, "Quantifying the Impact of Heterogeneous Integration: Chiplets and SiP", February 2021


Substrates and PCB market
US $ in billions
76.7
10.4
3.0
3.1
7.9
9.7
20.5
20.6
+5.3%
+14.9%
+3.4%
+3.4%
+7.4%
+13.4%
+4.5%
+6.6%
-3.7%
80.7
3.2
3.3
8.9
10.1
21.9
19.8
+4.8%
+9.4%
+2.8%
+2.7%
+2.8%
+6.2%
+4.5%
+4.3%
+2.6%
102.1
3.6
3.8
12.0
12.6
27.0
22.5
Advanced Substrates
Aviation & Security
Medical
Industrial
Automotive
Consumer
Communication
Computer
2021
2022
CAGR
2027
Source: Prismark, March 2022

2. BUSINESS DEVELOPMENT

2.1.Financial performance

In the financial year 2021/22, AT&S's revenue increased by € 89.9 million, or 25.9%, to € 437.3 million. This increase results from higher merchandise sales as well as higher sales from self-produced goods.

The EBIT margin increased by 2.1%-points to -4.1% (previous year: -6.2%) in the financial year under review. The main reason of the increase were exchange rate gains. The adjustment of the variable premium to the degree of target achievement, costs from the SAR program and higher other operating expenses had negative impacts on the result.

The Financial result amounted to € 27.9 million (previous year: € -2.9 million). The income from the disposal or revaluation of financial assets and marketable securities resulted in an amount of € 37.3 million (previous year: € 2.7 million). The expenses from financial fixed assets and marketable securities reduced to an amount of € 0.1 million (previous year: € 33.5 million). Higher income of loans of € 37.2 million (previous year: € 30.4 million) and the increase in other interest and similar income of € 2.6 million (previous year: € 0.3 million) had a positive impact on the financial result. Investment income of € 0.0 million (previous year: € 21.8 million) as well as a higher interest expenses of € 49.2 million (previous year: € 24.6 million) had the opposite effect on the financial result.

Income taxes are impacted by the reduction of deferred taxes resulting in deferred tax expenses of € 3.9 million (previous year: € 2.0 million). The current tax expense increased by € 0.7 million to € 1.5 million.

Due to the described effects on the operating result, the financial result and tax expenses, the net income for the year amounts to € 4.4 million (previous year: € -26.9 million).

2.2.Financial position

The book value of Property, Plant and Equipment increased from € 70.7 million to € 146.7 million due to investments in technology upgrades and the plant under construction in Leoben-Hinterberg. The book value of Intangible assets decreased from € 5.8 million to € 4.4 million due to depreciation in the financial year under review.

The shares in affiliated companies increased from € 251.4 million to € 320.4 million due to a capital increase at the AT&S Austria Technologie & Systemtechnik (Malaysia) Sdn. Bhd. The book value of loans to affiliated companies increased from € 850.4 million to € 1.524.3 million due to an increase in shareholder loan. The increase was impacted by US-$ exchange rate effects and its resultant valuation.

In the short term Current assets the inventories increased from € 29.6 million to € 45.8 million. Receivables and other assets have gone up from € 63.9 million to € 101.4 million. The receivables from affiliated companies increased by € 8.3 million to € 20.3 million. Liquid funds increased from € 347.3 million to € 425.9 million due to cash and cash equivalents received from bank loans, promissory notes and financing partners.

In the current financial year Deferred tax assets decreased from € 21.9 million to € 18.0 million. This is mainly caused by a decrease in the recognized deferred taxes on tax loss carry forward.

At the balance sheet date 31 March 2022, the Shareholders' equity decreased from € 296.3 million to € 285.6 million. The change was caused by the annual net income for the year of € 4.4 million and the dividend payment of € 15.1 million. At the balance sheet date, the equity ratio decreased from 17.9% to 11.0% due to the higher total assets and a lower equity.

In the financial year 2021/22, AT&S's Net debt increased from € 892.6 million to currently € 1.640.5 million. Net debt is calculated as the aggregate of bonds, bank loans, promissory note loans and liabilities to financing partners, less cash on hand and bank balances as well as "other securities and shares" in current assets. The gearing ratio, i.e. the ratio of net debt to equity, increased from 301.2% to 574.4%.

2.3.Cash flow statement

The Cash flow statement subtotals were calculated in accordance with expert opinion AFRAC 36 "Geldflussrechnung UGB (June 2020).

The net cash flow from operating activities shows an increase in the financial year 2021/22. The higher cash flow from operating activities of € 74.1 million (previous year: € 2.4 million) is mainly caused by advances received as well as by deviations at trade accounts payable and other provisions.

With respect to investing activities, AT&S invested a total of € 95.8 million (previous year: € 32.2 million) in intangible and tangible assets in the financial year 2021/22. These payments, higher loans to affiliated companies and a capital increase at AT&S Austria Technologie & Systemtechnik (Malaysia) Sdn. Bhd. resulted in a net cash flow from investing activities in an amount of € -758.3 million (previous year: € -196.9 million).

From the placement of a hybrid bond with a nominal value of € 350.0 million, payments from financing partners in the amount of US-$ 447.0 million as well as from taking up of bank loans and promissory note loans in the amount of € 270.0 million (previous year: € 386.0 million), resulted a cash flow from financing activities of € 762.7 million (previous year: € 264.7 million).

Cash flow statement (short version)

€ in millions	2021/22	2020/21	2019/20
Net cash flow from operating activities	74.1	2.4	16.0
Net cash flow from investing activities	-758.3	-196.9	-130.8
Net cash flow from financing activities	762.7	264.7	7.8

3. OTHER STATUTORY INFORMATION

3.1.Plants and branch offices

The AT&S Group currently operates six production plants, which specialise in different technologies.

Leoben and Fehring The Austrian plants primarily supply the European market. In Europe, special applications and customer proximity are particularly important. Based on production and technological diversity, flexibility in manufacturing and the broad customer spectrum, the plant in Leoben continues to pursue the path of niche and prototype production started in recent years. Among other things, production using embedding technology takes place in Leoben. In addition, investments were made in the expansion of the IC core line in order to provide the required capacities for precursor material for the production in Chongqing. With capacity utilisation at a very good level in the financial year 2021/22, the plant in Fehring serves all segments of the Business Unit AIM, Industrial, Medical and Automotive.

Shanghai The plant in Shanghai manufactures leading-edge HDI (high density interconnection) printed circuit boards in serial production for the Mobile Devices & Substrates segment for customers all over the world. The plant was able to successfully meet the demand for HDI and mSAP printed circuit boards and has established itself as a leading supplier of the latest technology generation. The plant's broad technological spectrum was very well received by customers and the plant was continuously operating at capacity during the peak season months. Strong demand for HDI printed circuit boards continued at a stable level in 2021/22, which were produced for the Automotive, Industrial, Medical segment.

Chongqing The location in Chongqing currently comprises two operating plants and one plant under construction for high-end products. The plant Chongqing I for IC substrates (Integrated Circuit Substrates) operated at capacity throughout the year. The construction of the second, new plant for IC substrates (Chongqing III) proceeded as scheduled. The first of four lines was successfully ramped up and the installation of the second and third lines took place as planned. By the end of the coming financial year all lines should be successfully installed and in full operation. High-end mSAP printed circuit boards and printed circuit boards for modules are produced for mobile applications at the Chongqing II plant. The production capacity for modules was further expanded to serve the growing customer demand in the high-end segment. The full expansion of the plant is scheduled to be completed in the coming financial year.

Kulim Due to the strong demand for IC substrates, the construction of two new plants for IC substrates was started in Kulim, Malaysia. Construction work began in October and is proceeding according to schedule. When completed, up to 10 lines can be installed in the two plants. Moreover, the location offers enough space to build up to two additional plants.

Ansan The very positive development of the site in Korea continued in the financial year 2021/22, in particular in the medical technology segment for European and American customers. The expansion of the plant was completed in the financial year 2021/22, and production was launched.

Nanjangud Capacity utilisation at the location was good throughout the year and the plant primarily served customers from the Automotive and Industrial segments. The qualification for HF and HDI products was continued, thus further pursuing the strategy towards higher-quality technologies in the product mix.

Hong Kong AT&S Asia Pacific, based in Hong Kong, is the holding company for the Mobile Devices & Substrates segment – hence, for the Chinese plants and the allocated sales companies – and the headquarters of Group-wide procurement for this segment. The proximity to the customers' CEMs and to suppliers is a locational advantage which is highly valued by business partners.

Sales support companies The sales support companies in America, Germany, Japan and Taiwan continued to ensure good and close contact with customers in the financial year 2021/22.

3.2. Shareholder structure and disclosures on capital (disclosures pursuant to § 243a UGB)

Capital share structure and disclosure of shareholder rights

As of the reporting date at 31 March 2022, the Company's ordinary shares amount to € 42,735,000 and are made up of 38,850,000 no-par value shares with a notional value of € 1.10 per share. The voting right at the Annual General Meeting is exercised according to no-par value shares, with each no-par value share equalling one voting right. All shares are bearer shares.

Significant direct and indirect shareholdings in the Group parent company AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, which at the reporting date amount to at least 10%, are presented below: *see table below.*

At the reporting date of 31 March 2022, roughly 64.4% of the shares were in free float. With the exception of the shareholdings stated below, no other shareholder held more than 10% of the voting rights in AT&S. No shares with special control rights exist. The exercise of the voting right by employees who hold shares in the Company is not subject to any limitations.

No special provisions exist on the appointment and dismissal of members of the Management Board and the Supervisory Board.

The contracts of all Management Board members include a "Change of Control" clause. Such a change of control exists in the event that a shareholder of the Company has obtained control of the Company in accordance with Section 22 of the Austrian Takeover Act (ÜbG) by holding at least 30% of the voting rights (including the voting rights of third parties attributable to the shareholder pursuant to the Austrian Take-over Act), or the Company has been merged with a non-Group legal entity, unless the value of the other legal entity amounts to less than 50% of the value of the Company according to the agreed exchange ratio. In this case, the Management Board member is entitled to resign for good cause and terminate the Management Board contract at the end of each calendar month within a period of six months after the change of control takes legal effect, subject to a notice period of three months ("special termination right"). If the special termination right is exercised or the Management Board contract is terminated by mutual agreement within six months of the change of control, the Management Board member is entitled to the payment of their remuneration entitlements for the remaining term of this contract, however, for a maximum of three annual gross salaries. Other remuneration components shall not be included in the calculation of the amount of the severance payment and shall be excluded from it.

By resolution passed at the Annual General Meeting on 4 July 2019, the Management Board is authorised until 3 July 2024 to increase the Company's ordinary shares, subject to the approval of the Supervisory Board, by up to € 21,367,500 by way of issuing up to 19,425,000 new, no-par value bearer shares, for contributions in cash or in kind, in one or several tranches, also by way of indirect subscription rights, after having been taken over by one or more credit institutions in accordance with Section 153 (6) of the Austrian Stock Corporation Act (AktG). The Management Board is authorised, subject to the approval of the Supervisory Board, to exclude shareholders' subscription rights and to determine the detailed terms and conditions of issue (in particular the issue amount, subject of the contribution in kind, the content of the share rights, the exclusion of subscription rights, etc.) (approved capital). The Supervisory

Significant direct and indirect shareholdings

Shares/in %	Shares	% capital	% voting rights
Dörflinger-Privatstiftung: Vienna, Austria	7,013,133	18.05%	18.05%
Androsch Privatstiftung: Vienna, Austria	6,819,337	17.55%	17.55%

Board is authorised to adopt amendments to the Articles of Association resulting from the issuance of shares from the approved capital.

Furthermore, the Management Board was authorised by the Annual General Meeting until 3 July 2024, subject to the approval of the Supervisory Board, to issue one or several convertible bearer bonds at a total nominal amount of up to € 150,000,000 and to grant to bearers of convertible bonds conversion rights and/or subscription rights for up to 19,425,000 new no-par value bearer shares in the Company in accordance with the convertible bond terms and conditions to be defined by the Management Board. The Management Board was authorised, subject to the approval of the Supervisory Board in accordance with the provisions of the Stock Corporation Act, to determine issue and technical characteristics as well as the terms and conditions of the convertible bonds (in particular interest rate, issue amount, term and denomination, dilution protection provisions, conversion period, conversion rights and obligations, conversion ratio and conversion price). Furthermore, the Management Board was authorised to fully or partially exclude shareholders' subscription rights to the convertible bonds.

In addition, the Company's ordinary shares were conditionally increased by up to € 21,367,500 by way of issuance of up to 19,425,000 new no-par value bearer shares in accordance with Section 159 (2) No. 1 of the Austrian Stock Corporation Act (AktG). This conditional capital increase will only be carried out if the bearers of convertible bonds issued based on the authorisation resolution passed at the Annual General Meeting on 4 July 2019 claim the right to conversion and/or subscription granted to them with regard to the Company's shares. The Management Board was authorised to determine, subject to approval from the Supervisory Board, the further details of carrying out the conditional capital increase (particularly the issue amount and the content of the share rights).

The following definition of amount in accordance with the aforementioned authorisations is to be observed: the sum of (i) the number of shares currently issued or potentially to be issued from conditional capital in accordance with the convertible bond conditions and (ii) the number of shares issued from approved capital shall not exceed the total amount of 19,425,000 (limitation of authorised amount).

The Articles of Association were amended in accordance with the resolutions on approved capital and conditional capital and on the convertible bonds in § 4 (Nominal capital).

Treasury shares

At the 27th Annual General meeting of 8 July 2021, the Management Board was again authorised to purchase, within a period of 30 months from the adoption of the resolution, treasury shares to an extent of up to 10% of the nominal share capital for a minimum consideration per share being at the most 30% lower than the average, unweighted stock exchange closing price over the preceding ten trading days and a maximum consideration per share at the most 30% higher than the average, unweighted stock exchange closing price over the ten preceding trading days; such purchases may take place via the stock exchange, by means of a public offering or any other legally permitted way, and for any legally permitted purpose. The Management Board was also authorised to withdraw shares after repurchase as well as treasury shares already held by the Company without further resolution by the Annual General Meeting. The Supervisory Board was authorised to adopt amendments to the Articles of Association arising from the withdrawal of shares. The relevant authorisations granted by resolution of the 25th Annual General Meeting of 4 July 2019 under item 9 of the agenda were revoked.

Furthermore, the Management Board was authorised by the 25th Annual General Meeting on 4 July 2019, for a period of five years, i.e. up to and including 3 July 2024, subject to the approval of the Supervisory Board, to sell or use the repurchased treasury shares or treasury shares currently held by the Company other than via the stock exchange or by public offer in particular for the purposes of stock transfer programmes, convertible bonds or as a consideration for the acquisition of entities, investments or other assets or for any other legal purpose, and to exclude a general purchase opportunity for shareholders.

The Company held no treasury shares as of 31 March 2022.

Free reserves

At the 27th Annual General Meeting of 8 July 2021 the Management Board was authorised to reallocate an amount of up to € 50,000,000 of the balance sheet profit carried forward to new account – after dividend distribution – to free reserves, subject to the approval of the Supervisory Board.

There are no off-balance sheet transactions between AT&S and its subsidiaries.

AT&S neither has granted any loans nor has it assumed any liabilities in favour of board members.

For further information, please refer to the notes to the consolidated financial statements (Note 22 “Share capital” as well as Note 15 “Financial liabilities”).

The Company’s Corporate Governance Report pursuant to Section 243b of the Austrian Commercial Code is available at http://www.ats.net/company/corporate-governance/reports/.

3.3.Non-financial statement

In accordance with Section 243b (6) UGB (Austrian Commercial Code), the Company is exempt from the obligation to prepare a non-financial statement in the Management Report since a separate non-financial report has been drawn up. This non-financial report is included in the Annual Report 2021/22.

4. RESEARCH AND DEVELOPMENT

Structural development of technological opportunities

AT&S's research and development activities are focused on exploiting the opportunities arising from digitalisation and ecological optimisation for AT&S. The electronics industry, in particular microelectronics, plays a central role in this context. It provides systems which enable digitalisation in the first place (e.g. data centres and computers with high-performance processors). In addition, the energy consumption of these devices can be reduced dramatically based on the smart structure of the overall systems. Microelectronics also form the basis for completely new solutions for more efficient energy use in the course of electrification along the energy value chain (energy production, transportation, storage and usage of e-mobility) and its management. The ongoing projects in this context are summarised in our four key development areas:

Miniaturisation and functional integration: Not only are electronic devices continuously getting smaller and lighter, they are also increasingly powerful and fulfil more and more functions. The task of AT&S is to create the basis for this development. To do so, the Company is working on technologies which increase trace density and reduce the thickness of the systems. Another field of research covers technologies enabling the direct integration of electronic components into printed circuit boards and substrates, increasing the packaging density and efficiency of the overall system.

Fast signal transmission: As digitalisation progresses, and is driven by improved data transmission possibilities (5G and subsequently 6G or similar), the data volume to be processed will increase significantly in the years to come. Electronic systems working at higher frequencies (e.g. communication modules for 5G and in the future 6G, radar systems for cars) require new solutions for the interconnect technology. Based on development projects in this area AT&S ensures that the products transmit signals fast, precisely and with minimal losses.

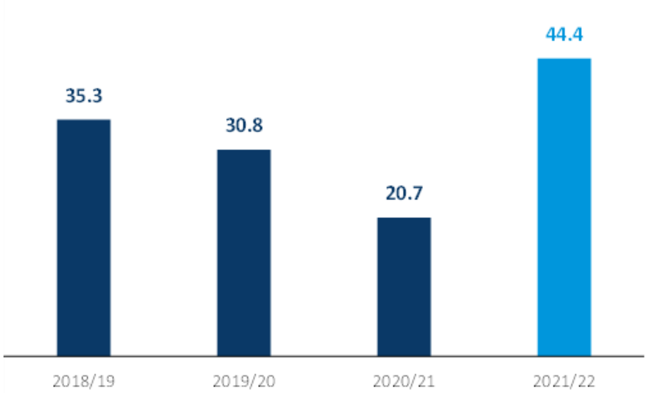
Performance and performance efficiency: In electrification, there is currently a strong trend towards carbon-neutral energy production, new energy source systems and electricity-based forms of propulsion. AT&S focuses its development activity on systems which enable optimum power supply with the lowest electrical losses from energy production to usage, and can therefore switch, control and transmit high loads.

Manufacturing of the future: Industrial production processes will change fundamentally in the decades to come. The processes will increasingly be organised using artificial intelligence (AI), and sustainability will also play a key role: the manufacturing of products must involve minimum consumption of natural resources, be highly reliable and enable the reuse of the materials employed. AT&S is working on new solutions which allow efficient and flexible manufacturing with minimum resource consumption (material, water, energy, etc.). To this end, large data volumes are being put to use via digitalisation in order to optimise and improve production processes as well as product properties and quality, and new solutions enabling the sparing use of resources in production are being developed.

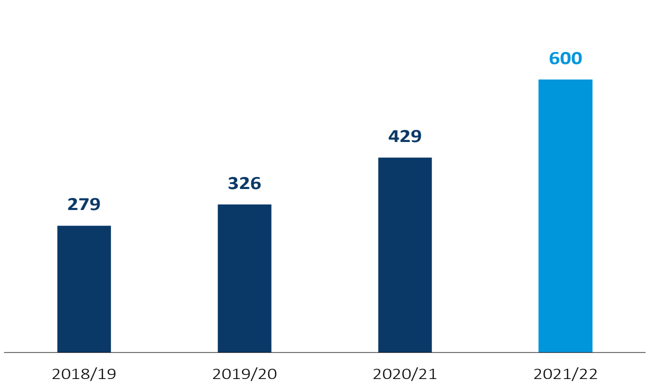
Innovation rate still high

The Vitality Index measures the impact of the innovative strength of a company. It describes the share in revenue AT&S has generated with innovative products launched on the market in the past three years. Generally speaking, the Vitality Index is higher in the years following the successful implementation of new technologies and lower in the development phase of new technologies (i.e. during the phase before their market launch). In the past financial year we see the effect of the launch of new, innovative products on the market. AT&S strives for a mean annual Vitality Index of at least 20%. In the past financial year, a Vitality Index of 44.4% was recorded.

Vitality Index
in %



Number of patents granted



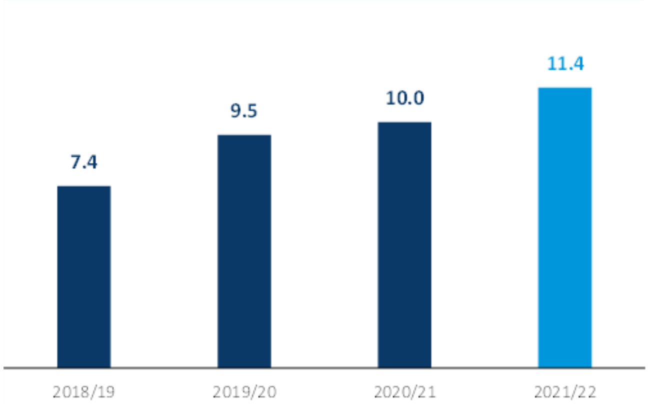
AT&S is currently concentrating on new technologies for the production of more powerful and energy-efficient substrates for computer processors. Another focus is on technologies for the production of modules (electronic units for specific tasks connecting several components with each other) and new solutions for the 5G wireless standard.

The innovative strength and long-term competitiveness of a company are also reflected in the number and quality of its patents: AT&S submitted a total of 49 new patent applications in the financial year 2021/22. At present, AT&S has 446 patent families, which result in 600 granted patents. The IP portfolio is further strengthened by externally acquired licences, in particular in the area of embedding technology.

R&D expenses: 11,4% of revenue

The costs of research and development projects totalled € 181.5 million in the financial year 2021/22. This corresponds to a research rate (i.e. ratio to revenue) of 11.4% compared with 10% in the previous year. Based on the continuously high research rate, AT&S is securing its position as the technology leader for the years to come.

Research rate
in %/ratio to revenue



Two-level development process

AT&S ensures efficiency in development among other things by closely collaborating with customers, suppliers and research institutions worldwide.

AT&S pursues a two-level innovation process. In a first step, opportunities are identified, ideas are examined for their development potential, novel concepts are developed and reviewed for their general feasibility. This level corresponds to applied research and technology evaluation.

Subsequently, it is the task of the local technology development and implementation departments at the AT&S sites to continue the experimental development of processes and products and to integrate them into the existing production process.

These development activities are accompanied by developments in the virtual world. Product properties, reliability behaviour and processes are increasingly supported by simulation. The centre for these developments is based at the location in Leoben. In the past financial year it was also decided to establish a new development centre for substrates and advanced packaging here.

Key development projects

In the past financial year, R&D activities continued to concentrate on the work on the next substrate and packaging technologies. The focus is on new technologies which allow making the patterns on printed circuit boards and substrates even smaller. Some of the required technologies are currently under development in Chongqing and Leoben. We are also working very closely with our suppliers to develop new manufacturing concepts. These technology components will be used to ensure signal transmission into the system and energy supply for future generations of computer processors. These computer processors are at the heart of nearly all electronic systems.

Intensive work continued on high-frequency-range projects for the new 5G mobile communication standard and radar systems. AT&S also won last year's "Futurezone Award" with a highly innovative technological solution from this field of research, air-filled waveguides.

In addition, a large-scale cooperative research project was launched with many European partners along the electronic value chain. The objective is to develop highly efficient electronic systems on the basis of a new class of semiconductors, so-called wide bandgap devices, which are based on silicon carbide (SiC) or gallium nitride (GaN), for applications in power electronics. They will be used in the areas of electromobility, industrial applications and energy production in the future.

In the medical technology segment, a new development step towards miniaturisation was successfully taken. Substrate-like printed circuit boards, which are extremely small and thin, were developed especially for application in hearing aids. They not only represent very robust substrates, but also have to have excellent signal transmission properties in order to ensure optimal audio quality. This development has been awarded the Innovation Prize 2022 of the Province of Styria.

Cooperation with research institutions

The national and international collaboration with research institutions was further intensified in the past financial year. The emphasis was on consolidating collaborations that had been entered into in the two preceding years. These projects have already produced the first good results. In addition, focus was placed on research institutions around the new location in Malaysia, and a strategic cooperation with Shanghai University was started.

5. OPPORTUNITIES AND RISKS

5.1.Opportunities and risk management

STRUCTURE AND INSTRUMENTS

Opportunities and risk management is a fundamental part of conducting business within the AT&S Group. The objective of increasing enterprise value involves not only opportunities but also risks. The task of Risk Management is to provide a uniform system which enables early identification and proactive management of positive or negative deviations from the corporate goals. Therefore, AT&S operates a Group-wide Risk Management (RM) system in accordance with the Austrian Code of Corporate Governance (ACCG), an Internal Control System (ICS) in accordance with COSO standards, as well as Internal Audit based on the IIA standards.

From an organisational perspective, Risk Management, Internal Control System and Internal Audit functions fall within the responsibility of the CFO. The Group Risk Manager reports quarterly to the full Management Board at a Management Board meeting. The Supervisory Board is included within the framework of the Audit Committee meetings, which take place at least twice a year. The proper functioning of the risk management system is assessed annually by the auditor in the

AT&S RISK MANAGEMENT PROCESS

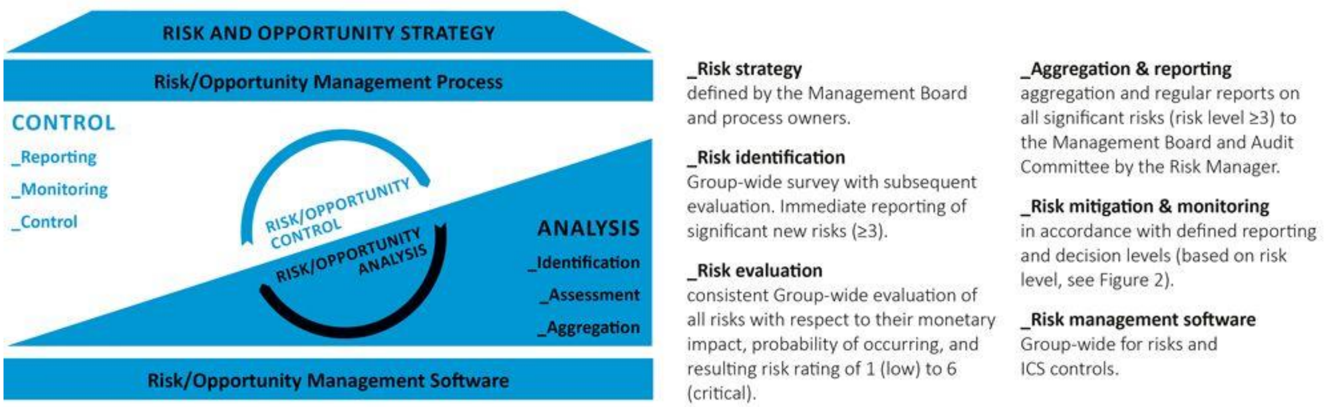
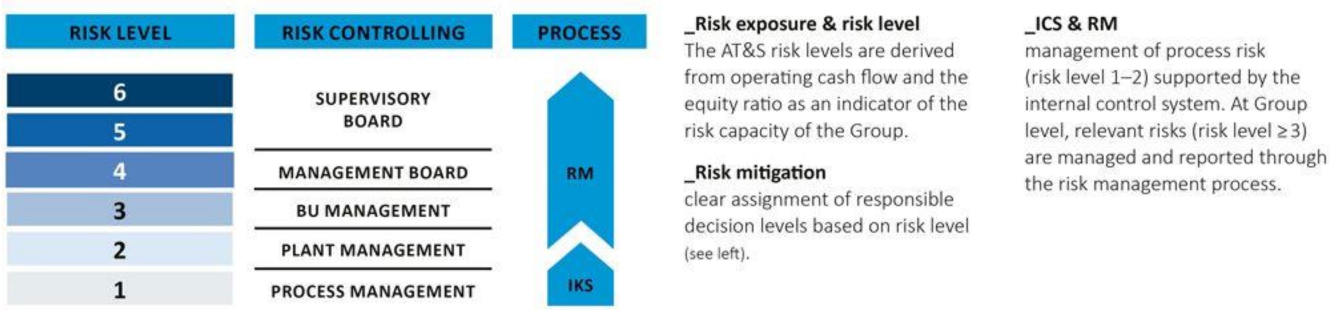


Figure 1: AT&S Risk Management Process

AT&S RISK LEVELS AND RISK CONTROLLING



RM: Risk Management; ICS: Internal Control System; BU: Business Unit
Figure 2: AT&S Risk Levels and Risk Controlling

course of the annual audit of the financial statements pursuant to Rule 83 ACCG.

The risk management process shown in Figure 1 is conducted at least twice a year.

Risk management is conducted based on the risk strategy and risk exposure at the hierarchy level assigned to the relevant level of risk (see Figure 2).

RISK MANAGEMENT IN 2021/22

In the financial year 2021/22, risk management focused on the implementation and further development of a software-based GRC solution alongside the management of risks arising from the operating business. The objective of this further development is to strengthen the links between governance, risk and compliance processes and to use synergies.

5.2. Explanation of individual risks

The risks, uncertainties and opportunities facing the Group are generally based on worldwide developments in the printed circuit board and substrate market and the Group's own operating performance. An overview of the AT&S risk categories, significant individual risks, risk mitigation measures and the expected trend in the coming year is shown in Figure 3 and explained in further detail below.

Risk category	Significant risks & opportunities	Trend	Risk mitigation & opportunity realisation
STRATEGY	• Sales price development • Capacity utilisation • Technology development • Investments	→	• Consistent focus on high-end technologies & target applications • Customer proximity and early customer contact • Technology development projects & technology roadmap • Market analysis, strategy review and adaption
MARKET	• Market and segment development • Development of key customers • Sales strategy and implementation	→	• Balanced segment portfolios and diversification of the customer portfolio • New customer acquisition & share increases with existing customers • Consistent acquisition of defined target applications
PROCUREMENT	• Development of procurement prices • Single-source Risk & Supply chain disruption	↗	• Procurement strategy (negotiation, allocation, technical changes) • Supplier risk assessment & multi-sourcing
BUSINESS ENVIRONMENT	• Confidentiality breach • Catastrophe, fire • Political risk • Pandemic	→	• Increased security level based on the implementation of an information security management system (ISO 27001) • Internal & external audits, emergency practice • Business continuity management, Insurance • Containment actions (e.g. protective measures, distancing regulations, remote working)
OPERATIONS	• Quality performance • Intellectual property • Project management • Operating costs	↗	• Black Belt programme, continuous quality improvement measures • Continuous expansion and protection of the IP portfolio • Rigorous project management • Cost reduction and efficiency enhancement programmes at all sites
ORGANISATION	• Loss of key personnel	→	• Employee retention, deputy regulation & succession planning
FINANCE	• Foreign exchange risk • Financing & liquidity • Tax risk • Impairment	→	• Natural FX hedging through long-term CF planning • Long-term planning for financing and liquidity, interest swaps • Continuous monitoring of compliance with tax laws • Project controlling, impairment tests, strategy review and adaptation

FX: Foreign Exchange; CF: Cashflow
Figure 3: AT&S Risk Categories, Significant Individual Risks, Risk Trends and Risk Mitigation Measures

STRATEGY

Investment risk

In order to use growth potential and remain competitive, AT&S undertakes substantial investments in new technologies (IC substrates) as well as in the further development and capacity expansion of existing technologies (SLP, mSap, HDI). In order to secure the high-end substrate business as a strategic cornerstone, AT&S is planning to invest a total of approximately € 1.7 billion in a production facility at the Kulim Hi-Tech Park, Kedah, Malaysia, the biggest investment in the history of the Company to date. The project is carried out in cooperation with two leading manufacturers of high-performance computing semiconductors, who also contribute to the financing of the project. Construction of the facility has begun; it is scheduled to be operational by 2024. The successful start-up of production in Chongqing also serves the growing demand for ABF substrates. Full capacity is expected to be available in the third quarter of the financial year 2023/24.

In addition, the Company is investing in a new R&D centre for substrate and packaging solutions for the global semiconductor industry at its site in Leoben-Hinterberg. A significant part of the investment volume of € 500 million will be used for a new research centre including production of small series and prototypes. Another technology upgrade of the production equipment will also be implemented.

Incorrect assessments of technological developments, changes in demand, restrictions through third-party patents, negative price developments, customer-specific technologies, shorter technology cycles or problems in the technical implementation may have severe adverse effects on the intrinsic value of such investments. These effects can generally affect all current AT&S business activities. If there are any indications of such adverse effects, impairment tests of these investments are performed as required, which may lead to high impairment requirements due to the high investments made.

Competition risk

The clear focus on the high-tech segment, coupled with the highest quality standards and consistent cost controls, has so far enabled AT&S to successfully withstand the effects of intense competition, overcapacity in the market, and persistent "commodification" with a corresponding margin reduction in the HDI (high-density interconnect) technology segment. This was complemented by the successful transfer of HDI technology from smartphone applications and other mobile devices to further applications, for example those in the automotive industry. Delays in switching over to the new technologies on the customer side and volatile market developments may pose challenges for AT&S and lead to excess supply, overcapacities and underutilisation.

The opportunities of the Austrian plants of AT&S are based on high flexibility, high quality standards and the ability to react very quickly to changing specifications and technologies. These capabilities are absolutely imperative for prevailing in the competitive environment, especially in the Industrial segment, which is subject to diverse technological requirements among a large number of customers. To safeguard this competitive edge, AT&S constantly pursues new forms of technology and projects in close cooperation with customers.

The demand for ABF substrates, which are produced at the location in Chongqing, China, continues unabated. AT&S is investing in the development of existing areas (Chongqing III) for the production of ABF substrates in Chongqing and in a production facility in Kulim, Malaysia, to meet this demand. The capacity expansion will continue to support company growth and enables AT&S to establish itself with new customers.

Competitor risks arise due to potential quality improvements and technological developments in countries with low production costs. This could lead to a loss of competitiveness at AT&S sites, especially in Austria and possibly also at other production sites such as those in South Korea and China. In addition, competitors announced substantial investments in capacities for ABF substrates in the past year. Although current demand forecasts speak against it, there is a possibility of overcapacities and, consequently, falling prices as soon as the investments are available to the market as production capacity.

In addition, a difficult market environment in the financial year 2022/23 could have an adverse effect on the Group's results. Lower demand for IC substrates, stagnating smartphone sales, weak demand in the Automotive and Industrial segments as well as unfavourable market developments in the other core segments could lead to a decline in revenue. Despite the acceleration of digitalisation caused by the pandemic and the resulting increase in demand for high-end interconnect solutions, the uncertain development of the COVID-19 pandemic may still lead to a negative business development. An aggravation of the COVID-19 pandemic, as is currently the case in China (SHA), could have a negative impact on AT&S. The pandemic is leading to different developments in the segments. In the Automotive segment, the chip shortage is still slowing down the market upturn. In addition, the Ukraine-Russia conflict is having a negative effect on the Automotive segment. The temporary shutdown of production facilities and the difficulties regarding the availability of materials are confronting car manufacturers with challenges which could also affect AT&S. Along with a direct impact on material supplies and the demand for individual products, significant secondary effects are also expected. The disruption of food and energy supply as well as transport routes are having severe implications. Depending on the duration of the conflict, the effects on the economy as whole could be immense. The broad-based positioning of AT&S in the Mobile Devices & Substrates segment and in the Automotive, Industrial, Medical segment with their different production cycles can partially cushion market risks. Along with controlling risks, crisis-proof applications are being pushed based on customer and application analyses.

MARKET

Potential loss of key customers

With the help of advanced production technologies and high quality standards, AT&S has managed to establish itself as a reliable provider to some of the world's most renowned players in the electronics industry. Due to the focus on high-end technology, the number of customers is limited to technology leaders. The revenue generated with the five largest customers accounts for 70% of total revenue. Our long-term relationships with these customers also offer excellent opportunities for the future. However, concentration of this kind also poses risks in the event that there is a significant reduction in business volume or profitability from these customers. The ongoing improvement of AT&S's competitiveness, the expansion of the customer base and the development of new products were recently successfully continued and support the rapid compensation of potential negative development among individual key customers.

PROCUREMENT

Procurement prices and availability

Price fluctuations in energy and raw materials (gold, copper and laminates) can have both a positive and a negative impact on achievable margins in the short term. The focus in the financial year 2021/22 was on the availability of raw materials as well as on price development. In particular, the Ukraine-Russia conflict and its impact on the availability of materials and subsequently on the price situation can have negative effects for AT&S. AT&S was able to reduce the procurement risk based on targeted supplier management. However, the current trend of rising raw material prices is expected to continue in the coming financial year since global production capacities of materials have declined due to the COVID-19 pandemic and the Ukraine-Russia conflict while global demand is growing again. In particular, the development of prices and the availability of raw materials such as copper can have a massive impact on the business development. Raw material shortages lead to longer lead times and uncertainties in terms of delivery dates. Increasing transport costs, in particular for air and sea freight, as well as scarce transport capacities, confront AT&S with additional challenges. The closing of Russian airspace and the bypassing of ports in the crisis regions lead to alternative transport routes which can have a negative influence on transportation costs and delivery times. Pandemic-related local lockdowns can also cause a reduction in transport capacities, for example congestion at airports and seaports. Strong demand for production equipment causes longer delivery times for machinery and can delay planned investments. Capacity shortages of production materials, components and equipment can also occur in the growth markets targeted by AT&S in the future and influence the business development of AT&S.

Suppliers

The sourcing strategy of AT&S focuses on a wide and clearly diversified base of carefully selected suppliers in order to reduce dependencies on individual suppliers. Long-standing and stable customer-supplier relations are in place with key suppliers with particular expertise and competitive standing. To avoid supply shortages, AT&S conducts rigorous supplier risk management, taking account of regional cluster risks, various supply routes, and alternative procurement options. Customer specifications may limit the raw materials used to certain suppliers, which may result in a dependency for AT&S. However, with few exceptions – for example in the IC substrates and ECP areas, where the supplier base is smaller – alternative supplier options are usually available in order to respond to supply risks.

BUSINESS ENVIRONMENT

Location-specific risks

The vast majority of AT&S's operating activities are based at sites outside of Austria, particularly in China. This means that the Group might be subject to potential legal uncertainties, state intervention, trade restrictions or political unrest. Irrespective of the above, any production site of the Group may furthermore be exposed to disruptive events such as fire, natural disasters, acts of war, shortages of supply or other elementary events. The termination of land use rights, permits or lease contracts for specific plants might also have a considerable negative impact on the production output of the Group.

To minimise the effects of such risks, the Group has instituted business continuity management. AT&S also conducts active insurance management by means of weighing the risks and associated costs. It has concluded insurance contracts to the extent customary for a company of this size wherever such contracts were available at costs which are reasonable in relation to the impending risks.

The pandemic, which has now been ongoing for two years, still confronts AT&S with challenges. Numerous protective measures have been taken aiming to optimally protect employees from the SARS-CoV-2 virus while at the same time keeping up ongoing operations and thus securing jobs. Mandatory face masks were introduced on the Company premises, remote working regulations massively extended, canteen operations limited and business travel stopped. At the Chinese production sites in particular, operations can be maintained by setting up accommodation for staff in the event of a local lockdown. Special transport permits allow carrying out urgent deliveries and procuring new materials for production in the event of a lockdown. In addition, a designated info point has been set up on the AT&S intranet to keep all employees informed and a telephone hotline for all employee questions has been installed. A task force has been established at the respective locations for the implementation, monitoring and, where necessary, adaptation of these measures.

An aggravation of the current conditions, the provision of production materials and personnel, the supply processes and demand may still influence the business development. The global effects of the pandemic can lead to weaker demand in some customer segments.

Political risks

The electronics industry is characterised by highly integrated, transnational supply chains which are based on the free trade of goods and services. Potential protectionism or growing political tensions can lead to discontinuities in the supply chain and to competitive advantages for competitors in specific countries.

The conflict between Ukraine and Russia, which has been ongoing since February 2022, has an impact on the entire global economy. In addition to the resulting humanitarian disaster, this conflict also affects the availability of materials and energy, which is also reflected in their price development. Uncertainty regarding gas supply can also have a negative effect on AT&S. In particular, the Austrian production sites would be affected by gas cut-offs. To mitigate this risk, measures have been taken enabling the Company to respond quickly if required. Far-reaching sanctions and other unexpected geopolitical developments can have negative effects on the business operations of AT&S. A crisis team, which is responsible for monitoring and mitigation, has been established to identify new developments in the conflict and the resulting effects on AT&S as quickly as possible.

A potential aggravation of the trade conflict between the USA and China could lead to an increase in punitive tariffs on imports of certain goods in both countries as well as trade restrictions for technology companies. From the current perspective, AT&S will not be significantly affected by the conflict since further processing of the products largely takes place in China. Nevertheless, ongoing monitoring of the affected goods is necessary. Moreover, an escalation of the Korea conflict or a war in East Asia (e.g. China and Taiwan) could have a negative effect on business activities. In addition, resulting macroeconomic developments may have an adverse effect on the business of AT&S.

Compliance

Any amendments to regulatory requirements, such as the prohibition of specific processes or materials, might lead to a rise in production costs. AT&S might be subject to payment of substantial damages or penalties should any breach of customer confidentiality agreements or statutory provisions occur. AT&S has implemented organisational measures aimed at preventing or minimising the occurrence of compliance risks. The extension of such measures is ongoing. As a rule, AT&S follows a zero-tolerance policy and expects 100% compliance with all applicable laws and regulations on the part of its employees. The Governance, Risk & Compliance Committee (GRC Committee) pursues the objective of identifying and mitigating potentially relevant compliance and governance risks. In addition, AT&S introduced the whistleblowing platform "We Care", which enables employees and external third parties to report potential compliance violations.

Fraud, data security and cybercrime

To continue to successfully prevent attempted fraud, internal controls were further intensified in the past few financial years and initiatives to raise awareness among employees with regard to such fraud schemes were increased. Moreover, AT&S continually works to expand data and information security. In the financial year 2018/19, a project regarding the EU General Data Protection Regulation was implemented. Based on an analysis of internal processes regarding the use of personal data, the required measures were assessed and implemented in order to ensure the protection of sensitive data. Following the successful certification of all European locations in accordance with ISO 27001, the focus in the financial year 2020/21 was on the roll-out of the Information Security Management System (ISMS) at the locations in China and India. As a result, these locations were certified according to ISO 27001:2013. Alignment with international IT standards ensures safe handling and appropriate access to information, and the availability of reliable systems. Subsequently the roll-out is planned at the production site in Korea.

OPERATIONS

Quality and delivery performance

As in the past, the high quality of products, adherence to delivery deadlines and service quality will offer the Group an opportunity to differentiate itself from the competition and exploit growth opportunities in the future. At the same time, AT&S has to make substantial contractual commitments, especially to key customers, with respect to capacity reserves and volume guarantees, adherence to delivery deadlines and quality performance. Any technical defects, quality deficiencies, difficulties in delivering products or failure to provide volume guarantees granted may expose AT&S to warranty claims, claims for damages and contractual penalties. In the Mobile Device business, quality deficiencies may even lead to delivery stops for certain part numbers. Even if such quality deficiencies were not caused in the production process of AT&S but within the supply chain, such delivery stops may lead to significant drops in revenue. Substantial quality deficiencies could also result in product recalls and the loss of customers. AT&S has established a quality management and planning system designed to rule out or minimise deficiencies in product quality and planning mistakes and their negative consequences as far as possible. In order ensure high product quality, AT&S not only meets general international quality standards (ISO 9001) but also further standards for the automotive, aviation and medical sectors. Furthermore, the Group is insured against major risks by virtue of an (extended) product liability insurance policy taking into account exclusions of coverage and customary coverage limits.

Intellectual property

AT&S endeavours to exploit any opportunities for obtaining intellectual property as well as gaining access to promising patents through the development of its own projects, cooperation schemes with partners, and investments. Risks arise if AT&S fails to protect its intellectual property, thus enabling the competition to utilise these technologies. Legal disputes about intellectual property can prevent AT&S from using or selling disputed technologies. Furthermore, legal disputes with regard to the unauthorised use of external intellectual property can have considerable negative financial consequences.

Technology and project development

The establishment and expansion of capacity for IC substrates in Chongqing and Kulim lead to specific risks given the significant investment volume. The market for IC substrates is influenced by technological changes. The establishment of an R&D centre including prototype production in Austria is also intended to serve the development of new technologies, thus mitigating the market risk of IC substrates. However, this technological progress includes the general risk of new technology developments. Complications in advancing theses technological developments and project implementation could result in major burdens on business development and the existing financial and administrative resources. In the current year, AT&S will concentrate on the start-up of the new production capacities at plant III in Chongqing, China, continue to push the investment projects in Kulim, Malaysia, and the expansion of the site in Leoben, Austria, and implement technology upgrades at other locations.

Cost control

Continuous cost reduction and efficiency increases in all business segments are crucial to the Group's profitability. If cost reduction measures and performance increases cannot be implemented as planned (or if the costs cannot be passed on to customers), this may have a negative impact on the competitiveness of the Group.

ORGANISATION

Employees

The collective industry experience and management expertise of the employees of the AT&S Group are the foundation for using future opportunities. The business of the Group might suffer if employees in leading positions were to terminate their employment relations with AT&S or if AT&S were unable to continue to recruit highly qualified personnel in all areas of value creation and retain them long-term. The two major projects (Leoben and Kulim) require a high number of qualified personnel. AT&S is looking for approximately 6,000 new employees in Malaysia and 700 employees in Austria. Should it not be possible to hire sufficient qualified staff, this might have a negative impact on the progress of these major projects. AT&S continuously develops strategies for retaining key employees, recruiting valuable personnel and further expanding the skills of its staff.

FINANCE

Foreign exchange risk

Exchange rate fluctuations in EUR, RMB and USD – and to a lesser extent in JPY, KRW and INR – can have considerable positive or negative effects on the results of the Group. To minimise these effects, the Group employs a hedging strategy by generating opposing cash flows in the respective currencies. The high investments in China of the past few years result in significant currency risks related to the RMB and to the USD. The extent of these risks is continuously analysed. The results are incorporated in strategies to implement efficient currency management.

Financing and liquidity

The Group uses long-term financial and liquidity planning to secure the financial needs for the expansion strategy. However, negative business developments, significant deviations from assumptions in business cases, exchange rate fluctuations or valuation adjustments may cause failure to achieve the targeted equity ratio and the net debt/EBITDA ratio, and subsequently lead to additional financing requirements under more difficult terms and higher costs, or the loss of existing financing facilities. Interest rates are hedged centrally for the Group as a whole by Group Treasury, using appropriate financial instruments.

For more information on financial, liquidity, credit and foreign exchange risks, please refer to Note 20 "Additional disclosures on financial instruments" in the notes to the consolidated financial statements.

Tax risk

The Company is active on a global basis and thus subject to different tax systems. Unless the requirements for the formation of a provision or liability are met, both national and international tax risks are incorporated within financial risks and monitored accordingly. At present, the material tax risks are related to the Company in India. In order to minimise future tax risks, the Group continuously monitors compliance with national tax laws and international guidelines such as those of the OECD (in particular with a view to the BEPS action plan (Base Erosion and Profit Shifting)). Although AT&S strives to comply with all tax laws and regulations, there is a risk of different interpretations of international transactions in different countries, which may lead to double taxation and additional tax burdens.

ESG

ESG risks, i.e. risks regarding environmental, social and governance issues, have also been considered as part of corporate risk management. For further information regarding material ESG risks, please refer to the non-financial report 2021/22, chapter “Embedding and managing sustainability”.

5.3. Internal control and risk management system with regard to accounting

The accounting-related Internal Control and Risk Management system is an integral part of the Group-wide risk management system. According to the framework concept of COSO (the Committee of Sponsoring Organizations of the Treadway Commission), the actual risk management as well as the Internal Control System (ICS) are subsumed under the concept of company-wide risk management. The main criteria of the Risk Management, Internal Control System and Internal Audit of AT&S are specified in a Group-wide risk management and audit manual.

The documentation of the internal controls (business processes, risks, control measures and those responsible) is made principally in the form of control matrices, which are archived in a central management database. The accounting-related Internal Control System includes principles, procedures and measures to ensure the compliance of accounting in terms of the control targets described for financial reporting.

The accounting procedures are documented in separate process instructions. These processes are standardised across the Group and are presented in a standardised documentation format. Additional requirements for accounting procedures result from specific local regulations. The basic principles of accounting and reporting are documented in the process descriptions and in detailed process instructions, which are also filed in the central management manual. In addition, guidelines on measurement procedures and organisational requirements in connection with the processes of accounting and preparing the financial statements are compiled and updated on a regular basis. Schedules are set in accordance with Group requirements.

The internal financial reporting is done on a monthly basis as part of Group reporting, with the financial information being reviewed and analysed by the Corporate Accounting and Corporate Controlling department. The monthly budget/actual variance with corresponding comments on the results of the segments, of the plants as well as of the Company, is reported internally to the executives and to the members of the Supervisory Board.

The annual preparation of the budget is carried out by the Corporate Controlling department. Quarterly forecasts are drawn up during the year for the remaining financial year based on the quarterly results and current planning information. The forecasts, with comments on the budget comparison and presentations on the impact of opportunities and risks up to the end of the financial year, are reported to the Supervisory Board. In addition to regular reporting, multiple-year planning, project-related financial information or calculations on investment projects are prepared and submitted to the Supervisory Board.

6. OUTLOOK

Macroeconomic development

Prior to the outbreak of the war in Ukraine it was assumed that most of the important global macroeconomic variables would return to normal after the COVID-19 pandemic in the period of 2022-23. The OECD Economic Outlook of December 2021 projected global GDP growth of 4.5% in 2022 and 3.2% in 2023. Russia and Ukraine are major producers and exporters of important foods, minerals and energy. The developments observed for raw material prices and in the financial markets since the beginning of the war could – if they were to continue – reduce global GDP growth by more than 1 percentage point in the current year and increase global consumer price inflation by about 2.5 percentage points[42].

In contrast, demand for both the communication infrastructure required for data transmission and for processing capacity is growing. Along with the increase in mobile devices, it is above all growing usage that drives the demand. Growing data traffic and data volume have a positive impact on demand in this context. Market analyses project further growth of 4% for printed circuit boards and of 15% for IC substrates in the 2022 calendar year. For further information on industry and technology trends please refer to Section 1 "Market and industry environment" of the Management Report.

Structural trends drive growth

The global development towards a digital society will continue to progress in the 2022/23 financial year. The use of ever smarter devices and increasing interconnectedness generate exponentially growing amounts of data. With its solutions and services, AT&S is excellently positioned in all areas affected by this trend. AT&S will use the business opportunities arising as a result in order to grow profitably and faster than the market in the future. To expand our performance, we consistently invest large sums in technology development and capacity expansion. Our long-term corporate goals reflect our clear growth ambitions in profitable market segments and applications.

The positive outlook of the electronics industry is currently dampened by a shortage of semiconductors and the uncertainty regarding the effects of the COVID measures in China. The expectations for AT&S's individual segments are currently as follows: the market conditions for IC substrates continue to offer significant growth opportunities in the medium term. The 5G mobile communication standard as well as the module printed circuit board business will remain a positive driver in the area of Mobile Devices. In the Automotive segment, the semiconductor shortage should ease somewhat and show a positive trend. In the Industrial and Medical segments, AT&S expects continued positive development for the current financial year.

Operationally, AT&S will concentrate on the start-up of the new production capacities at plant III in Chongqing, China, continue to push the investment projects in Kulim, Malaysia, and the expansion of the site in Leoben, Austria, and implement technology upgrades at other locations and of course further optimise the business performance.

Investments

The Management Board considers the market trends to be fully intact. Therefore, AT&S will continue its investment programme for new capacities and technologies unimpeded in the current financial year as previously announced.

The growing technological requirements and high investments in product capacities lead to an increase in the required basic investments (maintenance and technology upgrades). Depending on the market development, these are estimated at roughly € 150 million.

Investments of € 100 million planned for the financial year 2021/22 have been postponed to the financial year 2022/23.

As part of the strategic projects, the management is planning additional investments totalling up to € 1 billion for the financial year 2022/23 depending on the progress of projects.

Overall guidance for the financial year 2022/23

Against the backdrop of the expectations for global economic growth, available capacity and the markets relevant to AT&S as described above, the Company expects revenue of approximately € 2 billion in the financial year 2022/23, assuming a euro/US dollar exchange rate of 1.17. Taking into account effects amounting to approximately € 75 million from

[42] OECD, "Economic Outlook, Interim Report", March 2022

the start-up of new production capacities in Kulim, Leoben and Chongqing, the adjusted EBITDA margin is expected to range between 23% and 26%. Due to the expected increase in the balance sheet total, it cannot be ruled out that the equity ratio could fall below the medium-term target of >30%.

Leoben-Hinterberg, 16 May 2022

The Management Board

Andreas Gerstenmayer m.p.
Peter Schneider m.p.
Ingolf Schröder m.p

AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2021/22

This report is a translation of the German original, which is solely valid.

Auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, Leoben (the Company), which comprise the balance sheet as at 31 March 2022, and profit and loss account for the financial year then ended as well as the notes to the financial statements.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 and with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained up to the date of our report is sufficient and appropriate to provide a basis for our opinion as of that date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deferred tax assets from tax loss carryforwards and other deductible temporary differences

- Description and Issue

According to section 198(9) UGB, medium-sized and large companies shall recognise future tax deductions resulting from temporary differences between amounts valued according to commercial law and tax law as deferred tax assets. For future tax claims resulting from tax loss carryforwards deferred assets may be recognised to the extent that sufficient deferred tax liabilities are available or persuasive evidence exists which suggests that sufficient taxable income will be available in the future.

In the balance sheet as of 31 March 2022, the company reports deferred tax assets of TEUR 18,024 (prior year: TEUR 21,974). This amount comprises deferred tax assets from deductible temporary differences amounting to TEUR 5,928 and deferred tax assets from tax loss carryforwards amounting to TEUR 12,096. The tax rate applied in the valuation is the rate expected to apply when the tax benefit or tax burden is realized. Based on the current tax planning as of 31 March 2022, deferred tax assets were recognized for the portion of tax loss carryforwards amounting TEUR 52,596 (prior year: TEUR 64,379). For tax loss carryforwards amounting to TEUR 55,634 (prior year: TEUR 55,240) no deferred tax assets were recognized, since it is not sufficiently probable that these can be used in the foreseeable future.

For further information, we refer to the notes, section 3.4 on accounting and valuation methods as well as section 4.5 on the breakdown and comments of the deferred tax assets including their development.

The valuation of deferred tax assets requires judgement and involves significant estimation uncertainties, and therefore, constitutes a risk of material misstatement in the financial statement. Estimation uncertainties exist in particular in relation to the assumption made in the business plan and their effect on taxable results. For this reason, we identified this issue as a key audit matter.

- Our Response

We have

- evaluated the process of calculating the current and deferred taxes,
- verified if the current and deferred tax calculations are mathematically correct and reconciled the calculation of the temporary differences with the underlying data,
- retraced the changes in tax losses carryforward on basis of the preliminary tax calculation,
- analysed the assumptions made relating to the usability of the tax loss carryforwards and the deductible temporary differences as well as challenged the underlying planning assumption, and
- audited the presentation and explanations in the notes to the financial statement.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Austrian Generally Accepted Accounting Principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the management report.

Opinion

In our opinion, the management report is prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the financial statements.

Statement

In the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit of the financial statements, we have not identified material misstatements in the management report.

Other Matters which we are required to address according to Article 10 of Regulation (EU) No 537/2014

We were appointed as auditors by the annual general meeting on 8 July 2021 and commissioned by the supervisory board on 21 December 2021 to audit the financial statements for the financial year ending 31 March 2022. We have been auditing the Company uninterrupted since the financial year ending 31 March 2021.

We confirm that our opinion expressed in the section “Report on the Audit of the Financial Statements” is consistent with the additional report to the audit committee referred to in Article 11 of Regulation (EU) No 537/2014.

We declare that we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 and that we remained independent of the Company in conducting the audit.

Engagement Partner

The engagement partner responsible for the audit is Gerhard Marterbauer.

Vienna, 16 May 2022

Deloitte Audit Wirtschaftsprüfungs GmbH

Gerhard Marterbauer m.p.
Certified Public Accountant

This report is a translation of the audit report according to section 273 of the Austrian Commercial Code (UGB). The translation is presented for the convenience of the reader only. The German wording of the audit report is solely valid and is the only legally binding version. Section 281(2) UGB applies.

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group Management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Leoben-Hinterberg, 16 May 2022

The Management Board

Andreas Gerstenmayer m.p.	Peter Schneider m.p.	Ingolf Schröder m.p.
Chief Executive Officer	Chief Sales Officer	Chief Operations Officer