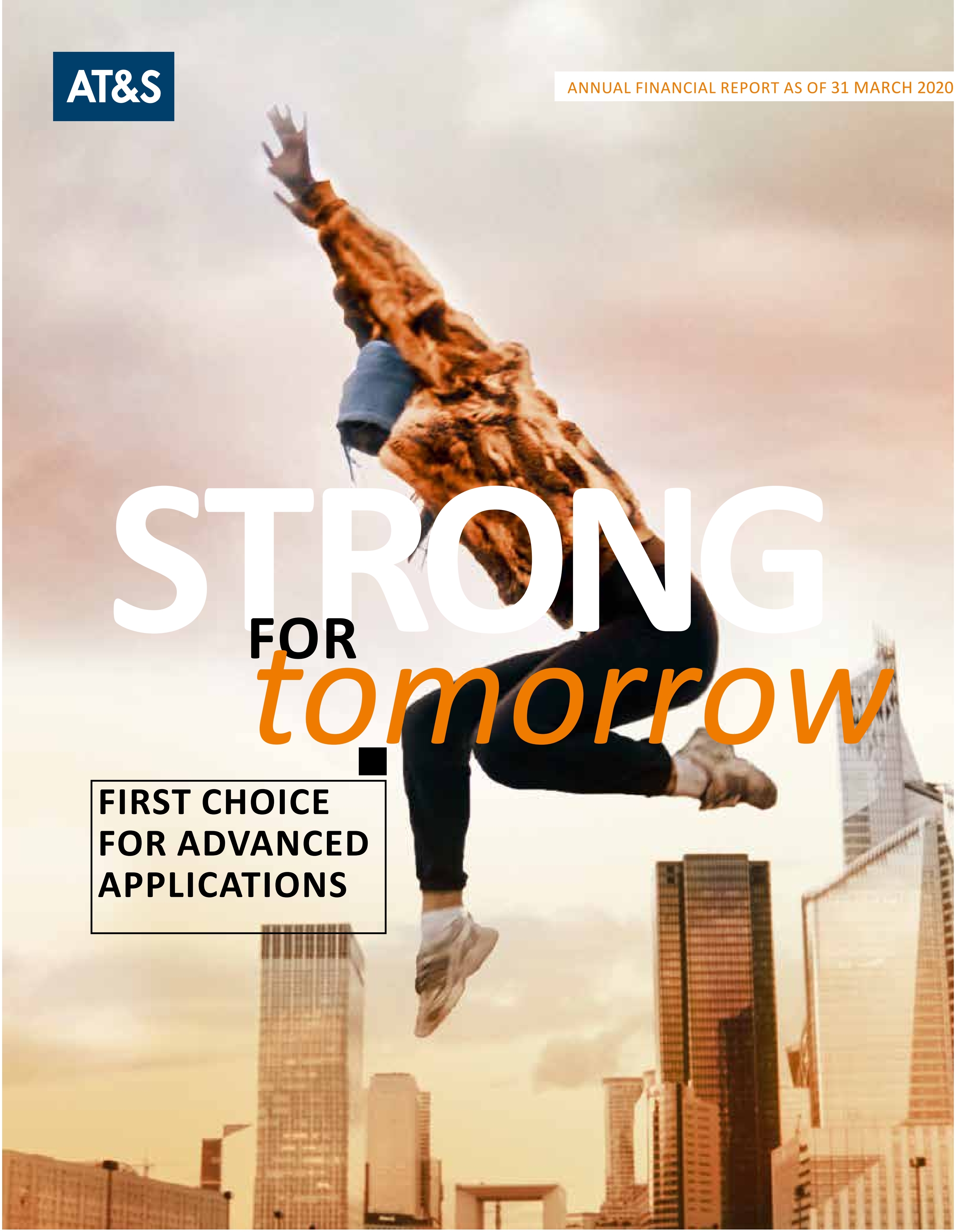
AT&S

ANNUAL FINANCIAL REPORT AS OF 31 MARCH 2020



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AT & S Austria Technologie & Systemtechnik Aktiengesellschaft

Annual Financial Report as of 31 March 2020

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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 2020

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

€ in thousands	Note	2019/20	2018/19
Revenue	1	1,000,577	1,027,983
Cost of sales	2	(897,668)	(860,828)
Gross profit		**102,909**	**167,155**
Distribution costs	2	(30,891)	(30,723)
General and administrative costs	2	(37,558)	(36,593)
Other operating income	4	18,048	18,858
Other operating costs	4	(5,106)	(1,487)
Other operating result		12,942	17,371
Operating result		**47,402**	**117,210**
Finance income	5	10,998	15,172
Finance costs	5	(17,463)	(17,190)
Finance costs - net		**(6,465)**	**(2,018)**
Profit before tax		**40,937**	**115,192**
Income taxes [1)]	6	(19,481)	(26,165)
Profit for the year [1)]		**21,456**	**89,027**
Attributable to owners of hybrid capital [1)]		8,313	8,313
Attributable to owners of the parent company		13,143	80,714
Earnings per share attributable to equity holders of the parent company (in € per share):	25		
- basic		0.34	2.08
- diluted		0.34	2.08

1) 2018/19 adjusted taking into account IAS 12 revised

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in thousands	2019/20	2018/19
Profit for the year [1)]	**21,456**	**89,027**
Items to be reclassified:		
Currency translation differences, net of tax	(30,292)	24,466
(Losses) from the fair value measurement of hedging instruments for cash flow hedges, net of tax	(1,642)	(3,730)
Items not to be reclassified:		
Remeasurement of post-employment obligations, net of tax	(1,091)	(5,797)
Other comprehensive income for the year	**(33,025)**	**14,939**
Total comprehensive income for the year [1)]	**(11,569)**	**103,966**
Attributable to owners of hybrid capital [1)]	8,313	8,313
Attributable to owners of the parent company	(19,883)	95,653

'1) 2018/19 adjusted taking into account IAS 12 revised

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in thousands	Note	31 Mar 2020	31 Mar 2019
ASSETS			
Property, plant and equipment	7	903,509	777,742
Intangible assets	8	45,075	60,121
Financial assets	12	193	193
Deferred tax assets	6	25,984	35,555
Other non-current assets	9	21,258	24,664
Non-current assets		996,019	898,275
Inventories	10	108,373	84,465
Trade and other receivables and contract assets	11	192,433	229,045
Financial assets	12	136,242	239,752
Current income tax receivables		2,493	5,728
Cash and cash equivalents	13	417,950	326,841
Current assets		857,491	885,831
Total assets		1,853,510	1,784,106
EQUITY			
Share capital	21	141,846	141,846
Other reserves	22	9,419	42,444
Hybrid capital	23	172,887	172,887
Retained earnings		436,107	446,274
Equity attributable to owners of the parent company		760,259	803,451
Total equity		760,259	803,451
LIABILITIES			
Financial liabilities	15	695,834	679,076
Provisions for employee benefits	16	51,244	48,409
Deferred tax liabilities	6	3,166	5,547
Other liabilities	14	13,596	16,196
Non-current liabilities		763,840	749,228
Trade and other payables	14	214,017	179,954
Financial liabilities	15	105,299	37,967
Current income tax payables		4,858	9,331
Other provisions	17	5,237	4,175
Current liabilities		329,411	231,427
Total liabilities		1,093,251	980,655
Total equity and liabilities		1,853,510	1,784,106

CONSOLIDATED STATEMENT OF CASH FLOWS

€ in thousands	2019/20	2018/19
Operating result	**47,402**	**117,210**
Depreciation, appreciation, amortisation and impairment of property, plant and equipment and intangible assets	147,127	132,888
Gains/losses from the sale of fixed assets	732	37
Changes in non-current provisions	3,246	10,833
Non-cash expense/(income), net	(14,315)	(17,523)
Interest paid	(12,049)	(13,624)
Interest received	6,710	4,939
Income taxes paid	(13,486)	(28,788)
Cash flow from operating activities before changes in working capital	**165,367**	**205,972**
Inventories	(25,462)	20,755
Trade and other receivables and contract assets	38,192	(23,405)
Trade and other payables	5,747	(30,898)
Other provisions	1,279	(1,890)
Cash flow from operating activities	**185,123**	**170,534**
Capital expenditure for property, plant and equipment and intangible assets	(218,597)	(100,913)
Proceeds from the sale of property, plant and equipment and intangible assets	70	77
Capital expenditure for financial assets	(44,263)	(275,669)
Proceeds from the sale of financial assets	146,161	99,926
Cash flow from investing activities	**(116,629)**	**(276,579)**
Proceeds from borrowings	77,888	355,278
Repayments of borrowings	(30,089)	(190,892)
Proceeds from government grants	1,748	5,112
Dividends paid	(23,310)	(13,986)
Hybrid cupon paid	(8,313)	(8,313)
Cash flow from financing activities	**17,924**	**147,199**
Change in cash and cash equivalents	**86,418**	**41,154**
Cash and cash equivalents at beginning of the year	326,841	270,729
Exchange gains on cash and cash equivalents	4,691	14,958
Cash and cash equivalents at the end of the year	**417,950**	**326,841**

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 2018	141,846	27,505	172,887	369,153	711,391	–	711,391
Adjustments IFRS 15, IFRS 9	–	–	–	10,393	10,393	–	10,393
1 Apr 2018	141,846	27,505	172,887	379,546	721,784	–	721,784
Profit for the year [1)]	–	–	–	89,027	89,027	–	89,027
Other comprehensive income for the year	–	14,939	–	–	14,939	–	14,939
thereof currency translation differences, net of taxes	–	*24,466*	–	–	*24,466*	–	*24,466*
thereof remeasurement of post-employment obligations, net of tax	–	*(5,797)*	–	–	*(5,797)*	–	*(5,797)*
thereof change in hedging instruments for cash flow hedges, net of tax	–	*(3,730)*	–	–	*(3,730)*	–	*(3,730)*
Total comprehensive income for the year 2018/19 [1)]	–	14,939	–	89,027	103,966	–	103,966
Dividends paid relating to 2017/18	–	–	–	(13,986)	(13,986)	–	(13,986)
Hybrid cupon paid	–	–	–	(8,313)	(8,313)	–	(8,313)
Tax effect hybrid cupon [1)]	–	–	–	–	–	–	–
31 Mar 2019	141,846	42,444	172,887	446,274	803,451	–	803,451
Profit for the year	–	–	–	21,456	21,456	–	21,456
Other comprehensive income for the year	–	(33,025)	–	–	(33,025)	–	(33,025)
thereof currency translation differences, net of tax	–	*(30,292)*	–	–	*(30,292)*	–	*(30,292)*
thereof remeasurement of post-employment obligations, net of tax	–	*(1,091)*	–	–	*(1,091)*	–	*(1,091)*
thereof change in hedging instruments for cash flow hedges, net of tax	–	*(1,642)*	–	–	*(1,642)*	–	*(1,642)*
Total comprehensive income for the year 2019/20	–	(33,025)	–	21,456	(11,569)	–	(11,569)
Dividends paid relating to 2018/19	–	–	–	(23,310)	(23,310)	–	(23,310)
Hybrid cupon paid	–	–	–	(8,313)	(8,313)	–	(8,313)
31 Mar 2020	141,846	9,419	172,887	436,107	760,259	–	760,259

[1)] Adjusted taking into account IAS 12 revised

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 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, which are measured at their fair values.

a. Consolidation principles

The balance sheet date for all consolidated companies is 31 March 2020, 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 2019), meaning that they were consolidated on the basis of the interim financial statements as of 31 March 2020.

The consolidated financial statements were approved for issue by the Management Board on 13 May 2020. 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 4 June 2020. 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, share 100%

There were no changes in the consolidation group in financial year 2019/20.

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 in 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. Embedding technology, which was reported under the business unit Others in the previous year, has now been split between the business unit Mobile Devices & Substrates and the Automotive, Industrial, Medical business unit.

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 K.K., AT&S Korea, AT&S Americas, AT&S Chongqing 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 2020	31 Mar 2019	Change in %	01 Apr 2019 - 31 Mar 2020	01 Apr 2018 - 31 Mar 2019	Change in %
Chinese yuan renminbi	7.7575	7.5618	2.6%	7.7181	7.7751	(0.7%)
Hong Kong dollar	8.4879	8.8159	(3.7%)	8.6850	9.1080	(4.6%)
Indian rupee	82.5500	77.6621	6.3%	78.7460	80.6668	(2.4%)
Japanese yen	118.9200	124.3700	(4.4%)	120.8538	128.4076	(5.9%)
South Korean won	1,341.0773	1,275.6888	5.1%	1,312.8898	1,287.1060	2.0%
Taiwan dollar	33.1667	34.6394	(4.3%)	34.1504	35.3469	(3.4%)
US dollar	1.0949	1.1230	(2.5%)	1.1110	1.1613	(4.3%)

d. Revenue recognition

Revenue comprises the fair value of considerations received in the course of the Groups 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 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 life time. Credit loss is determined on the basis of a provision matrix created based on a rating of the customers.

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 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 choose for the first time recognition the irrevocable decision to recognise value changes through OCI; than only income from dividends are 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. Currency swaps (mainly in US dollar) are also entered in order to protect the Group against currency 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 rating of the customers.

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 (SAR). 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 SAR 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. 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.

t. Contingent liabilities, contingent assets and other financial obligations

Contingent liabilities are not recognised in the statement of financial position, but disclosed in Note 20 in the notes to the consolidated financial statements. 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.

u. 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 2019/20 and pertain to the International Financial Reporting Standards (IFRS) as adopted by the EU.

- IFRS 16: Leases
- IFRS 9: Prepayment features with negative compensation
- IAS 28: Long-term interests in associates and joint ventures
- IAS 19: Plan amendments, curtailments and settlements
- IFRIC 23: Uncertainty over income tax treatments
- Annual improvements: IFRS 2015 – 2017: IAS 12, IAS 23, IFRS 3, IFRS 11

The changes resulting from the entry into force of these standards are explained below.

v. 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 2019/20.

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 Defferral Accounts	Waiting for final standard	No	No major changes are expected
IFRS 17	Insurance contracts	01.01.2022	No	No major changes are expected
IFRS 3	Definition of a Business Combination	01.01.2020	Yes	No major changes are expected
IAS 1, IAS 8	Definition of "material"	01.01.2020	Yes	No major changes are expected
IAS 39, IFRS 9, IFRS 7	Interest rate benchmark reform	01.01.2020	Yes	No major changes are expected
IAS 28, IFRS 10	Investments in Associates: Sales or contributions of assets between an investor and ist associate/joint venture	Postponed indefinitely	No	No major changes are expected
	Frame Work: Changes in the references of the IFRS Standards	01.01.2020	Yes	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.*

IFRS 16 Leases IFRS 16 specifies the recognition of leases. This standard replaces IAS 17 and previous interpretations. Due to the new provisions it is no longer necessary to distinguish between finance and operating leases. The standard provides a single lessee accounting model requiring the lessee to recognise assets and liabilities for all leases in the statement of financial position, unless the term of the lease is twelve months or less or the underlying asset has a low value of less than € 5 thousand. The simplifications are optional and applied by AT&S.

Application of this new standard is mandatory for reporting periods starting on or after 1 January 2019. Hence, the AT&S Group is required to apply IFRS 16 as of 1 April 2019 and uses the modified retrospective method. A restatement of comparative information is not necessary.

The following table shows the effects of the first-time application of IFRS 16 Leases on the opening balance at 1 April 2019:

€ in thousands	31 Mar 2019	Adjustment IFRS 16	01 Apr 2019
Assets			
Land, plants and buildings	91,597	23,770	115,367
Machinery and technical equipment	624,571	–	624,571
Tools, fixtures, furniture and office equipment	9,117	2,819	11,936
Prepayments and construction in progress	52,457	–	52,457
Liabilities			
Long term financial liabilities	679,076	23,409	702,485
Short term financial liabilities	37,967	3,180	41,147

The operating lease obligations at 31 March 2019 resulted in the following reconciliation to the opening balance value of the lease liabilities at 1 April 2019:

€ in thousands	
Obligation from non-cancellable operating leases as at 31 March 2019	5,326
Recognition exemption for short-term leases	(346)
Recognition exemption for low-value assets	(656)
Adjustment due to cancellation or extension options	23,042
Lease liabilities before discounting	**27,366**
Discounting	(777)
Lease liabilities as at 1 April 2019 according IFRS 16	**26,589**

The item "Adjustments arising from termination or extension options" mainly includes obligations arising from the rental of factory premises and buildings amounting to € 17.7 million. The remaining amount primarily consists of rentals of office space as well as furniture and office equipment. The Group assessed the underlying extension and termination options and took them into account accordingly. The assumptions made in this context may deviate from the original estimates in the future and may have an effect on right-of-use assets and lease liabilities.

For contracts concluded prior to the date of transition, an analysis was conducted to determine whether a lease according to IFRS 16 exists. Direct costs were not taken into account in the measurement of right-of-use assets at the time of initial application. Moreover, previous assessments were adopted as to whether a lease is onerous as an alternative to conducting impairment tests. As of 1 April 2019 no onerous contracts existed.

Lease liabilities were discounted using the incremental borrowing rate at 1 April 2019. The weighted average interest rate amounted to 1.37%.

Annual improvements to IFRS 2015 – 2017 In the course of the annual improvements of IFRS (Improvements Project 2015-2017) clarifications were made with regard to IAS 12 Income Taxes. All income tax consequences of dividend payments must be considered in the same way as the earnings on which the dividends are based. They must therefore be recognised through profit or loss, unless the dividends are based on income which is recognised directly through other comprehensive income or in equity.

These changes are mandatory for financial years starting on or after 1 January 2019. The application of these changes is therefore mandatory for the AT&S Group as of 1 April 2019, i.e. for the first time for the financial year 2019/20. The application must be retrospective. Consequently, the comparative values of the previous year must be adjusted.

The positive income tax effect on hybrid capital interest of € 2,078 thousand in the financial year 2018/19 was retrospectively recognised under the item "Income taxes" in the statement of profit or loss rather than directly in equity.

The following table shows the effects of the application of IAS 12 on the relevant items of the consolidated statement of profit or loss for the financial year 2018/19:

	1 Apr 2018-31 March 2019		
€ in thousands	Before IAS 12 adjustment	Remeasurement	After IAS 12 adjustment
Revenue	1,027,983	–	1,027,983
Costs of sales	(860,828)	–	(860,828)
Gross profit	**167,155**	**–**	**167,155**
Operating result	**117,210**	**–**	**117,210**
Profit/(loss) before tax	**115,192**	**–**	**115,192**
Income taxes	(28,243)	2,078	(26,165)
Profit/(loss) for the period	**86,949**	**2,078**	**89,027**

The changes in IAS 12 had no effect on the consolidated statement of financial position and the consolidated statement of cash flows for the financial year 2018/19.

The first-time adoption of the other amended standards did not result in any material effects.

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. In the future, actual results may differ from these estimates. Management believes that the estimates are reasonable.

Development costs Capitalised development costs largely relate to the development of a new technology for the production of substrates for silicon semiconductor chips at the new site in Chongqing, China. This technology was available for use from March 2016 onwards and amortisation began. In financial year 2019/20 development costs for the new substrate generation in the amount of € 2,892 thousand were capitalised. The use of this new production method is expected to begin in the first half of 2021/22. For the purpose of assessing impairment of capitalised development costs, the management made assumptions in the financial year 2019/20 regarding the amount of expected future cash flows from the project, the applicable discount rate and the period of inflow of the expected future benefit.

An increase in material assumptions would have the following impact to the impairment test as of 31 March 2020:

	Pre-tax discount Interest rate +5.00%	EBIT margin +1,5 pp
Capitalised development costs	no impairment required	no impairment required

A reduction of material assumptions would have the following impact to the impairment test as of 31 March 2020:

	Pre-tax discount Interest rate -5.00%	EBIT margin -1,5 pp
Capitalised development costs	no impairment required	no impairment required

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 2020:

€ in thousands	Interest rate +0.50%	Increase in remuneration +0.25%	Increase in pensions +0.25%
Pension obligation	(1,318)	94	620
Severance payments	(1,449)	731	–

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 2020:

€ in thousands	Interest rate -0.50%	Increase in remuneration -0.25%	Increase in pensions -0.25%
Pension obligation	1,483	(92)	(553)
Severance payments	1,577	(705)	–

Reference is made to Note 16 "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 € 61,349 thousand were not recognised for income tax loss carryforwards in the Group of € 408,992 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 17 “Other provisions”.

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".

€ in thousands	Mobile Devices & Substrates		Automotive, Industrial, Medical		Others		Elimination/ Consolidation		Group	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Segment revenue	778,457	775,959	350,446	365,219	–	5,268	(128,326)	(118,463)	1,000,577	1,027,983
Internal revenue	(92,589)	(92,094)	(35,737)	(26,369)	–	–	128,326	118,463	–	–
External revenue	685,868	683,865	314,709	338,850	–	5,268	–	–	1,000,577	1,027,983
Operating result before depreciation/amortisation	**158,561**	**193,507**	**28,881**	**52,622**	**7,087**	**3,969**	**–**	**–**	**194,529**	**250,098**
Depreciation/amortisation incl. appreciation	(120,862)	(112,720)	(23,240)	(18,570)	(3,025)	(1,598)	–	–	(147,127)	(132,888)
Operating result	**37,699**	**80,787**	**5,641**	**34,052**	**4,062**	**2,371**	**–**	**–**	**47,402**	**117,210**
Finance costs - net									(6,465)	(2,018)
Profit before tax									**40,937**	**115,192**
Income taxes [1)]									(19,481)	(26,165)
Profit for the year [1)]									**21,456**	**89,027**
Property, plant and equipment and intangible assets	788,225	711,119	151,553	122,043	8,806	4,701	–	–	948,584	837,863
Additions to property, plant and equipment and intangible assets	215,984	69,614	33,245	36,105	5,073	3,077	–	–	254,302	108,796

[1)] *2018/19 revised according to IAS 12*

Information by geographic region

Revenue broken down by region, based on customer's headquarters:

€ in thousands	2019/20	2018/19
Austria	16,489	19,704
Germany	141,092	173,687
Other European countries	77,932	81,153
China	26,507	14,149
Other Asian countries	54,770	56,771
Americas	683,787	682,519
Revenue	**1,000,577**	**1,027,983**

67.6% of total revenue (previous year: 64.0%) is attributable to the five largest customers in terms of revenue, where the range is between 2% and 33% as in the previous year.

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

€ in thousands	31 Mar 2020	31 Mar 2019
Austria	106,173	73,275
China	787,932	711,064
Others	54,479	53,524
Total	**948,584**	**837,863**

III. NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

1. Revenue

€ in thousands	2019/20	2018/19
Main revenue	1,000,421	1,027,829
Incidental revenue	156	154
Revenue	**1,000,577**	**1,027,983**

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		Others		Group	
€ in thousands	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Segment revenue	685,868	683,865	314,709	338,850	–	5,268	1,000,577	1,027,983
Type of revenue recognition								
Point in time	355,456	421,005		–	–	–	355,456	421,005
Over time	330,412	262,860	314,709	338,850	–	5,268	645,121	606,978

2. Types of expenses

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

€ in thousands	2019/20	2018/19
Cost of materials	404,323	377,284
Staff costs	252,513	237,781
Depreciation/amortisation	146,075	132,852
Purchased services incl. leased personnel	14,022	18,291
Energy	48,842	46,829
Maintenance (incl. spare parts)	75,071	64,950
Transportation costs	15,183	14,147
Rental and leasing expenses	6,651	8,199
Change in inventories	(29,026)	1,373
Other	32,463	26,438
Total	**966,117**	**928,144**

In the financial years 2019/20 and 2018/19, the item “Other” mainly relates to travel expenses, insurance expenses, IT service costs, legal and consulting fees.

3. Research and development costs

In the financial year 2019/20, the Group incurred research and development costs in the amount of € 94,765 thousand (previous year: € 75,650 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 € 2,892 thousand (previous year: € 0 thousand) were capitalised. Reference is made to Note 8 "Intangible assets".

4. Other operating result

€ in thousands	2019/20	2018/19
Income from the reversal of government grants	1,949	1,940
Government grants for expenses	9,423	6,143
Income from exchange differences	5,730	8,464
Income from reversal of accruals/provision	65	–
Miscellaneous other income	881	2,311
Other operating income	**18,048**	**18,858**
Impairments of property, plant and equipment	(912)	–
Start-up losses	(3,452)	(1,247)
Losses from the disposal of non-current assets	(732)	(37)
Other costs	(10)	(203)
Other operating costs	**(5,106)**	**(1,487)**
Other operating result	**12,942**	**17,371**

In the financial years 2019/20 and 2018/19, government grants for expenses mainly relate to export refunds, research and development grants as well as funding for industry and employment development. Start-up losses in the financial year 2019/20 resulted from the extensions of a production line in the plant in Leoben, Austria, and in the plants in Chongqing, China, and in financial year 2018/19 from the extensions of the plant in Fehring, Austria, and the plant in Nanjangud, India. In the financial year 2019/20 and 2018/19, the item "Miscellaneous other income" mainly relates to write-offs of other liabilities, payments of impaired receivables, and similar to last year, to grants for employees, and services in kind for miscellaneous projects.

5. Finance costs - net

€ in thousands	2019/20	2018/19
Interest income from financial assets at fair value through profit or loss and financial assets at amortised cost	20	24
Other interest income	6,689	4,915
Gains from the measurement of derivative financial instruments at fair value, net	462	1,031
Foreign exchange gains, net	3,827	9,202
Finance income	**10,998**	**15,172**
Interest expense on bank borrowings and bonds	(11,420)	(12,172)
Net interest expense on personnel-related liabilities	(1,124)	(1,066)
Realised losses from derivative financial instruments, net	(2,007)	(1,133)
Other financial expenses	(2,912)	(2,819)
Finance costs	**(17,463)**	**(17,190)**
Finance costs - net	**(6,465)**	**(2,018)**

In accordance with IAS 23, the item "Interest expense on bank borrowings and bonds" includes capitalised borrowing costs in the amount of € 398 thousand (previous year: € 236 thousand), net.

6. Income taxes

Income tax expenses are broken down as follows:

€ in thousands	2019/20	2018/19
Current income taxes [1)]	11,981	13,623
Deferred taxes	7,500	12,542
Total tax expense	**19,481**	**26,165**

[1)] 2018/19 ajusted taking into account IAS 12 revised

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	2019/20	2018/19
Expected tax expense at Austrian tax rate	10,235	28,797
Effect of different tax rates in foreign countries	(1,536)	(5,617)
Non-creditable foreign withholding taxes	2,501	1,857
Effect of change in valuation allowance of deferred income tax assets	10,879	4,418
Effect of the change in tax rate	3,118	3,349
Effect of permanent differences [1)]	(5,975)	(6,594)
Effect of taxes from prior periods	259	(45)
Total tax expense	**19,481**	**26,165**

[1)] 2018/19 adjusted taking into account IAS 12 revised

The effect of the change in tax rates mainly results from the reduced tax rate of 15% , which is applicable once again, with regard to the subsidiary AT&S China compared to the regular tax rate of 25%. In the course of the annual improvements of the IFRS (Improvements Project 2015-2017), clarifications were made regarding IAS 12 Income Taxes. Therefore, the positive income tax effect on hybrid capital interest of € 2,078 thousand in the financial year 2018/19 was retroactively recognised through profit or loss under "Income taxes" rather than directly in equity. Reference is made to I. "General information".

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:

€ in thousands	31 Mar 2020		31 Mar 2019	
	Assets	Liabilities	Assets	Liabilities
Non-current assets	8,152	(10,901)	16,266	(5,083)
Provisions for employee benefits	7,258	–	6,687	–
Financial liabilities	6,443	–	–	–
Income tax loss carryforwards including taxable goodwill	81,001	–	68,479	–
Deferred income tax from long-term assets/liabilities	**102,854**	**(10,901)**	**91,432**	**(5,083)**
Inventories	12,790	–	12,423	–
Trade and other receivables and contract assets	51	(12,975)	56	(13,358)
Trade and other payables	1,496	–	1,587	–
Others	897	(274)	1,291	(190)
Temporary differences arising from shares in subsidiaries	–	(3,166)	–	(5,547)
Deferred income tax from short-term assets/liabilities	**15,234**	**(16,415)**	**15,357**	**(19,095)**
Deferred income tax assets/liabilities	**118,088**	**(27,316)**	**106,789**	**(24,178)**
Unrecognised deferred taxes	(67,954)	–	(52,603)	–
Deferred income tax assets/liabilities, offsetting against the same taxation authority	(24,150)	24,150	(18,631)	18,631
Deferred income tax assets/liabilities, net	**25,984**	**(3,166)**	**35,555**	**(5,547)**

As of 31 March 2020, the Group has income tax loss carryforwards and tax-deductible amortisation of goodwill amounting to a total of € 487,544 thousand (previous year: € 395,769 thousand). For loss carryforwards amounting to € 408,992 thousand (previous year: € 305,538 thousand) included in this figure, deferred income tax assets in the amount of € 61,349 thousand (previous year: € 45,831 thousand) were not recognised since it is unlikely that they will be realised in the foreseeable future. In addition, for temporary differences amounting to € 44,034 thousand (previous year: € 45,147 thousand) included in this figure, deferred income tax assets in the amount of € 6,605 thousand (previous year: € 6,772 thousand) were not recognised since it is likewise unlikely that they will be realised in the foreseeable future.

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

€ in thousands	2019/20	2018/19
Carried forward up to 5 years	–	280,433
Carried forward between 6 and 10 years	377,564	25,105
Carried forward more than 10 years	31,428	–
Total unrecognised tax loss carryforwards	**408,992**	**305,538**

Deferred income taxes (net) changed as follows:

€ in thousands	2019/20	2018/19
Carrying amount at the beginning of the financial year	30,008	40,461
Adjustment IFRS 15, 9	–	(2,686)
Currency translation differences	(427)	361
Expense recognised in profit or loss	(7,500)	(12,542)
Income taxes recognised in equity	737	4,414
Carrying amount at the end of the financial year	**22,818**	**30,008**

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

	2019/20			2018/19		
€ 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	(30,617)	325	(30,292)	26,567	(2,101)	24,466
Gains/(losses) on the measurement of hedging instruments for cash flow hedges	(2,189)	547	(1,642)	(4,973)	1,243	(3,730)
Remeasurements of post-employment obligations	(1,418)	327	(1,091)	(7,714)	1,917	(5,797)
Other comprehensive income	**(34,224)**	**1,199**	**(33,025)**	**13,880**	**1,059**	**14,939**

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 2018	90,008	627,973	8,556	39,841	766,378
Exchange differences	2,315	15,550	139	1,290	19,294
Additions	6,351	48,482	3,401	48,176	106,410
Disposals	–	(811)	(43)	–	(854)
Transfers	244	36,226	380	(36,850)	–
Depreciation, current	(7,321)	(102,849)	(3,316)	–	(113,486)
Carrying amount 31 Mar 2019	**91,597**	**624,571**	**9,117**	**52,457**	**777,742**
Thereof					
Acquisition cost	*153,882*	*1,542,539*	*31,427*	*52,457*	*1,780,305*
Accumulated depreciation	*(62,285)*	*(917,968)*	*(22,310)*	*–*	*(1,002,563)*
Adjustment IFRS 16	**23,770**	**–**	**2,819**	**–**	**26,589**
Carrying amount 1 Apr 2019	**115,367**	**624,571**	**11,936**	**52,457**	**804,331**
Exchange differences	(2,573)	(15,792)	(206)	(1,943)	(20,514)
Additions	3,028	89,598	3,449	151,865	247,940
Disposals	(42)	(1,316)	(11)	(2)	(1,371)
Transfers	1,888	27,516	110	(29,539)	(25)
Impairment	–	(912)	–	–	(912)
Depreciation, current	(10,389)	(111,136)	(4,415)	–	(125,940)
Carrying amount 31 Mar 2020	**107,279**	**612,529**	**10,863**	**172,838**	**903,509**
Thereof					
Acquisition cost	*178,227*	*1,605,493*	*36,179*	*172,838*	*1,992,737*
Accumulated depreciation	*(70,948)*	*(992,964)*	*(25,316)*	*–*	*(1,089,228)*

The value of the land included in “Land, plants and buildings” amounts to € 6,077 thousand (previous year: € 6,293 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, 2020:

€ in thousands	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Acquisition Cost	25,367	–	3,261	–	28,628
Thereof additions	*1,597*	*–*	*442*	*–*	*2,039*
Depreciation	(2,715)	–	(917)	–	(3,632)
Carrying amount 31 Mar 2020	**22,652**	**–**	**2,344**	**–**	**24,996**

In the 2019/20 financial year, the following lease expenses were showed in the income statement:

€ in thousands	2019/20	2018/19
Lease expenses from the short-term lease agreement	1,891	–
Lease expenses from the low-value lease agreements	455	–
Depreciation of rights of use	3,632	–
Interest expenses of the lease liabilities	336	–

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 2019/20, borrowing costs on qualifying assets of € 398 thousand were capitalised (previous year: € 236 thousand). Interest rates between 1.58% and 3.5% were applied (previous year: 3.5% and 5.0%).

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

Impairment/Reversal of impairment Impairment of machinery and technical equipment amounted to € 912 thousand (previous year: € 0 thousand) in the financial year 2019/20. This impairment resulted from machines that are no longer usable in the segment Mobile Devices & Substrates.

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 2018	11,128	64,728	–	–	–	75,856
Exchange differences	26	1,254	–	–	–	1,280
Additions	2,162	–	–	–	224	2,386
Amortisation, current	(3,364)	(15,813)	–	–	(224)	(19,401)
Carrying amount 31 Mar 2019	**9,952**	**50,169**	**–**	**–**	**–**	**60,121**
Thereof						
Acquisition cost	*34,113*	*97,396*	*7,255*	–	–	*138,764*
Accumulated amortisation	*(24,161)*	*(47,227)*	*(7,255)*	–	–	*(78,643)*
Exchange differences	(23)	(1,135)	–	1	–	(1,157)
Additions	3,015	2,892	–	21	434	6,362
Transfers	25	–	–	–	–	25
Amortisation, current	(3,919)	(15,923)	–	–	(434)	(20,276)
Carrying amount 31 Mar 2020	**9,050**	**36,003**	**–**	**22**	**–**	**45,075**
Thereof						
Acquisition cost	*36,933*	*97,957*	*6,902*	*22*	–	*141,814*
Accumulated amortisation	*(27,883)*	*(61,954)*	*(6,902)*	–	–	*(96,739)*

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 € 2,892 thousand (previous year: € 0 thousand) were capitalised in the financial year 2019/20.

Impairment In the financial year 2019/20 no impairment was recognised on intangible assets. The impairment test for the cash-generating unit Substrates for the not yet completed development of the next substrate generation is based on calculations of the value in use. The value in use is determined using a DCF method. The main measurement assumptions are:

- Long-term growth rate: 0%
- (Pre-tax) discount rate: 13.04%

Due to the long-term nature of the project and to adequately account for cash outflows from the substrate business expected in future periods, the calculation of the value in use was based on the expected cash flows for the next 6 years. A consideration over a shorter period of time would lead to a disproportionately increased weighting of cash inflows.

9. Other non-current assets

€ in thousands	31 Mar 2020	31 Mar 2019
Prepayments	5,203	5,482
Deposits made	7,893	7,333
Other non-current receivables	8,162	11,849
Carrying amount	**21,258**	**24,664**

Prepayments relate to factory premises in China. Other non-current receivables comprise input tax reimbursements in China for the plant in Chongqing, which will be recovered gradually through VAT liabilities during the operating phase.

10. Inventories

€ in thousands	31 Mar 2020	31 Mar 2019
Raw materials and supplies	69,012	50,446
Work in progress	19,716	10,601
Finished goods	19,645	23,418
Carrying amount	**108,373**	**84,465**

The balance of inventory write-downs recognised as an expense amounts to € 22,437 thousand as of 31 March 2020 (previous year: € 27,489 thousand). The immaterial write-downs amounting to € 578 thousand (previous year: € 774 thousand) resulted from the measurement of inventories at net realisable value in the financial year 2019/20. 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 2020	31 Mar 2019
Trade receivables	67,413	108,488
Impairments of trade receivables	(653)	(390)
Contract assets	67,882	72,447
Impairments of contract assets	(119)	(140)
VAT receivables	42,025	35,759
Other receivables from authorities	5,227	4,375
Prepayments	6,162	5,001
Energy tax refunds	2,083	1,394
Deposits	1,423	1,353
Other receivables	990	758
Total	**192,433**	**229,045**

As at 31 March 2020 and 31 March 2019, 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 2020 and 31 March 2019 have remaining maturities of less than one year.

Factoring As of 31 March 2020, trade receivables totalling € 98,567 thousand (previous year: € 40,595 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 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. 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 € 9,857 thousand as of 31 March 2020 (previous year: € 4,060 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 short term financial liabilities.

Contract assets have developed as follows:

€ in thousands	2019/20	2018/19
Contract assets at the beginning of the financial year	72,307	48,702
Utilisation	(72,307)	(48,702)
Addition	67,882	72,447
Impairment according to IFRS 9	(119)	(140)
Contract assets at the end of the financial year	**67,763**	**72,307**

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 2020	
€ in thousands	Gross receivables	Impairments	Carrying amount
not due	61,630	(183)	61,447
1 - 15 days overdue	2,563	(16)	2,547
16 - 30 days overdue	1,427	(13)	1,414
31 - 60 days overdue	866	(13)	853
61 - 90 days overdue	169	(1)	168
more than 90 days overdue	758	(427)	331
Trade receivables	**67,413**	**(653)**	**66,760**

		31 Mar 2019	
€ in thousands	Gross receivables	Impairments	Carrying amount
not due	100,579	(177)	100,402
1 - 15 days overdue	5,574	(29)	5,545
16 - 30 days overdue	916	(8)	908
31 - 60 days overdue	971	(15)	956
61 - 90 days overdue	183	(3)	180
more than 90 days overdue	265	(158)	107
Trade receivables	**108,488**	**(390)**	**108,098**

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 no write-off of trade receivables in the financial year 2019/20.

Impairments of trade receivables have developed as follows:

€ in thousands	2019/20	2018/19
Impairments at the beginning of the financial year	390	168
Adjustment IFRS 9	–	211
Impairments after adjustment IFRS 9	**390**	**379**
Utilisation	–	(17)
Reversal	(93)	(76)
Addition	372	92
Currency translation differences	(16)	12
Impairments at the end of the financial year	**653**	**390**

Expected credit losses in accordance with the expected credit loss model according to IFRS 9 account for € 231 thousand of the impairments of the financial year (previous year: € 236 thousand).

12. Financial assets

The carrying amounts of the financial assets are as follows:

€ in thousands	31 Mar 2020	thereof non-current	thereof current
Financial assets at fair value through profit or loss	893	–	893
Financial assets at fair value through OCI	193	193	–
Financial assets at amortised cost	135,275	–	135,275
Derivatives	74	–	74
Total	**136,435**	**193**	**136,242**

€ in thousands	31 Mar 2019	thereof non-current	thereof current
Financial assets at fair value through profit or loss	896	–	896
Financial assets at fair value through OCI	193	193	–
Financial assets at amortised cost	238,856	–	238,856
Total	**239,945**	**193**	**239,752**

Financial assets at fair value through profit or loss

€ in thousands	31 Mar 2020	31 Mar 2019
Bonds	893	896
Total	**893**	**896**

All bonds are denominated in euro (nominal currency).

Financial assets at fair value through OCI

€ in thousands	2019/20	2018/19
Carrying amount at the beginning of the year	193	193
Additions/(Disposals)	–	–
Carrying amount at the end of the year	**193**	**193**

All financial assets at fair value through OCI are denominated in euro (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 2020	31 Mar 2019
Derivative financial instruments	74	–
Total	74	–

13. Cash and cash equivalents

€ in thousands	31 Mar 2020	31 Mar 2019
Bank balances and cash on hand	417,950	326,841
Carrying amount	**417,950**	**326,841**

The reported carrying amounts correspond to the respective fair values.

14. Trade and other payables

€ in thousands	31 Mar 2020	Remaining maturity Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	169,060	169,060	–	–
Government grants	14,381	1,000	8,315	5,066
Liabilities to fiscal authorities and other state authorities	5,499	5,499	–	–
Liabilities to social security authorities	8,120	8,120	–	–
Liabilities from unconsumed leave	6,300	6,300	–	–
Liabilities from stock appreciation rights	199	4	195	–
Liabilities to employees	17,763	17,763	–	–
Other liabilities	6,291	6,271	20	–
Carrying amount	**227,613**	**214,017**	**8,530**	**5,066**

€ in thousands	31 Mar 2019	Remaining maturity Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	131,936	131,936	–	–
Government grants	16,486	1,122	7,524	7,840
Liabilities to fiscal authorities and other state authorities	3,307	3,307	–	–
Liabilities to social security authorities	5,057	5,057	–	–
Liabilities from unconsumed leave	5,888	5,888	–	–
Liabilities from stock appreciation rights	1,000	190	810	–
Liabilities to employees	25,170	25,170	–	–
Other liabilities	7,306	7,284	22	–
Carrying amount	**196,150**	**179,954**	**8,356**	**7,840**

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. SAR 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.

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 SAR 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 SAR 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 SAR 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 SAR:

			Date of grant		
	1 April 2019	1 April 2018	1 April 2017	1 April 2016	1 April 2015
Exercise price (in €)	17.25	21.94	9.96	13.66	10.70
31 Mar 2018	–	–	290,000	110,000	95,000
Number of stock appreciation rights granted	–	270,000	–	–	–
Number of stock appreciation rights exercised	–	–	–	–	71,967
Number of stock appreciation rights expired	–	–	15,000	–	14,565
31 Mar 2019	**–**	**270,000**	**275,000**	**110,000**	**8,468**
Number of stock appreciation rights granted	267,500	–	–	–	–
Number of stock appreciation rights exercised	–	–	–	56,336	8,468
Number of stock appreciation rights expired	32,500	47,500	47,500	40,662	–
31 Mar 2020	**235,000**	**222,500**	**227,500**	**13,002**	**–**
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 2019	**–**	**393**	**883**	**137**	**39**
31 Mar 2020	**450**	**49**	**–**	**4**	**–**

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	-0.84 to -0.91%
Volatility	42.75 to 45.80%

Volatility is calculated based on the daily share prices from 1 March 2017 until the balance sheet date.

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

The fair value of the SAR 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 2020	Remaining maturity: Less than 1 year	Remaining maturity: Between 1 and 5 years	Remaining maturity: More than 5 years	Nominal interest rate in %
Export loans	10,000	10,000	–	–	0.24
Loans from state authorities	4,392	2,054	2,338	–	0.75 –1.00
Other bank borrowings	754,362	89,586	527,571	137,205	1.00 –4.75
Liabilities from finance leases IFRS16	24,956	3,307	21,481	168	
Derivative financial instruments [1)]	7,423	352	3,203	3,868	
Carrying amount	**801,133**	**105,299**	**554,593**	**141,241**	

€ in thousands	31 Mar 2019	Remaining maturity: Less than 1 year	Remaining maturity: Between 1 and 5 years	Remaining maturity: More than 5 years	Nominal interest rate in %
Export loans	10,000	10,000	–	–	0.24
Loans from state authorities	5,494	1,751	3,402	341	0.75 –1.00
Other bank borrowings	695,927	26,216	525,969	143,742	0.85 –4.75
Liabilities from finance leases IFRS16	–	–	–	–	
Derivative financial instruments [1)]	5,622	–	3,194	2,428	
Carrying amount	**717,043**	**37,967**	**532,565**	**146,511**	

[1)] *Reference is made to Note 18 "Derivative financial instruments"*

With the initial application of IFRS 16 as of 1 April 2019, additional lease liabilities were recognised. In the financial year 2019/20, financial debt from leases amounting to € 3,671 thousand was repaid and interest of € 336 thousand was paid.

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

Financial contracts in FY 2019/20:

- Promissory note loan of € 80 million with a term to maturity of five years
- OeKB equity financing programme for a total amount of € 300 million with a term to maturity of six years, as at 31 March 2020 shown as unused credit lines

The contractually agreed (undiscounted) interest and redemption payments of the financial liabilities as at 31 March 2020, including interest rate hedging, are as follows in the coming financial years:

€ in thousands	Export loans	Loans from state authorities	Other bank borrowings	Liabilities from finance lease IFRS16	Derivative financial instruments
2020/21					
Redemption	10,000	2,054	89,620	3,298	352
Fixed interest	–	34	3,921	–	–
Variable interest	24	–	5,868	275	–
2021/22					
Redemption	–	970	61,857	20,031	–
Fixed interest	–	15	2,398	–	–
Variable interest	–	–	5,868	175	–
2022/23					
Redemption	–	180	44,857	986	–
Fixed interest	–	11	2,269	–	–
Variable interest	–	–	5,293	36	–
2023/24					
Redemption	–	663	334,857	267	3,204
Fixed interest	–	9	1,420	–	–
Variable interest	–	–	3,643	17	–
2024/25					
Redemption	–	546	86,607	153	–
Fixed interest	–	5	707	–	–
Variable interest	–	–	1,993	9	–
after 2024/25					
Redemption	–	–	137,607	167	3,868
Fixed interest	–	–	1,465	–	–
Variable interest	–	–	828	4	–

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 2019, 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	Export loans	Loans from state authorities	Other bank borrowings	Liabilities from finance leases IFRS16	Derivative financial instruments
2019/20					
Redemption	10,000	1,751	23,456	–	–
Fixed interest	–	47	4,277	–	–
Variable interest	24	–	5,068	–	–
2020/21					
Redemption	–	2,054	85,214	–	740
Fixed interest	–	29	3,910	–	–
Variable interest	–	–	5,068	–	–
2021/22					
Redemption	–	970	61,857	–	–
Fixed interest	–	10	2,398	–	–
Variable interest	–	–	5,068	–	–
2022/23					
Redemption	–	113	44,857	–	–
Fixed interest	–	6	2,269	–	–
Variable interest	–	–	4,493	–	–
2023/24					
Redemption	–	301	334,857	–	2,454
Fixed interest	–	4	1,420	–	–
Variable interest	–	–	2,877	–	–
after 2023/24					
Redemption	–	–	144,214	–	2,428
Fixed interest	–	–	2,172	–	–
Variable interest	–	–	2,273	–	–

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 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Export loans	10,000	10,000	10,000	10,000
Loans from state authorities	4,392	5,494	4,424	5,542
Other bank borrowings	754,362	695,927	762,312	700,630
Liabilities from finance leases IFRS16	24,956	–	24,956	–
Derivative financial instruments	7,423	5,622	7,423	5,622
Total	**801,133**	**717,043**	**809,115**	**721,794**

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 2020	31 Mar 2019
Euros	787,439	703,535
US dollars	13,694	13,508
Total	**801,133**	**717,043**

The Group's unused credit lines are as follows:

€ in thousands	31 Mar 2020	31 Mar 2019
Export credit	22,000	22,000
Other credit	468,357	165,325
Total	**490,357**	**187,325**

16. 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 € 557 thousand in the financial year 2019/20 and to € 534 thousand in the financial year 2018/19.

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 themonthly 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 2019/20 amounted to € 515 thousand and for the financial year 2018/19 to € 462 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	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Current service cost	141	118	2,109	2,025	2,141	2,084
Interest expense	156	42	557	582	201	210
Remeasurement of obligations from other employee benefits	–	–	–	–	846	1,874
Expenses recognised in profit for the period	**297**	**160**	**2,666**	**2,607**	**3,188**	**4,168**
Remeasurement of obligations from post-employment benefits	(856)	6,503	2,274	1,210	–	–
Expenses/(Income) recognised in other comprehensive income	**(856)**	**6,503**	**2,274**	**1,210**	**–**	**–**
Total	**(559)**	**6,663**	**4,940**	**3,817**	**3,188**	**4,168**

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 2020	31 Mar 2019
Funded pension benefits	6,714	7,305
Unfunded pension benefits	1,353	1,388
Total pension benefits	**8,067**	**8,693**
Unfunded severance payments	31,378	28,317
Funded severance payments	529	383
Total severance payments	**31,907**	**28,700**
Other employee benefits	11,270	11,016
Provisions for employee benefits	**51,244**	**48,409**

Pension obligations and severance payments are as follows:

	Retirement benefits		Severance payments	
€ in thousands	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Present value of funded obligations	16,840	16,684	1,766	1,590
Fair value of plan assets	(10,126)	(9,379)	(1,237)	(1,207)
Funded status of funded obligations	**6,714**	**7,305**	**529**	**383**
Present value of unfunded obligations	1,353	1,388	31,378	28,317
Provisions recognised in the statement of financial position	**8,067**	**8,693**	**31,907**	**28,700**

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	2019/20	2018/19	2019/20	2018/19
Present value of pension obligation:				
Present value at the beginning of the financial year	16,683	12,952	1,388	1,180
Current service cost	141	118	–	–
Interest expense	300	259	25	24
Remeasurement from the change in demographic assumptions	–	1,991	–	122
Remeasurement from the change in financial assumptions	–	1,956	134	124
Remeasurement from adjustments based on past experience	187	(130)	(127)	4
Benefits paid	(471)	(463)	(67)	(66)
Present value at the end of the financial year	**16,840**	**16,683**	**1,353**	**1,388**

Fair value of plan assets:		
Fair value at the beginning of the financial year	9,378	12,036
Investment result	1,050	(2,436)
Interest income	169	241
Benefits paid	(471)	(463)
Fair value at the end of the financial year	**10,126**	**9,378**
Funded status of funded pension benefits	**6,714**	**7,305**

As at 31 March 2020, the average maturity of funded pension benefits is 16 years and unfunded pension benefits 12 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 2020	31 Mar 2019
Debt securities	34%	30%
Equity securities	54%	58%
Real estate	5%	5%
Cash and cash equivalents	7%	7%
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 2019/20	Funded severance payments 2018/19	Unfunded severance payments 2019/20	Unfunded severance payments 2018/19
Present value of severance payment obligation:				
Present value at the beginning of the financial year	1,589	1,427	28,317	25,932
Exchange differences	(109)	51	(238)	92
Service cost	106	90	2,003	1,936
Interest cost	117	104	530	548
Remeasurement from the change in demographic assumptions	–	(19)	(121)	(285)
Remeasurement from the change in financial assumptions	107	(145)	2,447	1,211
Remeasurement from adjustments based on past experience	55	126	(211)	335
Benefits paid	(99)	(45)	(1,349)	(1,452)
Present value at the end of the financial year	**1,766**	**1,589**	**31,378**	**28,317**

€ in thousands	2019/20	2018/19
Fair value of plan assets:		
Fair value at the beginning of the financial year	1,206	934
Exchange differences	(77)	40
Contributions	115	195
Investment result	2	13
Interest income	90	69
Benefits paid	(99)	(45)
Fair value at the end of the financial year	**1,237**	**1,206**
Funded status of funded severance payments	**529**	**383**

As at 31 March 2020, the average maturity of unfunded severance payments is 12 years.

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

€ in thousands	2019/20	2018/19
Present value at the beginning of the financial year	11,016	8,801
Exchange differences	(141)	150
Service cost	2,141	2,084
Interest expense	201	211
Remeasurement from the change in demographic assumptions	(183)	1,116
Remeasurement from the change in financial assumptions	210	231
Remeasurement from adjustments based on past experience	819	527
Benefits paid	(2,793)	(2,104)
Present value at the end of the financial year	**11,270**	**11,016**

At 31 March 2020, the average maturity of other employee benefits is 11 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 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Discount rate	1.80%	1,80%	1.90%	2.22%	1.93%	2.18%
Expected rate of remuneration increase	2.25%	2.25%	3.62%	3.26%	5,01%	4.06%
Expected rate of pension increase	1.80%	1.80%	–	–	–	–
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.

17. Other provisions

€ in thousands	Total	Warranty	Others
Carrying amount 31 Mar 2019	4,175	1,053	3,122
Utilisation	(1,701)	(200)	(1,501)
Reversal	(234)	(218)	(16)
Addition	3,214	2,547	667
Exchange differences	(217)	(129)	(88)
Carrying amount 31 Mar 2020	**5,237**	**3,053**	**2,184**

€ in thousands	Total	Warranty	Others
Carrying amount 31 Mar 2018	5,942	2,526	3,416
Utilisation	(1,397)	(97)	(1,300)
Reversal	(1,830)	(1,811)	(19)
Addition	1,338	415	923
Exchange differences	122	20	102
Carrying amount 31 Mar 2019	**4,175**	**1,053**	**3,122**

€ in thousands	31 Mar 2020	31 Mar 2019
thereof non-current	–	–
thereof current	5,237	4,175
Carrying amount	**5,237**	**4,175**

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.

18. Derivative financial instruments

Derivative financial instruments relate to interest rate swaps and currency swaps. Payments related to loans and receivables and trade receivables are hedged. Currency swaps are also used to temporarily balance out liquidity between different currencies. The currency swap included as of 31 March 2020 serves exclusively for short-term liquidity balancing between the euro and the US dollar. The volume amounts to € 7.0 million.

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 2020		31 Mar 2019	
€ in thousands	Assets	Liabilities	Assets	Liabilities
Currency swaps at fair value	74	–	–	–
Interest rate swaps at fair value	–	7,423	–	5,622
Total market values	**74**	**7,423**	**–**	**5,622**
Current portion	**74**	**352**	**–**	**–**
Non-current portion	**–**	**7,071**	**–**	**5,622**

As of 31 March 2020, the fixed interest rates for interest rate swaps range between 0.1719% and 0.545%, 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. Through the prepayment of the variable parts of the promissory note loan in the financial year 2015/16 from 2014, the basis for hedge accounting was eliminated. The existing interest rate swaps are now used for other floating rate loans. Due to different maturities and amounts, no effective hedging relationship can be established pursuant to IAS 39, which is a prerequisite for recognising gains and losses in other comprehensive income. Subsequent measurement of interest rate swaps is recognised in profit or loss under "Finance costs".

The nominal amounts and the fair values of derivative financial instruments relating to not effective hedges against interest rate fluctuations are as follows at the balance sheet date, presented by currency:

	31 Mar 2020		31 Mar 2019	
Currency	Nominal amount in 1,000 local currency	Market value € in thousands	Nominal amount in 1,000 local currency	Market value € in thousands
Euro	22,500	(352)	22,500	(740)

The remaining terms of derivative financial instruments of not effective hedges are as follows at the balance sheet date:

in months	31 Mar 2020	31 Mar 2019
Interest rate swaps	11	23

In the financial years 2017/18 and 2018/19 new interest rate swaps were signed, which are used for floating rate loans and recognised as financial liabilities. As they have the same maturity and amount, there is an effective hedging relationship, which is a precondition according IAS 39 that assumes no influence of gains and losses on profit or loss. As a consequence the gains and losses from the ongoing subsequent measurement are recognised in the other comprehensive income.

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	258,000	37 - 64 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 2020	–	7,071	–	(2,190)
as per 31 Mar 2019	–	4,882	–	(4,983)

[1] *Interest rate swaps are reported under financial liabilities*

The development of value of the hedged items (floating rate loans) and the cash flow hedge reserve in equity are shown in the following table:

€ in thousands	Change in fair value of the hedged item on which the calculation of ineffectiveness is based	Hedge ineffectiveness recognised in P&L during the period	Cash flow hedge reserve as of 31 Mar 2020	Amounts reclassified from the cash flow hedge reserve to P&L during the period [1]
31 Mar 2020	–	–	7,071	–
31 Mar 2019	–	–	4,882	–

[1] *Amounts reclassified from the cash flow hedge reserve to the statement of profit or loss are recognised in finance costs*

19. 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 2020 € 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	–	–
Other financial assets	FAAFVOCI	2	193	193
Financial assets			**193**	**193**
Current assets				
Trade receivables less impairments	FAAC		63,142	
Trade receivables	FAAFVOCI	3	3,618	
Contract assets less impairments	–	3	67,763	
Other receivables	FAAC		991	
Other receivables	–		56,919	
Trade and other receivables			**192,433**	
Derivative financial instruments	DHI	2	74	
Financial assets	FAAFVPL	1	893	893
Financial assets	FAAC		135,275	
Financial assets			**136,242**	**893**
Cash and cash equivalents	FAAC		417,950	
Cash and cash equivalents			**417,950**	
Liabilities				
Other financial liabilities	FLAAC	2	793,710	801,692
Derivative financial instruments	DHI	2	7,423	7,423
Non-current and current financial liabilities			**801,133**	**809,115**
Trade payables	FLAAC		169,060	
Other payables	FLAAC		17,763	
Other payables	–		40,790	
Trade and other non-current and current payables			**227,613**	
Aggregated by measurement categories				
Assets				
At amortised cost	FAAC		617,358	–
Financial assets at fair value through OCI	FAAFVOCI		3,811	–
Financial assets at fair value through profit or loss	FAAFVPL		893	–
Derivatives as hedging instruments	DHI		74	–
Liabilities				
Financial liabilities at amortised cost	FLAAC		980,533	–
Derivatives as hedging instruments	DHI		7,423	–

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

31 Mar 2019 € 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				
Derivative financial instruments	DHI	2	–	–
Other financial assets	FAAFVOCI	2	193	193
Financial assets			**193**	**193**
Current assets				
Trade receivables less impairments	FAAC		108,098	
Contract assets less impairments	–		72,307	
Other receivables	FAAC		757	
Other receivables	–		47,883	
Trade and other receivables			**229,045**	
Financial assets	FAAFVPL	1	896	896
Financial assets	FAAC		238,856	
Financial assets			**239,752**	**896**
Cash and cash equivalents	FAAC		326,841	
Cash and cash equivalents			**326,841**	
Liabilities				
Other financial liabilities	FLAAC	2	711,421	716,172
Derivative financial instruments	DHI	2	4,882	4,882
Derivative financial instruments	FVPL	2	740	740
Non-current and current financial liabilities			**717,043**	**721,794**
Trade payables	FLAAC		131,936	
Other payables	FLAAC		25,170	
Other payables	–		39,044	
Trade and other non-current and current payables			**196,150**	
Aggregated by measurement categories				
Assets				
At amortised costs	FAAC		674,552	–
Financial assets at fair value through OCI	FAAFVOCI		193	–
Financial assets at fair value through profit or loss	FAAFVPL		896	–
Derivatives as hedging instruments	DHI		–	–
Liabilities				
Financial liabilities at amortised costs	FLAAC		868,527	–
Derivatives as hedging instruments	DHI		4,882	–
Derivatives	FVPL		740	–

[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
FVPL: Derivates at fair value through profit or loss

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	2019/20	2018/19
Amortised cost	17,269	27,770
Fair value through other comprehensive income	9	9
Fair value through profit or loss	(1,537)	2,314
Financial liabilities at amortised cost	(13,654)	(18,196)
Total	**2,087**	**11,897**

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.

€ 5,261 thousand in net income (previous year: € 8,365 thousand in net income) of the total net result from financial instruments is included in the operating result and contains mainly foreign exchange effects, and € 3,174 thousand in net expenses (previous year: € 3,532 thousand in net income) 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, 68.0% (previous year: 76.9%) 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 2020, the Group has liquidity reserves of € 1.044.8 million (previous year: € 754.1 million). This comprises € 554.4 million (previous year: € 566.8 million) in cash and cash equivalents, held-to-maturity investments, securities held for trading and available-for-sale, and € 490.4 million (previous year: € 187.3 million) in available unused credit facilities. Thus, the liquidity reserves increased by € 290.7 million year-on-year and include € 39.3 million (previous year: € 43.4 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 Group has always managed to establish strong partnerships with its largest 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 2019/20, € 0.7 million (previous year: € 0.4 million) or 1.0% (previous year: 0.4%) 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.

There are two different risks regarding changes in interest. In case of financing with fixed interest rates, the risk arises if the interest rate decreases and, in case of financing with variable interest rates, the risk consists of increasing interest rates (converse relating to disposition). The impact on profit/loss only results from changes in variable interest rates. AT&S counteract interest rate risks with two measures: by using derivative financial instruments and by increasing the risk spread of interest development due to financing in different currencies. The table below shows the effect on financial liabilities:

€ in thousands	31 Mar 2020				
Before Hedging	EUR	USD	Others	**Total**	In %
Fixed interest rate	228,191	13,694	–	**241,885**	31.5%
Variable interest rate	526,869	–	–	**526,869**	68.5%
Total	**755,060**	**13,694**	**–**	**768,754**	100.0%
In %	98.2%	1.8%	–	100.0%	
After Hedging					
Fixed interest rate	508,691	13,694	–	**522,385**	68.0%
Variable interest rate	246,369	–	–	**246,369**	32.0%
Total	**755,060**	**13,694**	**–**	**768,754**	100.0%
In %	98.2%	1.8%	–	100.0%	

€ in thousands	31 Mar 2019				
Before Hedging	EUR	USD	Others	**Total**	In %
Fixed interest rate	252,758	13,509	–	**266,267**	37.4%
Variable interest rate	445,155	–	–	**445,155**	62.6%
Total	**697,913**	**13,509**	**–**	**711,422**	100.0%
In %	98.1%	1.9%	–	100.0%	
After Hedging					
Fixed interest rate	533,258	13,509	–	**546,767**	76.9%
Variable interest rate	164,655	–	–	**164,655**	23.1%
Total	**697,913**	**13,509**	**–**	**711,422**	100.0%
In %	98.1%	1.9%	–	100.0%	

If the EUR interest rates at the balance sheet date had been 100 basis points higher, based on the financing structure at the balance sheet date, the profit for the year would have been € 1.3 million lower (previous year: € 1.0 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 respectively 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 6.0% (previous year: 9.0%). An increase in the US dollar exchange rate of 6.0% against the euro would have had a positive impact on the profit for the year in the amount of € 11.1 million (previous year: € 20.5 million). Devaluation of the US dollar exchange rate against the euro would have reduced the profit for the year by € 11.1 million (previous year: € 20.5 million).

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 equity ratio as well as the ratio of net debt to EBITDA (theoretical payback period for debts).

The Group's strategy is not to fall below an equity ratio of 40% 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 41.0% and thus below the previous year's figure of 45.0%. At 1.3 years, the theoretical payback period for debts was above the previous year's figure of 0.6 years.

20. Contingent liabilities and other financial commitments

As of 31 March 2020, the Group has other financial commitments amounting to € 225,552 thousand (previous year: € 100,136 thousand) in connection with contractually binding investment projects. As of 31 March 2020, the maximum risk associated with liability for default was € 9,857 thousand (previous year: € 4,060 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. Furthermore, at the balance sheet date the Group has no contingent liabilities from bank guarantees (previous year: € 0 thousand). There were no contingent liabilities from guarantees at the balance sheet date (previous year: € 0 thousand).

21. Share capital

	Outstanding shares in thousand shares	Ordinary shares € in thousands	Share premium € in thousands	Share capital € in thousands
31 Mar 2018	38,850	42,735	99,111	141,846
31 Mar 2019	**38,850**	**42,735**	**99,111**	**141,846**
31 Mar 2020	38,850	42,735	99,111	141,846

Ordinary shares The ordinary shares of the Company as of 31 March 2020 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 Companys 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.

Outstanding shares The number of shares issued amounts to 38,850,000 at 31 March 2020 (previous year: 38,850,000).

Treasury shares By a resolution passed at the 25th Annual General Meeting on 4 July 2019, 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 to an 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 Annual General Meeting. The Supervisory Board was authorised to adopt amendments to the Articles of Association resulting from the withdrawal of the shares. Furthermore, the Management Board was authorised, for a period of five years, i.e. up to and including 3 July 2024, subject to 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 authorisations granted by the resolution of the 23rd Annual General Meeting on 6 July 2017 on agenda items 8 and 9 were revoked.

As at 31 March 2020, the Group held no treasury shares.

Dividend per share In the financial year 2019/20, a dividend of € 0.60 was paid per share (previous year: € 0.36).

22. 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 2018	30,419	17	68	(2,999)	27,505
Balance of unrealised changes before reclassification, net of tax	24,466	–	(3,730)	–	20,736
Remeasurement of obligations from post-employment benefits	–	–	–	(5,797)	(5,797)
Carrying amount 31 Mar 2019	**54,885**	**17**	**(3,662)**	**(8,796)**	**42,444**
Balance of unrealised changes before reclassification, net of tax	(30,292)	–	(1,642)	–	(31,934)
Remeasurement of obligations from post-employment benefits, net of tax	–	–	–	(1,091)	(1,091)
Carrying amount 31 Mar 2020	**24,593**	**17**	**(5,304)**	**(9,887)**	**9,419**

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”.

23. 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% 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. Therefore hybrid capital amounts to € 172,887 thousand (previous year: € 172,887 thousand).

24. 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 2019/20 was € 165,367 thousand (previous year: € 205,972 thousand), cash flow from operating activities was € 185,123 thousand (previous year: € 170,534 thousand). The first-time application of IFRS 16 results in a positive effect on the cash flow from operating activities, as the previous operating lease payments, unless they are payments from short-term or low-value leases, are now shown under cash outflow from financing activities.

Cash flow from investing activities in the financial year 2019/20 amounts to € -116,629 thousand (previous year: € -276,579 thousand) and comprises investment activities in Leoben, Chongqing, Shanghai and India (€ -218,597 thousand) as well as investments of or return of liquid funds (€ 101,898 thousand). As of 31 March 2020, there are existing liabilities due to investments in the amount of € 62,866 thousand (previous year: € 31,172 thousand).

Cash flow from financing activities in the financial year 2019/20 amounts to € 17,924 thousand. The previous year's figure of € 147,199 thousand is mainly attributable to the cash inflow from the issue of a promissory note loan.

€ in thousands	2019/20	2018/19
Cash flow from operating activities before changes in working capital	165,367	205,972
Cash flow from operating activities	185,123	170,534
Cash flow from investing activities	(116,629)	(276,579)
Free cash flow	68,494	(106,045)
Cash flow from financing activities	17,924	147,199
Change in cash and cash equivalents	86,418	41,154
Currency effects on cash and cash equivalents	4,691	14,958
Cash and cash equivalents at the end of the year	**417,950**	**326,841**

The balance of cash and cash equivalents at the end of the financial year 2019/20 was € 417,950 thousand (previous year: € 326,841 thousand). This currently high amount is used to ensure further investments in affiliated entities.

The non-cash expense/income is as follows:

€ in thousands	2019/20	2018/19
Release of government grants	(3,470)	(2,880)
Other non-cash expense/(income), net	(10,845)	(14,643)
Non-cash expense/(income), net	**(14,315)**	**(17,523)**

Net debt reconciliation:

€ in thousands	2019/20	2018/19
Cash and cash equivalents	417,950	326,841
Financial assets	136,435	239,945
Financial liabilities, current	(105,299)	(37,967)
Financial liabilities, non-current	(695,834)	(679,076)
Net debt	**(246,748)**	**(150,257)**

	Other assets			
€ in thousands	Cash	Financial assets	Financial Liabilities	Total
Net debt 31 Mar 2018	270,729	59,918	(539,884)	(209,237)
Cash flows	41,154	176,891	(164,386)	53,659
Foreign exchange adjustments	14,958	3,106	(3,853)	14,211
Other non-cash movements	–	30	(8,920)	(8,890)
Net debt 31 Mar 2019	**326,841**	**239,945**	**(717,043)**	**(150,257)**
Adoption of IFRS16 Leases			(26,589)	(26,589)
Cash flows	86,418	(101,768)	(59,679)	(75,029)
Foreign exchange adjustments	4,691	(1,812)	(279)	2,600
Other non-cash movements	–	70	2,457	2,527
Net debt 31 Mar 2020	**417,950**	**136,435**	**(801,133)**	**(246,748)**

V. OTHER DISCLOSURES

25. 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 2020, 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 2019/20 and to 38,850 thousand in the financial year 2018/19.

The weighted average number of outstanding shares for the diluted earnings per share calculation amounts to 38,850 thousand in the financial year 2019/20 and to 38,850 thousand in the financial year 2018/19.

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

in thousands	2019/20	2018/19
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.

	2019/20	2018/19
Profit for the year attributable to owners of the parent company (€ in thousands)	13,143	80,714
Weighted average number of shares outstanding – basic (in thousands)	38,850	38,850
Basic earnings per share (in €)	**0.34**	**2.08**

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.

	2019/20	2018/19
Profit for the year attributable to owners of the parent company (€ in thousands)	13,143	80,714
Weighted average number of shares outstanding – diluted (in thousands)	38,850	38,850
Diluted earnings per share (in €)	**0.34**	**2.08**

26. Material events after the balance sheet date

Until 13 May 2020 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 31 March 2020.

The global spread of the corona virus (SARS-CoV-2) since January 2020 has led to some significant measures by governments worldwide to contain the pandemic. The resulting effects on the global economy as well as on the financial statement for 2020/21 are difficult to predict from today's perspective. At the moment we assume a recovery in future financial years. The forecasts in this report have been drawn up with this proviso.

Monika Stoisser-Göhring has decided to retire from the AT&S Management Board as of the end of the financial year 2019/20 for reasons of health in agreement with the supervisory board and the company. Andreas Gerstenmayer will become the interim CFO.

27. 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 operativ:

€ in thousands	2019/20	2018/19
AIC Androsch International Management Consulting GmbH	363	376
Frotz Riedl Rechtsanwälte	–	1
Total	**363**	**377**

Members of the Management Board and the Supervisory Board

In the financial year 2019/20 and until the issue date of these consolidated financial statements, the following persons served on the *Management Board*:

- Andreas Gerstenmayer (Chairman)
- Monika Stoisser-Göhring (Deputy Chairwoman)
- Heinz Moitzi

In the financial year 2019/20, the following persons were appointed members of the *Supervisory Board*:

- Hannes Androsch (Chairman)
- Willibald Dörflinger (First Deputy Chairman)
- Regina Prehofer (Second Deputy Chairwoman)
- Karl Fink
- Albert Hochleitner
- Gerhard Pichler (until 4 July 2019)
- Georg Riedl
- Karin Schaupp
- Gertrude Tumpel-Gugerell (since 4 July 2019)

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 2020	31 Mar 2019	2019/20	2018/19
Andreas Gerstenmayer	150,000	150,000	137	(113)
Monika Stoisser-Göhring	90,000	65,000	(40)	(49)
Heinz Moitzi	90,000	60,000	(63)	(17)
Total Management Board	**330,000**	**275,000**	**34**	**(179)**
Karl Asamer [1]	30,000	60,000	(150)	(507)
Total other executive employees	338,002	328,468	(226)	(253)
Total	**698,002**	**663,468**	**(342)**	**(939)**

[1] 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:

	2019/20			2018/19		
€ in thousands	Fixed	Variable	Total	Fixed	Variable	Total
Andreas Gerstenmayer	532	284	816	532	714	1,246
Monika Stoisser-Göhring [1]	423	–	423	391	175	566
Heinz Moitzi	429	–	429	417	186	603
Karl Asamer [2]	–	–	–	–	142	142
Executive employees	5,796	136	5,932	5,212	1,443	6,655
Total	**7,180**	**420**	**7,600**	**6,552**	**2,660**	**9,212**

[1] Exercises of stock appreciation rights, which were granted before the appointment of the Management Board member, are not included.
[2] Former member of the Management Board

The variable compensation of Andreas Gerstenmayer includes remuneration from stock appreciation rights of € 284 thousand (previous year: € 427 thousand).

Besides the above mentioned compensation € 52 thousand (previous year: € 52 thousand) for Andreas Gerstenmayer and € 41 thousand (previous year: € 38 thousand) for Monika Stoisser-Göhring were paid into a pension fund.

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 currentl and former members of the Management Board, executive employees and their surviving dependants are as follows:

	Severance payments Financial year		Pensions Financial year	
€ in thousands	2019/20	2018/19	2019/20	2018/19
Expenses recognised in profit for the period	195	261	443	299
Remeasurement recognised in other comprehensive income	78	174	(856)	6,503

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

	2019/20			2018/19		
€ in thousands	Fixed	Variable	Total	Fixed	Variable	Total
Hannes Androsch	67	–	67	65	14	79
Willibald Dörflinger	53	–	53	51	9	60
Regina Prehofer	55	–	55	53	9	62
Karl Fink	30	–	30	30	7	37
Albert Hochleitner	30	–	30	30	7	37
Gerhard Pichler	8	–	8	34	7	41
Georg Riedl	40	–	40	38	7	45
Karin Schaupp	30	–	30	30	7	37
Gertrude Tumpel-Gugerell	24	–	24	–	–	–
Total	**337**	**–**	**337**	**331**	**67**	**398**

Shareholdings of the Management Board and the Supervisory Board at 31 March 2020:

	Shares	% capital
Management Board members:		
Andreas Gerstenmayer	10,000	0.03
Monika Stoisser-Göhring	6,000	0.01
Heinz Moitzi	8,001	0.02
Total Management Board members	**24,001**	**0.06**
Supervisory Board members:		
Hannes Androsch	120,258	0.31
Other members of the Supervisory Board	15,482	0.04
Total Supervisory Board members	**135,740**	**0.35**
Private foundations:		
Androsch Privatstiftung	6,819,337	17.55
Dörflinger Privatstiftung	6,902,380	17.77
Total private foundations	**13,721,717**	**35.32**
Total	**13,881,458**	**35.73**

28. Expenses for the Group auditor

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

€ in thousands	2019/20	2018/19
Audit of consolidated and separate financial statements	137	137
Other assurance services	27	4
Other services	46	69
Total	**210**	**210**

This item does not include expenses for other network members of the Group auditor, e.g. for the audit of financial statements of subsidiaries or tax consulting services.

29. Number of staff

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

	2019/20	2018/19
Waged workers	7,437	7,321
Salaried employees	2,802	2,490
Total	**10,239**	**9,811**

The calculation of the number of staff includes an average of 256 leased personnel for the financial year 2019/20 and an average of 371 for the financial year 2018/19.

Leoben-Hinterberg, 13 May 2020

The Management Board

Andreas Gerstenmayer m.p. Monika Stoisser-Göhring m.p. Heinz Moitzi m.p.

Group Management Report 2019/20

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1. MARKET AND INDUSTRY ENVIRONMENT

1.1. General economic environment

Economic slowdown followed by COVID-19 crisis

A downturn in line with the economic cycle and intensified by factors such as the US-China trade conflict and Brexit was already visible in 2019. The COVID-19 pandemic, which set in at the beginning of 2020, and the associated crisis measures put a brake on global economic activity and led to substantial downgrades of the GDP projections for 2020. By the end of April 2020, the global GDP growth forecast for 2020 had already declined from 2.9% to 0.4% in the most important economies due to the impact of the crisis measures (OECD, March and April 2020[1]). Each additional month of restrictions should further curb global GDP growth by another 2 percentage points in 2020 (OECD, April 2020[2]). Other forecasts already project globally negative GDP growth of -2.8% in 2020 (Oxford Economics, April 2020[3]) up to -4.2% (IC Insights, April 2020[4]). These deviations reflect the enormous volatility of the current situation. A recovery of the global economy is currently expected for the year 2021 (OECD, March 2020[5]).

1.2. Industry environment

Industry trends: short-term effects of COVID-19, strong medium-term growth perspective for artificial intelligence, 5G, automation, electrification of mobility and module integration

A health crisis as caused by COVID-19 can have a significant impact on the markets in the short term. The long-term trends up to 2025 and beyond are primarily driven by overcoming long-term social challenges and should remain largely unaffected by COVID-19 based on current estimates (Prismark and Yole, April 2020).

Digital technologies and electronics are increasingly gaining importance for people's lifestyle. Information and communication media, for example, have to be available anytime, anywhere; devices should be able to perform tasks to support people as autonomously and efficiently as possible, which requires a growing number of mobile electronic devices equipped with sensors, artificial intelligence, high-speed data transmission capabilities, etc. Moreover, mobility is supposed to be safe without any limitations and eco-friendly at the same time, and personal safety and health should be improved continuously as the population keeps aging.

[1] OECD Economic Outlook, Interim Report March 2020, OECD Publishing, Paris, https://doi.org/10.1787/7969896b-en.
"OECD updates G20 summit on outlook for global economy", April 2020, http://www.oecd.org/newsroom/oecd-updates-g20-summit-on-outlook-for-global-economy.htm
[2] "OECD updates G20 summit on outlook for global economy", April 2020, http://www.oecd.org/newsroom/oecd-updates-g20-summit-on-outlook-for-global-economy.htm
[3] Oxford Economics World Economic Prospects (April 2020), http://resources.oxfordeconomics.com/world-economic-prospects-executive-summary
[4] IC Insights, McClean Report update, April 2020.
[5] OECD Economic Outlook, Interim Report March 2020, OECD Publishing, Paris, https://doi.org/10.1787/7969896b-en.

The smallest possible mobile devices such as smartphones, smartwatches, wireless earphones and virtual reality glasses support people in a wide variety of tasks. Thanks to mobile diagnostics and therapy devices, it is also becoming easier to monitor health better. In all of this, users expect an increasing number of functions on ever-smaller space with longer battery life to support such a mobile lifestyle. As mobile devices are getting smaller, have more additional functions per device and require more battery space for longer battery life, “miniaturisation” of the electronics contained in the device is becoming a necessity.

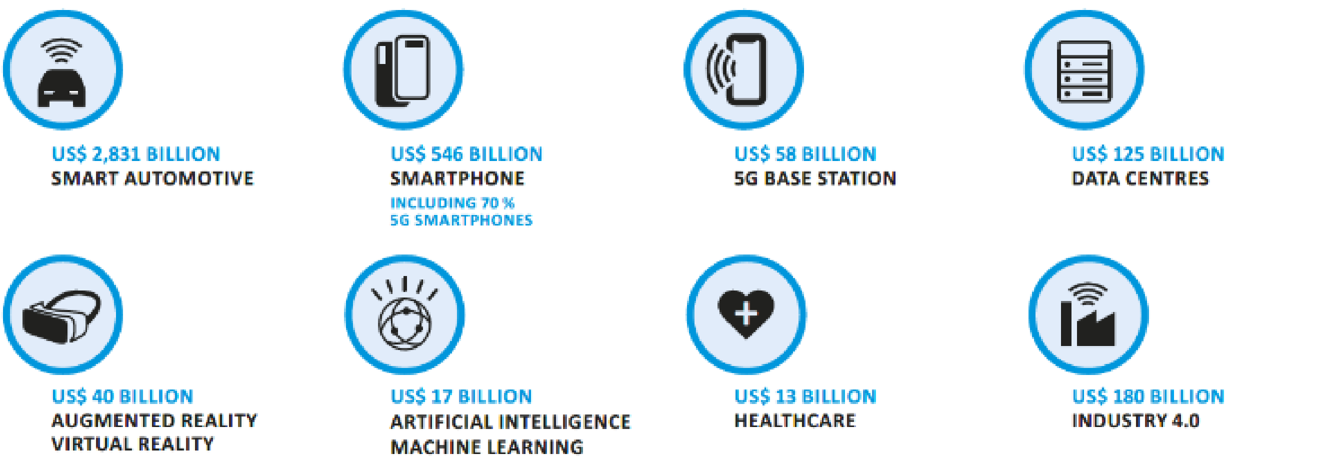
While the cycles of developing and launching products on the market are getting shorter, quality requirements are increasing at the same time. This challenge can be met by combining predeveloped, multiple-use system parts with one or several system functions in electronic modules (“modularisation”). Examples of such modules include sensor modules, computing or artificial intelligence (AI) modules, storage modules, and radio frequency (RF) modules for wireless communication and data transmission.

The trend of modularisation increasingly manifests itself not only in consumer, computer and communication products such as smartphones, smartwatches, smart speakers, notebooks, etc. but also in all other areas of electronics including automotive, industrial and medical applications.

Interconnect solutions consisting of printed circuit boards and IC substrates using embedding as one of the key technologies for the integration of modules with a growing number of functions make a significant contribution to supporting the trend of modularisation. They shorten electrical lines between the components and save space.

Printed circuit boards and interconnect solutions for consumer, communication and computer applications (“CCC”) are additionally subject to the necessity to provide minimum trace widths for high levels of integration in large production volumes. Automotive, industrial and medical applications (“AIM”) use high-end technologies with reduced trace widths from CCC as a platform for further innovation. The focus is on the introduction of new materials (e.g. high-frequency printed

MARKET SIZE BY APPLICATION
2025



Source: Yole, AT&S Analysis (April 2020) circuit boards for radar applications in the automotive sector), process control within even tighter limits and further technological improvements to meet very high quality requirements.

The application trend towards smart autonomous devices supporting a mobile lifestyle and the automation of production requires omnipresent connectivity to exchange huge data volumes (Internet of Things, machine-to-machine communication) or artificial intelligence. Such systems must have particularly high data processing and computing capability. They also have to interact with the environment via sensors and actuators. Such sensors and actuators comprise optical sensors, position and environmental sensors, miniaturised light sources and displays, miniaturised speakers, etc., which further increase the data volume and, consequently, the computing and storage requirements.

Significant improvements in connectivity are expected following the introduction of the 5G telecommunication standard (data rates of high gigabit/s with latencies (= reaction times) of < 1ms). This will allow de facto real time applications for mobile devices, robotics and autonomous driving, to name only a few examples.

Another important trend is the introduction of technologies to prevent emissions, which drives the electrification of vehicles for example. Along with autonomous driving, this is another key application driver for more electronics in vehicles. More efficient networks in vehicles (48V electrical system) as well as electrical motors require the transmission and switching of ever-increasing power, which requires measures to cool the electronics and minimise switching losses.

Depending on the development stage of individual electronic applications, the related markets will have a significant size by 2025. End customer application markets such as vehicles with automated driving capabilities ("Smart Automotive") and smartphones offer great opportunities for electronic systems. Other interesting opportunities arise in data centres, 5G base stations and in industrial automation (Industry 4.0). New applications such as AI (artificial intelligence) components, sensors as a part of health electronics and AR/VR devices (augmented reality/virtual reality) represent comparatively smaller markets, however, with a particularly strong potential for growth.

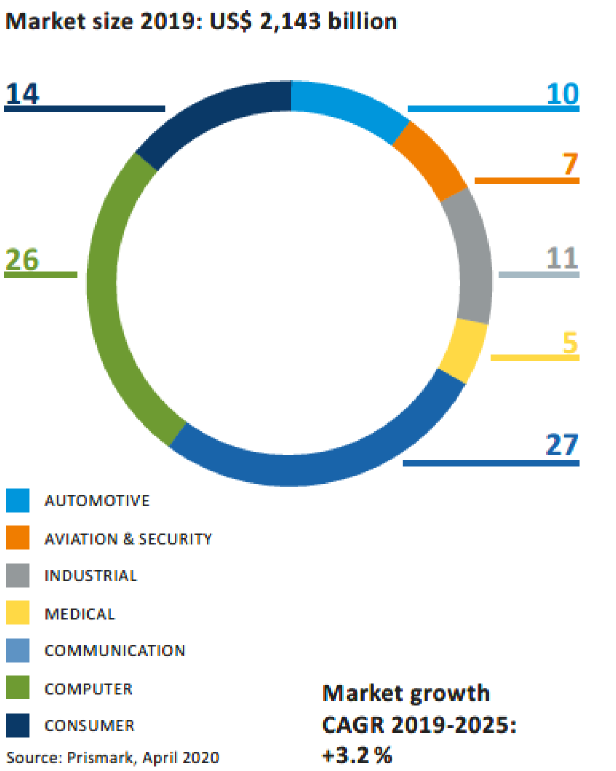
All of these applications can only be realised with highly advanced interconnect solutions as an increasingly significant part of the system as a whole. Modularisation is opening up considerable growth potential for high-end printed circuit board and IC substrate producers like AT&S by proactively entering into development partnerships with customers.

Electronics market: further growth through digitalisation and new functions such as artificial intelligence, 5G connectivity and automation

The solution of social tasks by means of electronic hardware and software ("digitalisation") is gaining increasing importance as has been noticeable over the past decades. Electronics are used in an ever-growing number of applications in order to make them "smart", thus also continuously driving growth of the total electronics market. The total electronics market comprises all manufactured electronic devices and electronic systems. Like macroeconomic data, estimates regarding the total electronics market as well as all other following market estimates are subject to high volatility due to the COVID-19 pandemic. This applies in particular to the year 2020. As a result of the COVID-19 effects expected to date, the entire electronics market, which totalled US$ 2,143 billion in 2019, should shrink by slightly more than 10% in 2020 (Prismark, April 2020). The strongest declines in the total electronics market are projected for the industrial, automotive and consumer segments as consumers and companies are likely to spend less on non-essential goods (Prismark, April 2020). The computer and communication segments will also be significantly affected by the COVID-19 pandemic in 2020 according to current estimates. Following an initial boost in demand due to an increased need for home office equipment, PC and notebook applications are set to record a considerable decline. Further significant growth is expected for servers as another key application in the computer segment due to growing data traffic. Within the communication segment, the strongest decline is forecast for smartphones, while wireless infrastructure is predicted to continue to grow substantially in 2020. In terms of whole segments, tangible growth is only projected for the medical sector in 2020. This is in part attributable to stable demand independent of COVID-19 and some one-off effects such as increased demand for life-saving ventilators.

The long-term global market forecast for electronic systems up to 2025 will not be influenced by COVID-19 according to current estimates. Based on long-term trends and new functions such as artificial intelligence, 5G connectivity, automation, electrification of mobility and renewable energy production, we can still expect mean annual growth in the electronic systems market of 3.2% to US$ 2,587 billion in 2025 (Prismark, April 2020). The annual growth rates of the individual segments are expected to range between 1.6% (computers) and 6% (automotive). Due to the increase in electronic content per vehicle for automated driving and electrification, individual segments of automotive electronics such as automated driving (camera, radar, etc.) should continue to grow strongly.

Electronics market by segment 2019
in %



Source: Prismark, April 2020

However, the recovery from the COVID-19 crisis may take longer in the automotive segment than in other segments. In industrial electronics, a massive growth surge is expected due to automation including robotics, digitalisation of the manufacturing environment and machine-to-machine ("M2M") communication.

The new 5G wireless standard is a massive growth driver for all segments. 5G enables wireless communication in real time with very high data rates, allowing not only videos to be played on mobile devices and general mobile data transmission from the Internet without any time delay but also all types of communication between machines ("M2M" or "machine-to-machine" communication) or vehicles ("Vehicle-to-X" or "V2X" communication).

The enhancement of electronic systems with artificial intelligence (AI) is another, at least equally important growth driver for all sectors. In addition to software, this requires highly advanced and high-quality processor and storage hardware. Current examples include server, PC/notebook and smartphone processor modules with AI accelerators. Camera modules for smartphones and microphones with AI functionality to improve detection signals are further examples. AI technology is also applied in automated drive systems, manufacturing robots and intelligent "home robots". Home robots comprise a variety of applications ranging from AI-enhanced smart speakers, monitoring devices, robots for household activities, robots assisting older people or toy robots. In these cases, AI is used for the automated evaluation and interpretation of detection signals or images, for automated data analysis or for intelligent decision-making based on the data collected.

Printed circuit board and IC substrate market: medium-term growth follows that of the electronics market, further intensified through module integration

Printed circuit boards (PCBs) are used to provide electric connectivity for electronic components mounted on their surface including passive electronic components, such as resistors and capacitors as well as packaged integrated circuits ("ICs"), electronic modules and "systems in package", which contain at least two components and carry out at least one system function such as detecting or actuating, data transmission, processing, data storage or energy management.

Based on current estimates it can be assumed that the economic slowdown caused by COVID-19 will lead to temporary effects on the global printed circuit board market. The market environment, which is currently subject to by high volatility, does not allow a more accurate assessment in figures. However, a substantial recovery in demand can be expected, driven by an intensified trend towards digitalisation. These effects are currently clearly visible in the global IC substrate market due to the resulting significant increase in data volume; it therefore can be assumed that demand will continue to be positive in this market segment.

As stated previously, no effect is expected on the overall medium and long-term growth of the printed circuit board market, which is driven by the increasing functions of the electronics systems.

Up to 2025, mean annual growth of 4.7% to just over US$ 76 billion is expected. As in the electronics systems market, this growth up to 2025 and beyond will be driven by the long-term trend towards digitalisation, and new functions such as artificial intelligence, 5G, automation, electrification of mobility and module integration to accelerate development and reduce costs for electronic systems.

Depending on the segment, annual growth in the printed circuit board markets is expected to range from 2.4% (Aviation & Security) to 5.6% (Communication) between 2019 and 2025 (Prismark, April 2020).

Development of the PCB and IC substrate market in 2020

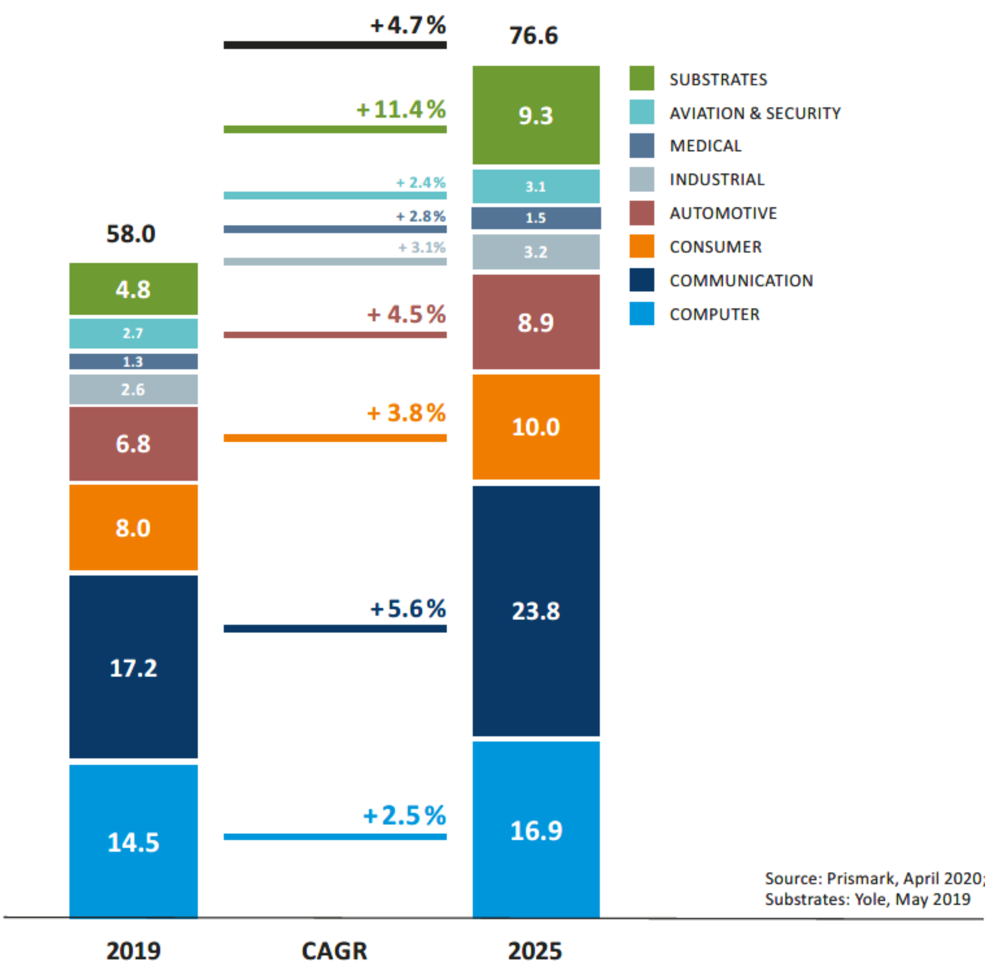
Segment	Trend	Market risks	Market opportunities
AUTOMOTIVE		Strong decline in vehicles sold	Electronic content in vehicles increases (automated driving, electrification of powertrain) Growth in selective applications such as camera, radar, etc.
AVIATION &SECURITY		Particularly strong decline in the segment of new civil aircraft	Growth in satellite and security applications
INDUSTRIAL		Significantly lower investment activity	Public sector investment incentives for applications such as renewable energies
MEDICAL		No particular risks due to COVID-19 pandemic	Stable market development and special demand for some applications such as ventilators
COMMUNICATION		Strong decline in mobile devices	Increased data transmission requirements (remote working, online services) Public sector investment incentives and investments in communication infrastructure Growth in base stations, satellites, etc.
COMPUTER		Slump in PC and notebook sales after a short-term boom due to home office equipment	Increased data processing requirements in data centres (remote working, online services) and need for additional servers
CONSUMER		Change in consumer behaviour due to COVID-19 leads to purchasing restraint	Continued growth in individual applications such as wireless earphones
SUBSTRATES		Despite significant increase in substrate size and number of layers lower need for substrates for processor modules for PCs and notebooks	Especially strong growth for IC substrates for processor modules for infrastructure (5G base stations, servers for data centres)

Source: Prismark, April 2020; Substrates: Yole, May 2019; AT&S Analysis

Annual growth in the IC substrate market is still estimated at approximately 10% up to 2025. This applies in particular to the FCBGA market segment, in which AT&S is active, where processor modules are the main application (Yole, May 2019). As previously mentioned, this subsegment is not expected to see a strong negative influence from COVID-19 since demand in this market segment is currently higher than the available supply due to the introduction of AI and 5G. Technological changes such as heterogeneous integration of processors and memory or chiplets drive demand due to a higher number of substrate layers and larger form factors. Due to new chip generations, minimal pattern sizes are becoming ever smaller. Moreover, the components and routing layers on IC substrates are increasingly often directly connected with each other as the next step of system integration ("fan out", "embedding").

The integration of system functions in "systems in package" or electronic modules is a trend that goes beyond processor modules. Such functions include sensors, actuators, energy management and RF connectivity. This trend towards module

Substrates and PCB market
US$ in billions



Source: Prismark, April 2020; Substrates: Yole, May 2019 integration is attributable to the reduction in system costs, miniaturisation and faster time to market of end user products when tested and qualified electronic modules are used.

The market for module integration services (printed circuit boards/substrates, module production and test) will show annual growth rates of more than 10% and reach a similar size as the printed circuit board market within a few years. The technology options for module integration from the AT&S toolbox include HDI, mSAP, SAP, embedding and 2.5D. This module market thus offers AT&S an important opportunity for further growth, but requires strengthening of manufacturing and testing service capabilities. In the short term, growth is also expected to slow down significantly in this market because of the COVID-19 crisis, while submarkets such as the wireless module and sensor module segments still offer growth opportunities.

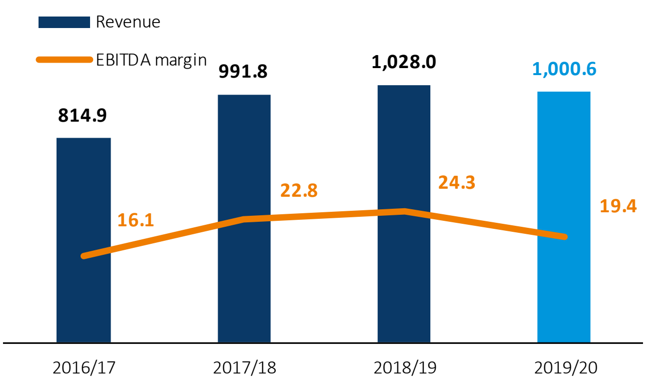
2. ECONOMIC REPORT

2.1. Overall development of the Group

AT&S successfully manages challenging environment

In the financial year 2019/20 AT&S held its ground well in a challenging market environment, which was heavily influenced by the trade dispute of the world's two largest economies, the USA and China, and the related decline in global growth, as well as uncertainties regarding the United Kingdom's withdrawal from the European Union. In the last quarter, the COVID-19 pandemic and the related temporary closure of plants in China and India led to additional negative effects. As a result, the Group's revenue, at € 1,000.6 million, did not reach the level of € 1,028.0 million generated in the previous financial year (deviation € 27.4 million or -2.7%). Sales volume increases for IC substrates and in the Medical & Healthcare segment had a positive impact. The Automotive segment maintained the level of the previous year despite challenging market conditions. The weaker development was primarily attributable to the change in product mix for mobile devices and to the continued decline in demand in the Industrial segment. In addition, the Automotive and Industrial were confronted with increased price pressure.

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



2.2. Earnings development in the Group

Revenue nearly at the level of the previous year

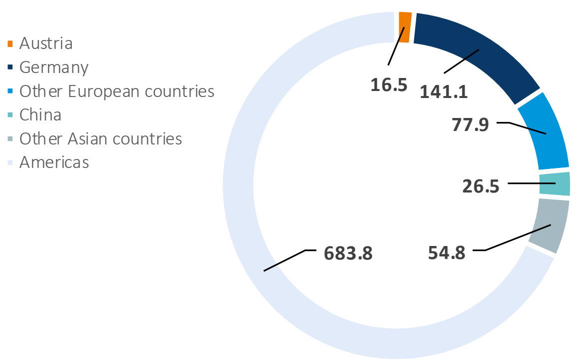
Revenue decreased by -2.7% year-on-year and amounted to € 1,000.6 million.

As the US dollar was stronger during the past financial year, foreign exchange effects had a positive influence of € 31.8 million or 3.1% on the development of revenue. 84.3% of revenue (previous year: 81.5%) was invoiced in foreign currencies (primarily US dollars).

During the year, revenue developed in line with the seasonal cycle. In the second and third quarters, revenue was significantly higher than in the first and fourth quarters.

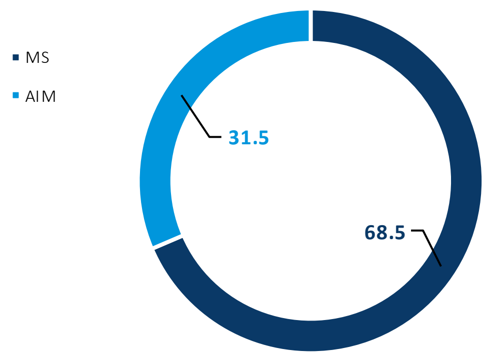
The effects of recognising revenue over time, which is required for a number of customers in accordance with IFRS 15, led to a decrease in reported revenue of € 3.1 million or 0.3% (previous year: increase of € 22.5 million or 2.3%). For further information please refer to the notes to the consolidated financial statements.

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



The regional revenue structure based on customers' headquarters shows a share of 68.3% for America compared with 66.4% in the previous year. The share of products manufactured in Asia rose slightly from 85.0% to 86.5%.

Revenue from external customers by segments
in %

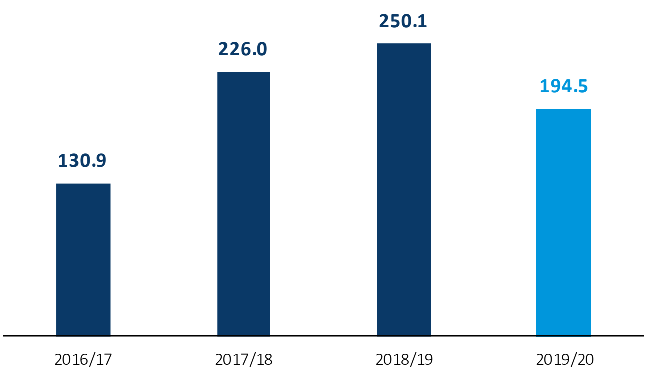


share of the Mobile Devices & Substrates (MS) segment in external revenue rose to 68.5% (previous year: 66.5%), the share of the Automotive, Industrial, Medical (AIM) segment declined to 31.5% (previous year: 33.0%). Further information on the development of the segments is provided in Section 2.3 “Earnings development in the segments”.

EBITDA declines to € 195 million , EBITDA margin 19.4%

EBITDA, at € 194.5 million, was clearly below the prior-year value of € 250.1 million. The current earnings figures are primarily attributable to the changed product mix in the Mobile Devices segment and to the market environment, which was subject to uncertainties and the associated decline in demand. This resulted in temporary underutilisation of the production capacities and a lower operating performance, which was exacerbated in the fourth quarter in particular due to the impact of the COVID-19 pandemic. Furthermore, substantial investments in the future for the strategic expansion of business led to higher expenses. The result was supported by positive currency effects, which result predominantly from positive measurement effects due to the stronger US dollar and the translation of foreign subsidiaries to the reporting currency. The overall positive impact of the exchange rate totalled € 32.1 million.

Development of EBITDA
€ in millions



The EBITDA margin declined by -4.9 percentage points from 24.3% in the previous year to 19.4%.

Result key data
€ in millions (unless otherwise stated)

	2019/20	2018/19	Change in %
Revenue	1,000.6	1,028.0	(2.7%)
Operating result before interest, tax, depreciation and amortisation (EBITDA)	194.5	250.1	(22.2%)
EBITDA margin (%)	19.4%	24.3%	
Operating result (EBIT)	47.4	117.2	(59.6%)
EBIT margin (%)	4.7%	11.4%	
Profit for the year	21.5	89.0	(75.9%)
Earnings per share (€)	0.34	2.08	(83.7%)
Additions to fixed assets	254.3	108.8	>100%
Average number of staff (incl. leased personnel)	10,239	9,811	4.4%

Increase in expense items

The above-mentioned effects also had an impact on the individual cost areas. The increase in production costs of € 36.8 million to € 897.7 million results primarily from higher maintenance costs, research and development costs, and depreciation and amortisation. This development was intensified by negative currency effects.

Administrative and distribution costs exceeded the prior-year figures by € 1.1 million or 1.7%.

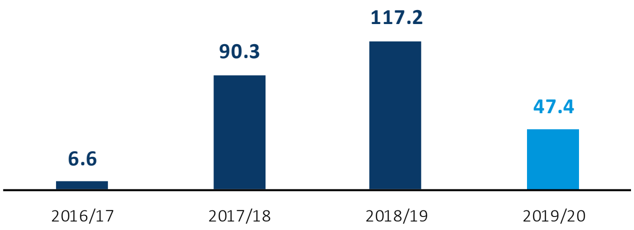
Other operating income declined from € 17.4 million to € 12.9 million. This was mainly due to a decrease in the exchange rate result of € 2.8 million in the financial year 2019/20, which resulted primarily from the measurement of receivables and liabilities denominated in the stronger US dollar.

Depreciation of property, plant and equipment and amortisation of intangible assets of € 146.2 million or 15.4% of non-current assets (previous year: € 132.9 million or 15.9% of noncurrent assets) reflect the high technical standard and the intensity of investment of AT&S. The increase of € 13.3 million compared with the previous year was accounted for by € 8.1 million from the Mobile Devices & Substrates segment (MS), and here predominantly by higher depreciation at the plant in Chongqing. The share of the Automotive, Industrial, Medical segment (AIM) rose by € 4.7 million.

The operating result (EBIT) dropped by € 69.8 million or -59.6% to € 47.4 million (previous year: € 117.2 million) due to the above-mentioned effects.

The EBIT margin declined by -6.7 percentage points to 4.7% (previous year: 11.4%).

Development of EBIT
€ in millions



Finance costs – net

Finance costs – net fell from € -2.0 million to € -6.5 million. Interest expense on bank borrowings and bonds amounted to € 11.4 million (previous year: € 12.2 million). Interest on social capital remained at the prior-year level of € 1.1 million.

The measurement of hedging instruments resulted in a loss of € 1.5 million (previous year: loss of € 0.1 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 primary secured financial liabilities.

Capitalised interest on borrowings related to the acquisition of qualified assets increased by € 0.2 million to € 0.4 million (previous year: € 0.2 million).

Due to the higher volume of time deposits, an increase in the return on financial investments of € 1.8 million to € 6.7 million (previous year: € 4.9 million) was achieved although the environment for investments is currently unfavourable.

Positive exchange rate differences of € 3.8 million were recognised as income in finance costs – net in the financial year 2019/20 (previous year: income of € 9.2 million). The exchange rate differences resulted predominantly from the measurement of liquid foreign currency funds and debts.

Finance costs – net are influenced by currency effects because investments and loans from credit institutions are in part denominated in foreign currencies. 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 declines

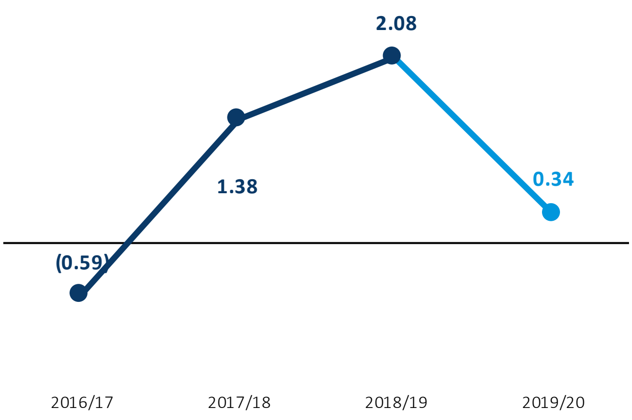
Profit for the year declined from € 89.0 million in the previous year by € 67.6 million to € 21.5 million. The Group's tax expense amounts to € 19.5 million (previous year: € 26.2 million).

Current income taxes declined to € 12.0 million (previous year: € 13.6 million). Deferred tax expenses dropped to € 7.5 million (previous year: € 12.5 million). The main reasons for the reduction were reversals of deferred tax liabilities due to tax-free distributions within China and lower depreciation and amortisation at AT&S China than in the previous year, which led to lower deferred tax assets at the same time.

AT&S China reported the favourable tax status as a "high-tech company" in the calendar year 2019. This tax status commenced on 1 January 2017, is valid for three years and is dependent on achieving certain criteria each year.

Earnings per share decreased by € 1.74 from € 2.08 to € 0.34, with the number of shares outstanding remaining unchanged. In the calculation of earnings per share, interest on hybrid capital of € 8.3 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 generally continued its positive development in the financial year 2019/20. Dampening effects of a change in product mix for mobile devices and a decline in global growth due to the trade dispute between the USA and China as well as the impact of the COVID-19 pandemic were only in part offset by sales volume increases in the area of IC substrates. Positive currency effects had an improving effect on earnings.

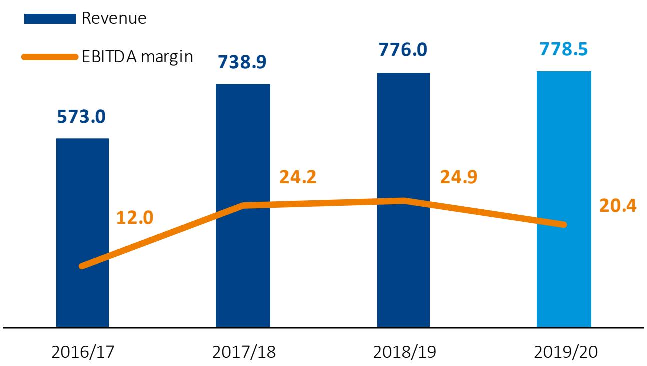
Mobile Devices & Substrates segment – overview
€ in millions (unless otherwise stated)

	2019/20	2018/19	Change in %
Segment revenue	778.5	776.0	0.3%
Revenue from external customers	685.9	683.9	0.3%
Operating result before depreciation and amortisation (EBITDA)	158.6	193.5	(18.1%)
EBITDA margin (%)	20.4%	24.9%	
Operating result (EBIT)	37.7	80.8	(53.3%)
EBIT margin (%)	4.8%	10.4%	
Additions to fixed assets	216.0	69.6	>100%
Average number of staff (incl. leased personnel)	7,260	6,860	5.8%

The increasing performance level of mobile devices would not be possible without HDI (high density interconnection) printed circuit boards and mSAP (modified semi-additive process) printed circuit boards. AT&S is one of the world's leading HDI technology suppliers and has achieved a leading position in mSAP technology.

With a revenue share of 68.5% (previous year: 66.5%), the Mobile Devices & Substrates segment is still the largest segment of the AT&S Group.

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



Revenue, at € 778.5 million, was up € 2.5 million or 0.3% on the prior-year figure of € 776.0 million. Revenue was influenced by the positive exchange rate development of the US dollar, meaning that overall revenue growth was € 30.4 million higher as a result. In terms of geography, a further substantial increase in revenue with American customers was recorded.

The segment's **EBITDA** amounted to € 158.6 million, down € 35.0 million or -18.1% on the prior-year value of € 193.5 million. The decrease in EBITDA was primarily attributable to a less favourable product mix, the economic downturn and the related temporary underutilisation. The EBITDA margin of the Mobile Devices & Substrates segment, at 20.4%, was 4.6 percentage points lower than in the previous year (24.9%).

The segment's **depreciation and amortisation** increased by € 8.1 million or 7.2% from € 112.7 million to € 120.9 million. The increase was primarily attributable to higher depreciation and amortisation at the Chongqing site.

The operating result (**EBIT**) declined by € 43.1 million to € 37.7 million (previous year: € 80.8 million). The EBIT margin was down 5.6 percentage points to 4.8% (previous year: 10.4%) due to the decrease in EBIT.

Additions to fixed assets rose by € 146.4 million or 210.3% to € 216.0 million (previous year: € 69.6 million). Apart from additions of € 177.3 million for ongoing expansion, replacement and technology upgrades at the Chongqing site, fixed assets at the Shanghai plant increased by € 38.4 million.

Automotive, Industrial, Medical segment: at a stable level

With a decline in revenue of € 14.8 million to € 350.4 million (previous year: € 365.2 million) the level of the previous year could not be fully maintained in the Automotive, Industrial, Medical segment. Strong demand was recorded above all in the Medical & Healthcare segment. The Automotive and Industrial

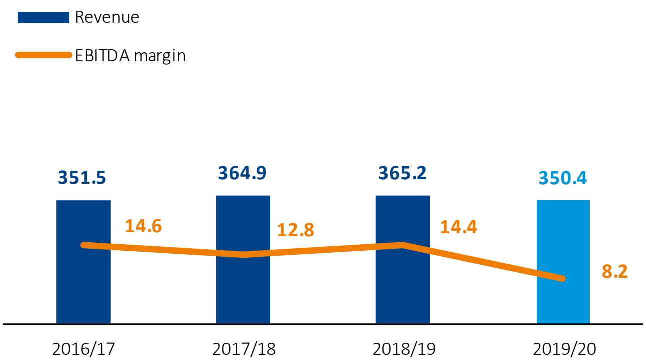
Automotive, Industrial, Medical segment – overview
€ in millions (unless otherwise stated)

	2019/20	2018/19	Change in %
Segment revenue	350.4	365.2	(4.0%)
Revenue from external customers	314.7	338.9	(7.1%)
Operating result before depreciation and amortisation (EBITDA)	28.9	52.6	(45.1%)
EBITDA margin (%)	8.2%	14.4%	
Operating result (EBIT)	5.6	34.1	(83.4%)
EBIT margin (%)	1.6%	9.3%	
Additions to fixed assets	33.2	36.1	(7.9%)
Average number of staff (incl. leased personnel)	2,764	2,771	(0.2%)

segments were confronted with a difficult environment, leading to higher price pressure in both segments and also to lower demand in the Industrial segment.

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.

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



EBITDA declined by € 23.7 million or -45.1% to € 28.9 million (previous year: € 52.6 million). This reduction results from uncertainties in the automotive market and lower demand in the industrial sector, and was exacerbated by the impact of the COVID-19 pandemic in the fourth quarter, which led to temporary underutilisation of the production capacities and a lower operating performance.

The **EBITDA margin** decreased by 6.2 percentage points to 8.2% (previous year: 14.4%).

The operating result (**EBIT**) fell by € 28.4 million or -83.4% to € 5.6 million (previous year: € 34.1 million).

The **EBIT margin** of the Automotive, Industrial, Medical segment, at 1.6%, was below the prior-year value of 9.3% due to the above-mentioned effects.

Additions to fixed assets declined by € 2.9 million to € 33.2 million (previous year: € 36.1 million). The additions were related to ongoing expansion, replacement and technology upgrade investments, in particular at the locations in Austria and India.

Others segment

The result of the general holding activities included in the Others segment was higher than in the previous year. The embedding technology, which was presented in this segment in the previous year, has now been split up between the Mobile Devices & Substrates and Automotive, Industrial, Medical segments.

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

	2019/20	2018/19	Change in %
Segment revenue	–	5.3	n.a.
Revenue from external customers	–	5.3	n.a.
Operating result before depreciation and amortisation (EBITDA)	7.1	4.0	78.6%
EBITDA margin (%)	–	75.3%	
Operating result (EBIT)	4.1	2.4	71.3%
EBIT margin (%)	–	45.0%	
Additions to fixed assets	5.1	3.1	64.6%
Average number of staff (incl. leased personnel)	214	181	18.4%

2.4. Assets and financial position

2.4.1. ASSETS

Increase in non-current assets

Total assets increased by 3.9% to € 1,853.5 million in the financial year 2019/20.

Non-current assets increased by € 97.7 million to € 996.0 million. While property, plant and equipment rose by € 125.8 million to € 903.5 million, intangible assets declined by € 15.0 million to € 45.1 million. In property, plant and equipment, additions to assets and technology upgrades of € 247.9 million were offset by depreciation totalling € 125.9 million. Property, plant and equipment as reported in the statement of financial position also includes right-of-use assets of € 25.0 million as a result of the first-time adoption of IFRS 16.

The net change in non-current assets amounted to € 110.7 million or 13.2% to € 948.6 million (previous year: € 837.9 million).

Current assets declined by € 28.3 million to € 857.5 million. Cash and cash equivalents recorded a significant increase to € 418.0 million (previous year: € 326.8 million). Financial assets were reduced by € 103.5 million to € 136.2 million. Overall, AT&S thus has cash and current financial assets totalling € 554.2 million (previous year: € 566.6 million). The increase in inventories of € 23.9 million to € 108.4 million results primarily from increasing raw material inventory levels in China as a preparation measure for COVID-19. Trade receivables, other receivables and contract assets decreased by € 36.6 million to € 192.4 million, which is primarily due to additional factoring activities.

Trade payables rose by € 37.1 million or 28.1% from € 131.9 million to € 169.1 million, including an increase in liabilities from investments of € 31.7 million to € 62.9 million (previous year: € 31.2 million).

Significant increase in net gearing

Equity decreased by € 43.2 million or -5.4% from € 803.5 million to € 760.3 million. The positive profit for the year increased equity by € 21.5 million, while negative effects of € 30.3 million are due to currency differences from the translation of net asset positions of subsidiaries and from the translation of long-term loans to subsidiaries.

Actuarial losses of € 1.1 million (previous year: loss of € 5.8 million) resulting from the parameters used for the calculation of personnel expenses and the interest expense for the hybrid bond of € 8.3 million also reduced equity.

Net working capital
€ in millions (unless otherwise stated)

	31 Mar 2020	31 Mar 2019	Change in %
Inventories	108.4	84.5	28.3%
Trade receivables and contract assets	134.5	180.4	(25.4%)
Trade payables	(169.1)	(131.9)	(28.1%)
Liabilities from investments	62.9	31.2	>100%
Working capital trade	**136.7**	**164.1**	**(16.7%)**
Other current assets, payables, provisions	7.7	(3.6)	>100%
Net working capital	**144.4**	**160.5**	**(10.0%)**
Net working capital in % of total revenue	14.4%	15.6%	
Days outstanding (in days):			
Inventories	44	36	22.2%
Receivables	49	64	(23.4%)
Payables	66	66	–

The dividend led to a reduction in equity of € 23.3 million.

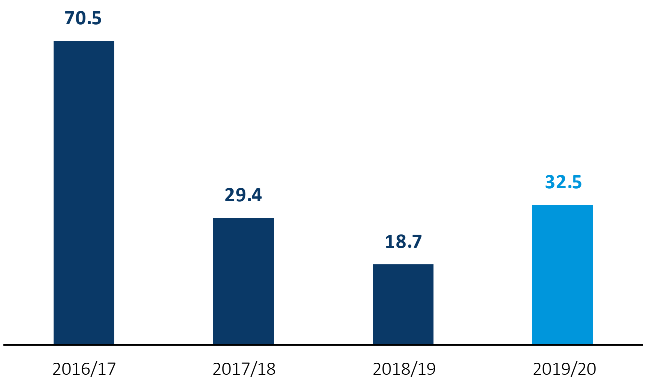
Non-current financial **liabilities** rose by € 16.8 million or 2.5% to € 695.8 million. The initial application of IFRS 16 led to an increase of € 21.6 million. Furthermore, another promissory note loan was concluded in the past financial year. The cash inflow resulting from the promissory note loan transaction was in part used to optimise and repay financial liabilities carrying higher interest rates. The remaining cash was invested for the short term and is consequently recognised under cash and cash equivalents or under financial assets.

Current financial liabilities increased from € 38.0 million to € 105.3 million.

Net debt rose by € 96.4 million or 64.2% to € 246.7 million (previous year: € 150.3 million), which resulted primarily from the increase in financial liabilities.

Net gearing rose to 32.5% thus exceeding the prior-year level of 18.7%.

Net gearing
in %



2.4.2. FINANCING

The focus of the financial year 2019/20 was on financing the capital requirements of the coming years early in order to benefit from the currently favourable financing environment in the long term. To this end, a credit line of an aggregate volume of € 300 million as part of an OeKB equity financing programme and a promissory note loan of an aggregate volume of € 80 million were concluded very successfully.

In addition to that, several smaller financing transactions were carried out and the financing structure was optimised further.

Net debt
€ in millions (unless otherwise stated)

	31 Mar 2020	31 Mar 2019	Change in %
Financial liabilities, current	105.3	38.0	>100%
Financial liabilities, non-current	695.8	679.1	2.5%
Gross debt	**801.1**	**717.1**	**11.7%**
Cash and cash equivalents	(418.0)	(326.8)	(27.9%)
Financial assets	(136.4)	(239.9)	43.1%
Net debt	**246.7**	**150.3**	**64.2%**
Operating result before interest, tax, depreciation and amortisation (EBITDA)	194.5	250.1	(22.2%)
Net debt/EBITDA ratio	1.3	0.6	
Equity	760.3	803.5	(5.4%)
Total consolidated statement of financial position	1,853.5	1,784.1	3.9%
Equity ratio (%)	41.0%	45.0%	
Net gearing (net debt/equity) (%)	32.5%	18.7%	

Financing is based on a four-pillar strategy

The financing of AT&S is based on a four-pillar strategy, which aims to minimise dependence on individual financing instruments. Based on the prevailing financial market conditions, individual areas can be expedited more strongly or, as the case may be, not used at times.

The first pillar is based on long-term, **fixed-interest-bearing retail bonds.** Their advantage lies in their high predictability and security for the company as they carry fixed interest rates and are non-redeemable. However, their higher placement and financing costs are a disadvantage. No standard retail bond is issued at present.

The importance of **promissory note loans** as a key financing pillar did not change in the financial year 2019/20 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 promote this form of financing in the future.

At 31 March 2020, promissory note loans totalling € 596.4 million (previous year: € 598.5 million) were placed with several national and international investors. The remaining terms range between 7 months and about 9 years.

Bank loans are used as the third pillar. As of 31 March 2020, loans totalling € 179.8 million had been taken out with national and international banks (previous year: € 118.5 million). They predominantly carry fixed interest rates and have maturities between 1 and 7 years.

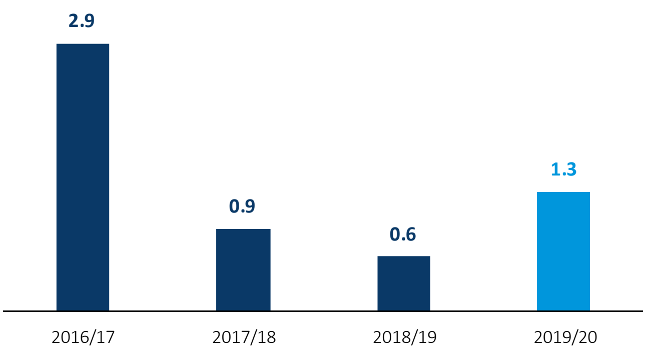
The fourth pillar consists of **credit lines**, which serve to cover liquidity fluctuations and as a financing reserve. At the reporting date, AT&S had unused credit lines of € 490.4 million (previous year: € 187.3 million) in the form of contracted loan commitments made by banks. At 31 March 2020, AT&S had only used 61.7% (previous year: 79.7%) 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 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 1.3 years was significantly lower than the maximum of 3.0 years defined by AT&S. It increased in the past financial year (previous year: 0.6 years).

Net debt/EBITDA



Instruments
€ in millions

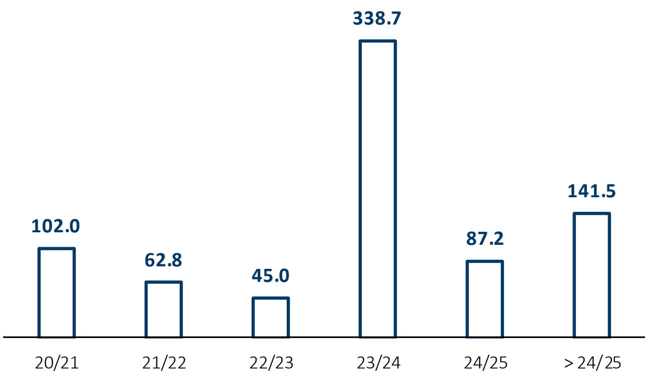
	31 Mar 2020	in %	31 Mar 2019	in %
Promissory note loans	596.4	47.1%	598.5	66.2%
Bank borrowings	179.8	14.2%	118.5	13.1%
Gross debt	**776.2**	**61.3%**	**717.0**	**79.3%**
Credit lines	490.4	38.7%	187.3	20.7%
Committed credit lines	**1,266.5**	**100.0%**	**904.4**	**100.0%**

The equity ratio decreased from 45.0% in the previous year to 41.0%; however, it still exceeded the target value of 40.0%. For further information regarding capital risk management, please refer to Note 19 "Additional disclosures on financial instruments" – subsection Capital Risk Management – in the notes to the consolidated financial statements.

AT&S pursues a financing structure that is as balanced as possible, with an average duration. At the reporting date, the duration was 3.2 years and thus slightly less than in the previous year (3.7 years).

The repayment structure shows a high amount in the year 2023/24 due to the repayment of parts of the promissory note loan and bank loans of € 338.7 million. AT&S strives to finance capital requirements early and has liquidity reserves of € 1,044.8 million at 31 March 2020 (previous year: € 754.1 million), which consist of financial resources and unused credit facilities.

Redemption
€ in millions



Effective interest and currency management

Minimising interest rate risk by predominantly using fixed interest rates was defined as another treasury objective. 68.0% (previous year: 76.9%) of financing is conducted at or was swapped to fixed interest rates and only 32.0% (previous year: 23.1%) 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 fixed interest rates declined slightly. 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 2020, AT&S had financial resources totalling € 554.2 million (previous year: € 566.6 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 terms of investment and 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 at a minimum. At 31 March 2020, assets denominated in US dollar (trade receivables, financial assets and cash denominated in US dollar) amounting to € 243.1 million (previous year: € 270.5 million) were offset by liabilities denominated in US dollar (trade payables and financial liabilities denominated in US dollar) amounting to € 58.3 million (previous year: € 43.3 million). The resulting net risk position – at 31 March 2020 this was an active balance of € 184.8 million (previous year: € 227.2 million) – thus amounted to 10.0% (previous year: 12.7%) of the Group's total assets and liabilities.

Treasury key data

	Covenant[1)]	Target[2)]	31 Mar 2020	31 Mar 2019
Net debt/EBITDA ratio	<4,0	<3,0	1.3	0.6
Equity ratio	>35 %	>40 %	41.0%	45.0%

[1)] *Covenants are limits included in old credit agreements which the actual figures should not exceed (Net debt/EBITDA) or undercut (equity ratio)*
[2)] *Target values are limits defined by AT&S which the actual figures, under normal circumstances, should not exceed (Net debt/EBITDA) or undercut (equity ratio)*

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.

Securing the financing network

The final treasury objective consists of optimised relationship management with financing partners. AT&S considers this to be 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 dropped from € 206.0 million to € 165.4 million. This decrease is primarily attributable to the decline in the operating result from € 117.2 million to € 47.4 million. Interest payments declined by € 1.6 million to € 12.0 million (previous year: € 13.6 million), primarily due to better terms and conditions in the promissory note loans. The interest received reflects the currently very difficult market environment for investments in euros, but nevertheless increased by € 1.8 million to € 6.7 million (previous year: € 4.9 million) due to the higher investment volume. In contrast, income taxes paid fell by € 15.3 million to € 13.5 million (previous year: € 28.8 million).

Cash flow from operating activities improved to € 185.1 million (previous year: € 170.5 million). The increase in trade payables and other liabilities of € 5.7 million and the increase in cash flow from trade and other receivables and contract assets of € 38.2 million were offset by changes in inventories of € -25.5 million.

Capital expenditures for property, plant and equipment and for intangible assets of € 218.6 million were substantially higher than in the previous year (€ 100.9 million). The main outflows resulted from expansion, replacement and technology upgrades in Chongqing, Shanghai and Austria.

Free cash flow from operating activities, i.e. cash flow from operating activities less net investments in property, plant and equipment and for intangible assets amounted to € -33.4 million in the financial year 2019/20 (previous year: € 69.7 million). AT&S thus managed to fund the high level of investment activities independently.

While the outflow for the acquisition of property, plant and equipment of € 100.9 million in the previous year rose to € 218.6 million in the financial year 2019/20, a net inflow to financial assets (due to the reduction of remaining terms) of € 101.9 million was recorded (previous year: net outflow of € 175.7 million). As a result, **cash flow from investing activities,** at € -116.6 million, was below the prior-year level of € -276.6 million.

Carrying amount of financial liabilities by maturity
€ in millions

	31 Mar 2020	in %	31 Mar 2019	in %
Remaining maturity				
Less than 1 year	105.3	13.1	38.0	5.3%
Between 1 and 5 years	554.6	69.2	532.6	74.3%
More than 5 years	141.2	17.6	146.5	20.4%
Total financial liabilities	**801.1**	**100.0**	**717.0**	**100.0%**

Cash flow from financing activities amounted to € 17.9 million, down € -129.3 million on the prior-year value of € 147.2 million. This was primarily attributable to the cash inflow from borrowings of € 77.9 million and the repayment of financial liabilities of € -30.1 million, the dividend payment of € -23.3 million and the hybrid coupon payment of € -8.3 million.

Free cash flow, i.e. cash flow from operating activities plus cash flow from investing activities, amounted to € 68.5 million, up € 174.5 million on the prior-year value of € -106.0 million. € 277.6 million of the year-on-year change resulted from the investment and returns on the investment of cash and cash equivalents, which were offset by an increase in investment activity of € 117.7 million and lower cash flow from operating activities.

Substantial liquidity available for repaying existing financing and further investments

Despite very high levels of investment, cash and cash equivalents increased from € 326.8 million to € 418.0 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 € 136.2 million (previous year: € 239.8 million).

Overall, AT&S thus has cash and current financial assets totalling € 554.2 million (previous year: € 566.6 million). This amount, which is currently very high, 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 IRR for strategic corporate management. They reflect the operating performance vis-à-vis investors and customers.

AT&S uses 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 and 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 board industry was around 8.7% before the COVID-19 pandemic. With ROCE amounting to 2.8%, AT&S was below this level in the reporting period.

ROCE deteriorated year-on-year due the decline in EBIT, which was offset by higher average capital employed of € 980.4 million (previous year: € 937.2 million).

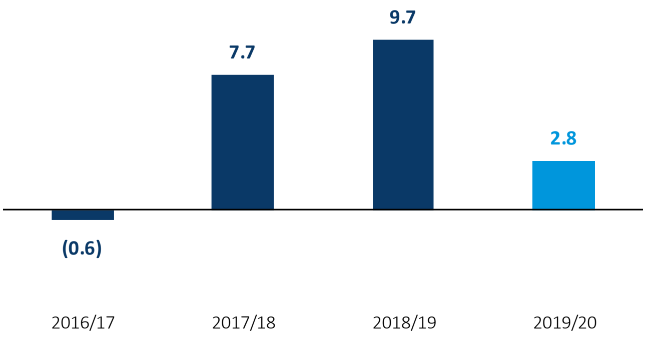
The second performance indicator is related to the ability to implement innovations in a timely manner and in response to the market. AT&S measures this ability using the innovation revenue rate (IRR), which expresses the revenue share of products that feature new and innovative technologies and which have been launched on the market in the last three years. For the financial year 2019/20 the IRR is 30.8% compared with 35.3% in the previous year. AT&S strives for a medium-term

Cash flow statement (short version)
€ in millions

	2019/20	2018/19	Change in %
Cash flow from operating activities before changes in working capital	165.4	206.0	(19.7%)
Cash flow from operating activities	185.1	170.5	8.6%
Cash flow from investing activities	(116.6)	(276.6)	57.8%
Operating free cash flow	(33.4)	69.7	(>100%)
Free cash flow	68.5	(106.1)	>100%
Cash flow from financing activities	17.9	147.2	(87.8%)
Change in cash and cash equivalents	86.4	41.2	>100%
Currency effects on cash and cash equivalents	4.7	15.0	(68.6%)
Cash and cash equivalents at end of the year	**418.0**	**326.8**	**27.9%**

average IRR of at least 20%. This target was significantly exceeded in the financial year 2019/20.

ROCE
in %



2.5. Significant events after the reporting period

With regard to significant events after the balance sheet date, reference is made to the notes to the consolidated financial statements (Note 26 "Significant events after the balance sheet date").

Return on capital employed (ROCE)
€ in millions

	2019/20	2018/19	Change in %
Operating result (EBIT)	47.4	117.2	(59.6%)
Income taxes [1)]	(19.5)	(26.2)	25.6%
Operating result after tax (NOPAT) [1)]	**27.9**	**91.0**	**(69.3%)**
Equity – average	781.9	757.4	3.2%
Net debt – average	198.5	179.8	10.4%
Capital employed – average	**980.4**	**937.2**	**4.6%**
ROCE [1)]	**2.8%**	**9.7%**	

[1)] *Adjusted taking into account IAS 12 revised*

Innovation Revenue Rate (IRR)
€ in millions

	2019/20	2018/19	Change in %
Main revenue	1,000.4	1,027.8	(2.7%)
Main revenue generated by innovative products	308.6	362.5	(14.9%)
IRR	**30.8%**	**35.3%**	

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 and increasingly also the American market. In Europe, short lead times, special applications and customer proximity are particularly important. The plant in Leoben continued to pursue the path of niche and prototype production started in recent years. Among other things, the production of the embedding technology is based in Leoben. Several important projects were qualified with renowned customers in the financial year 2019/20 and are about to enter mass production. In addition, investments were made in the expansion of the core line in order to provide capacities for the Chongqing plant on the one hand and to secure the future technologies on the other. The plant in Fehring successfully completed its extension and all customer qualifications of the new production hall. A stronger focus on specific applications and markets helped create synergies with other sites (Leoben and Nanjangud) and improve the product mix. As a result, high-end printed circuit boards (HDI/HF technology) can be manufactured at the Fehring site for the Industrial, Medical and Automotive segments.

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 2019/20; these were produced for the Automotive, Industrial, Medical segment.

Chongqing At present, two plants for high-end products are operated in Chongqing. The plant for IC substrates (integrated circuit substrates) is currently undergoing full expansion and capacity has increased as planned. The plant operated at capacity throughout the year. As demand for IC substrates is increasing for the application in high-performance computer modules, construction of an additional plant began in the financial year 2019/20, and is scheduled to start production at the end of 2021. High-end mSAP printed circuit boards are manufactured at the plant for mobile applications. The production of printed circuit boards for modules started at the site during the financial year 2019/20. Capacity at the plant is being continuously expanded in order to meet growing customer demand in the high-end segment.

Ansan The very positive development of the site in Korea continued in the financial year 2019/20, in particular in the medical technology segment for European and American customers. In December 2019, the expansion of the plant began on the neighbouring premises, which had been acquired in the previous year. Completion is scheduled for the fourth quarter of the financial year 2020/21.

Nanjangud The site continued its positive development in terms of the further technical developments regarding market and customer requirements in the financial year 2019/20. Due to the long qualification times for HF and HDI products, this development is not yet reflected in revenue; however, a significant shift in the product mix towards higher-value technologies is already noticeable and will continue to be a strong focus. The temporary closure in mid-March caused by COVID-19 cases in the vicinity of the plant and the region being designated a lockdown area, had no material impact on revenue due to the prestart situation.

Hong Kong The Hong Kong-based company AT&S Asia Pacific 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. Customers' proximity to the CEMs and to suppliers is a locational advantage which is highly valued by business partners.

The sales support companies in America, Germany, Japan and Taiwan continued to ensure good and close contact with customers in the financial year 2019/20.

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 2020, 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 2020, roughly 64.68% 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 Board is authorised to adopt amendments to the Articles of Association resulting from the issuance of shares from the approved capital.

Significant direct and indirect shareholdings Shares/in %	Shares	% capital	% voting rights
Dörflinger-Privatstiftung: Vienna, Austria	6,902,380	17.77%	17.77%
Androsch Privatstiftung: Vienna, Austria	6,819,337	17.55%	17.55%

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 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 25th Annual General Meeting on 4 July 2019, 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. Furthermore, the Management Board was authorised, for a period of five years, i.e. up to and including 3 July 2024, subject to approval of the Supervisory Board and without any further resolution by the Annual General Meeting, to sell treasury shares by means other than via the stock exchange or a public offering, in particular to serve employee stock options, convertible bonds or as a consideration for the acquisition of companies or other assets and to use them for any other legal purpose.

The company held no treasury shares as of 31 March 2020.
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, reference is made to the notes to the consolidated financial statements (Note 21 “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 2019/20 as a separate chapter.

4. RESEARCH AND DEVELOPMENT

Structured development of technological opportunities

In the past financial year AT&S once again focused its research and development activities on exploring opportunities arising from the current transformation towards modularisation in the electronics industry and the resulting change in the value chain in order to gradually live up to the claim "More than AT&S". The ongoing projects in this context can be allocated to four main development programmes:

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, driven by improved data transmission possibilities (5G), the data volume to be processed will increase significantly in the coming years. Electronic systems working at higher frequencies (e.g. communication modules for 5G, 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.

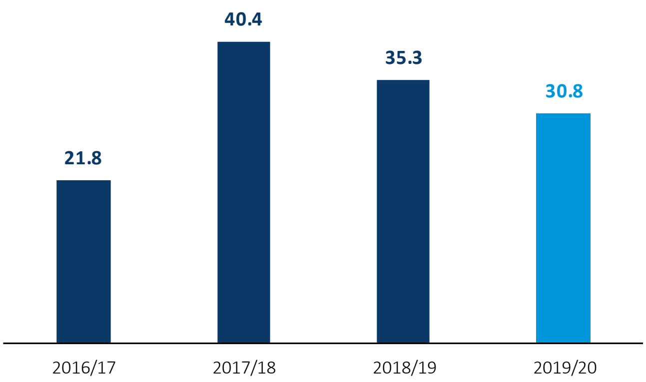
Performance and performance efficiency: In view of the sustainability endeavours, there is currently a strong trend towards alternative forms of propulsion in mobility, in particular towards electric mobility. At the same time, mechanical solutions are increasingly replaced by energy-saving electronic solutions in the automotive sector. AT&S focuses its development activity on systems which enable optimum power supply with the lowest electrical losses in vehicles, can switch and transmit high loads and may even be able to produce energy in the future.

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 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 put to use via digitalisation in order to optimise and improve production processes as well product properties and quality, and new solutions enabling the sparing use of resources in production are developed.

Innovation rate still high

The innovation revenue rate (IRR) measures the impact of the innovative strength of a company. It describes the share in revenue AT&S generates with innovative products launched on the market in the past three years. Generally speaking, the IRR 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).

Innovation Revenue Rate (IRR)
in %

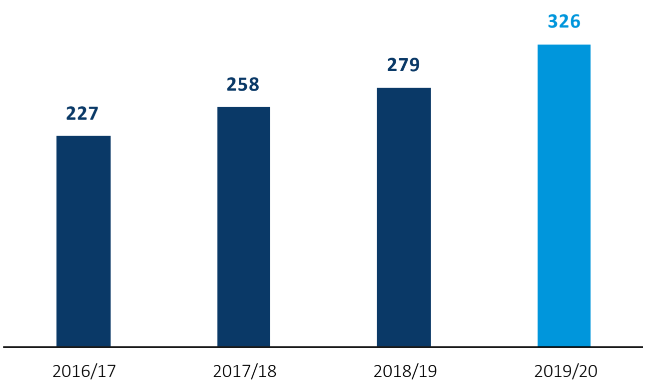


AT&S strives for a mean annual IRR of at least 20%. In the past financial year, the IRR was still relatively high at 30.8% despite numerous technology introductions in the past years (e.g. mSAP and substrates). At the same time, AT&S will also be in a very intensive phase of technology development and implementation in the future.

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 61 new patent applications in the financial year 2019/20. At present, AT&S has 343 patent families, which result in 326 granted patents. The IP portfolio is further strengthened by externally acquired licenses, in particular in the area of embedding technology.

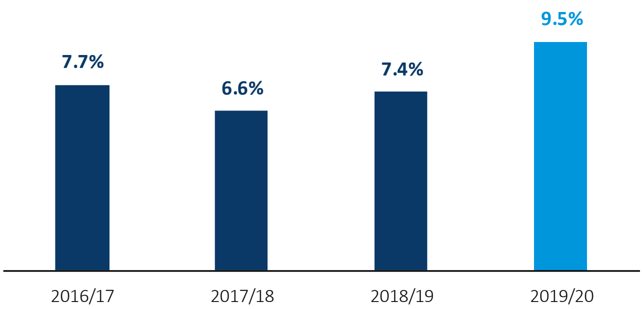
Number of patents granted



R&D expense: 9.5% of revenue

The costs of research and development projects totalled € 94.8 million in the financial year 2019/20. This corresponds to a research rate (i.e. ratio to revenue) of 9.5% compared with 7.4% in the previous year. Based on this continuously high research rate, AT&S is securing its position as the technology leader for the years to come.

Research rate
i. e. ratio to revenue



Development centres in Leoben and Chongqing

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

Internally, 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.

In the past financial year, AT&S upgraded the development unit in Chongqing into a development centre. To this end, the set-up of the prototype line, which had already begun, was expanded for new processes. Moreover, a multi-year set-up plan for a high-end prototype line was designed, covering nearly all process steps for the production of high-end substrates and advanced packages.

The development centre in Leoben was also further strengthened. Currently, several new technologies are added to the technical development capacities. Some of these devices enable the analysis of production processes that are entirely new to the industry, such as physical separation processes or photopatternable dielectric materials. These activities ensure that AT&S will continue to convince customers with new concepts in the core development areas as a technology leader in the years to come.

Key development projects

In the past financial year, R&D activities focused on the development of the next substrate and packaging technology. At the locations in Chongqing and Leoben, several technology components are currently in the implementation phase. The main development activities consisted of the conceptual design and specification of the required production machines, which frequently have to be adapted to individual needs in cooperation with the suppliers. Concepts based on which technology components can also be used for the generation after next are already being developed in parallel in this area.

Intensive work on projects for the new mobile communication standard 5G continued, with one of the focus areas being the development of system solutions specifically for the second generation of the 5G standard, which uses radio frequencies in the mm-wave-length range (25-30GHz). Here, entirely new printed circuit board and interconnect systems have to be developed to keep losses as low as possible. In doing so, AT&S is working with important companies along the value chain and with customers.

Developments in power electronics are currently driven by electromobility. AT&S is developing innovative new electronic systems in this area that consume very little energy and can work with high currents and high voltages. This is made possible by using the embedding technology, which allows optimal cooling and electric connection of the components, resulting in electrically efficient and highly reliable systems and modules. In the development for this area, a special focus was placed on the analysis of new performance semiconductors and on exploring them in cooperation with international partners.

Cooperation with research institutions

In the past financial year, the national and international collaboration with research institutions was further intensified. The University of Chongqing (Chongqing, China), East China University of Science and Technology (Shanghai, China), Virginia Tech (Blacksburg, Virginia, USA) and Silicon Austria Labs (Graz, Austria) joined the list of our most important research partners.

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. Since decisions are usually made under uncertainty, it is the task of risk management to identify risks or negative deviations at an early stage and deal with them in a proactive manner. 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 standard.

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 meeting, which takes place at least twice a year. The proper functioning of the risk management system is assessed annually by the external

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).

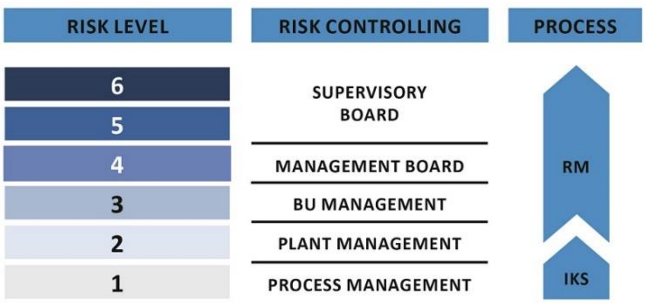
_Aggregation & reporting
aggregation and regular reports on all significant risks (risk level ≥3) to the Management Board and Audit Committee by the Risk Manager.

_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

auditor in the course of the annual audit of 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 2019/20

In the financial year 2019/20, risk management focused on the evaluation and selection of a software-based GRC solution alongside the management of risks arising from operating business. The objective of this further development is to strengthen the links between governance, risk and compliance processes and to use synergies. The implementation of this tool will start in the financial year 2020/21.

The integration of non-financial risk management into the Group-wide risk management system was another focus in the financial year 2019/20. The goal was to identify and assess risks related to the environment, social matters and responsible management in line with Group-wide risk management.

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		▪ 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 ▪ 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: Cash Flow

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) and will continue to do so in the future. In order to establish the IC substrate business as a strategic cornerstone, AT&S invests in a new plant in Chongqing and expands existing capacities at the Leoben plant. The investment is based on the growing demand for IC substrates for the application in high-performance computer modules.

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 could relate, in particular, to the substrate business, the production capacity for the mSAP technology in Shanghai and Chongqing, the capacity expansion for high-frequency printed circuit boards in Nanjangud and Fehring and generally 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, such as those in the automotive industry. The technology upgrade of part of the HDI lines to the mSAP technology ensures the transfer of competitive advantages of HDI to the next technology generation. Delays in switching over to the new technology 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 ensure our competitive edge, AT&S constantly pursues new forms of technology and projects in close cooperation with our customers.

New technological developments and excess capacity in the market pose great challenges for AT&S in the IC substrate segment. The focus on a higher-value product portfolio and the successful realisation of the planned cost reduction are essential for this business segment. The market for IC substrates is strongly influenced by technological changes. The investment in the Chongqing site enables strategic development in this business segment. The development of new technologies serves to mitigate the market risks of IC substrates. However, this technological progress also entails the general risk of new technological developments.

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 like those in South Korea and China.

In addition, a difficult market environment in the financial year 2020/21 could have an adverse effect on the Group's results. 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. In particular, the impact of the COVID-19 pandemic on the global economy cannot be fully projected due to the low visibility. 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 pushed based on customer and application analyses. A positive post-crisis market development could offer increased business opportunities and especially high growth opportunities.

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 68% 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. This is particularly critical in the areas of IC substrates and mSAP. 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

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. Rising raw material prices in the financial year 2019/20 were partially cushioned by the targeted implementation of the procurement strategy and process optimisations. Due to the current uncertainties in the market, coupled with the COVID-19 pandemic, the price development for raw materials cannot be reliably projected for the coming financial year.

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 large 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 the 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 spread of the COVID-19 pandemic is currently influencing the production of AT&S. 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. In doing so, AT&S uses the rich experience gained in China, where the company acquired valuable knowledge in dealing with the exceptional situation. The measures taken in China are also applied to the other locations. Mandatory face masks were introduced on the company premises, remote working regulations massively extended, canteen operations limited and business travel stopped. 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 set up 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 influence the business development in the coming months. The global effects of the pandemic can lead to weaker demand in some customer segments. At present, it is not possible to quantify these impacts due to low visibility and high volatility.

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.

In Europe, there are currently uncertainties regarding the withdrawal of the United Kingdom from the European Union, especially with respect to legal situation after the transition period expires in January 2021. AT&S has only a few business relationships with customers and suppliers based in the United Kingdom. Nevertheless, AT&S has taken measures due to the existing uncertainties to ensure a smooth process in the supply chain. The precautions taken include close contact with customers, an increase in inventories and the preparation of internal systems for the withdrawal. Nonetheless, the effects of the United Kingdom's withdrawal on the European economy may also have an impact on the business development of AT&S.

The partial de-escalation of the trade conflict between the USA and China has led to a reduction of punitive tariffs on imports of certain goods in both countries. 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. In addition, macroeconomic developments resulting from the trade conflict 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 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 on the part of its employees with all applicable laws and regulations. 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. In the financial year 2019/20 an intranet campaign was launched throughout the Group to raise awareness among employees.

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. After the successful certification of all European locations in accordance with ISO 27001, the focus in the financial year 2019/20 was on the establishment of a corresponding information security management system (ISMS) at the other AT&S locations. Alignment with international IT standards ensures safe handling and appropriate access to information, and the availability of reliable systems. Certification of all locations is planned for the financial year 2020/21.

Based on the measures taken in the context of the COVID-19 pandemic, employees increasingly worked from home. The resulting security-relevant risks were minimised through the provision of guidelines, training material, intranet campaigns and technical measures. The objective of these measures is to raise awareness among employees about information security even in times of crisis.

OPERATIONS

Quality and delivery performance

As in the past, it will be the high quality of products, adherence to delivery deadlines and service quality which 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 lead to specific risks for the Chongqing site given the significant investment volume. Complications in the further development and project implementation could result in major burdens on business development and the existing financial and administrative resources. In the coming financial year, the focus will be on continuous performance improvement, on building a new plant at the Chongqing site and on expanding capacity at the Leoben plant.

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 form the foundation for taking advantage of 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. 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, which could increase or decrease the Group's equity. Hedging against this risk would involve high costs and is not carried out.

Financing and liquidity

To secure the financial needs for the expansion strategy, the Group uses long-term financial and liquidity planning. However, negative business developments (for example related to the COVID-19 pandemic), 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, in part through the use of appropriate financial instruments.

For more information on financial, liquidity, credit and foreign exchange risks, please refer to Note 19 "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 the BEPS (Base Erosion and Profit Shifting) guideline of the OECD. 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.

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 also 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

The COVID-19 pandemic, which started at the beginning of 2020, and the resulting crisis measures slowed down economic activity worldwide and led to substantial downgrades of GDP projections for 2020. The global GDP growth forecast for 2020 is set to decline from 2.9% to 0.4% (OECD, March and April 2020) in the most important economies by the end of April 2020 as a result of the crisis measures taken. Other forecasts project globally negative GDP growth in the range of -2.8% (Oxford Economics, April 2020) to -4.2% (IC Insights, April 2020). These variances reflect the high volatility of the current situation. At present, the global economy is expected to recover in 2021 (OECD, March 2020).

AT&S remains on track

Thanks to its strategic alignment, AT&S considers itself well prepared to successfully overcome the current crisis and to positively participate in the intact market trends in the medium term. Even though the company has so far not been essentially affected by disruptions in the value chain, there may be influences on customer demand in the coming months.

Due to very limited visibility, coupled with high volatility in the markets, AT&S will take measures in the coming quarters enabling it to act flexibly and rapidly to reflect the changing framework conditions. These measures include, among others, strict control of costs and expenses and close interaction with customers and business partners. At the same time, the company works on systematically preparing scenarios for the time after the crisis.

The expectations for the individual segments of AT&S are as follows: product launches may be delayed in the Mobile Devices segment due to the low visibility. In the Automotive segment, visibility is also limited so that specific developments remain to be seen. The Industrial segment will continue to develop at a low level as in the previous year, while stable development is expected for medical applications. The demand for IC substrates is expected to remain strong according to current forecasts.

Operationally, AT&S will concentrate on optimally utilising existing and building new capacities, especially for IC substrates in Chongqing, and above all continue to drive the expansion of its business performance.

Based on current information and anticipating the usual seasonality, AT&S expects a solid performance in the first quarter, with revenue and EBITDA at the level of the previous year.

The economic impact of the COVID-19 pandemic is difficult to predict and consequently leads to significant uncertainty in the forecasts. AT&S will therefore report on recent events in the markets and in the company on an ongoing basis throughout the financial year and update the outlook as soon as the economic framework conditions can be better quantified.

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 in the current financial year as previously announced. In line with spending discipline, a reduced budget of up to € 80 million is planned for basic investments (maintenance and technology upgrades) depending on market development.

As part of the strategic projects, the management is planning investments totalling up to € 410 million for the financial year 2020/21 – depending on the progress of projects.

Leoben-Hinterberg, 13 May 2020

The Management Board

Andreas Gerstenmayer m.p.
Monika Stoisser-Göhring m.p.
Heinz Moitzi m.p.

AUDITOR'S REPORT

We draw attention to the fact that the English translation of this auditor's report according to Section 274 of the Austrian Commercial Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, Leoben-Hinterberg, and its subsidiaries (the Group), which comprise the Consolidated Statement of Financial Position as at March 31, 2020, the separate Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the fiscal year then ended, and the 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 financial position of the Group as at March 31, 2020, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements under Section 245a Austrian Commercial Code.

Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 (hereinafter EU Regulation) and Austrian generally accepted auditing standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those provisions and 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 Austrian Generally Accepted Accounting Principles and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. 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.

We have structured key audit matters as follows:

- Description
- Audit approach and key observations
- Reference to related disclosures

1. Deferred tax assets from tax loss carry-forwards and other deductible temporary differences

- Description

The Group capitalized deferred tax assets in a total amount of EUR 25,984k (prior year: EUR 35,555k). This amount includes deferred tax assets from tax loss carry-forwards and amortization of goodwill under tax law in the amount of EUR 19,652k (prior year: EUR 22,648k) as well as deductible temporary differences in the amount of EUR 6,332k (prior year: EUR 12,907k).

Deferred tax assets are capitalized based on the assumption that sufficient taxable income will be generated within a planning period of at least 5 years against which tax loss carry-forwards and other deductible temporary differences can be offset. These assumptions are based on estimates of current and planned taxable results and any future measures implemented by the companies concerned that will have an effect on tax.

The assessment of the matter described requires professional judgment and involves estimation uncertainties and thus includes the risk of a material misstatement in the consolidated financial statements, therefore constituting a key audit matter.

- Audit approach and key observations
  We:
  - Identified, for significant companies, the process used to determine the future taxable results that serve as a basis for the calculation of deferred tax assets,
  - Performed plausibility checks for significant companies to evaluate if the budgeted figures used are plausible when compared to our knowledge of the planned course of business,
  - Received tax advisor confirmation letters to confirm the existence and accuracy of the tax loss carry-forwards,
  - Analyzed and confirmed samples of the accounting assumptions on the possibility to utilize tax loss carry-forwards and deductible temporary differences, and
  - Audited the presentation and disclosures in the notes to the consolidated financial statements.

  We consider the capitalization of deferred tax assets from tax loss carry-forwards and other deductible temporary differences to be justified and reasonable in amount.

- Reference to related disclosures

For further related 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. critical accounting estimates and assumptions concerning recognition and measurement, measurement of deferred tax assets and current income tax liabilities, as well as section III. 6. comments on income taxes.

2. Revenue recognition over time under IFRS 15

- Description

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

As at March 31, 2020, the Group states contract assets in the amount of EUR 67,763k (prior year: EUR 72,307k) after considering any impairment pursuant to IFRS 9. Revenue from revenue recognition over time amounts to EUR 645,121k in the fiscal year 2019/20 (prior year: EUR 606,978k).

From our perspective, recognizing contracts with customers (over time) pursuant to IFRS 15 represents an area with major risk of material misstatements (including the possible risk of executive employees evading controls) and thus poses a key audit matter since in the required group-wide consideration of the contractual framework with regard to the new accounting-relevant criteria for determining the respective customers, management's judgments have a major impact, and partly complex calculation methods are used in determining the stage of completion. Additionally, in applying the accounting standard IFRS 15 on a group-wide basis, the respective revenue recognition and deferral of revenue was to be considered as complex.

- Audit approach and key observations
  We:
  - Assessed management's conclusions with regard to the implementation of IFRS 15 by evaluating samples of various contract analyses and the correctness of the modified accounting principles of the Group, taking into account industry-typical circumstances and our understanding of the business,
  - Tested the appropriateness of accounting based on samples and evaluated the adjustments to the opening balance resulting therefrom,
  - Tested the effectiveness of selected key controls for revenue recognized in the course of the year and performed audit procedures to obtain sufficient audit evidence for revenue recognition of customer contracts over time,
  - Assessed samples of costs included in contract assets by comparing the amounts to the source data, evaluating mathematical accuracy of the calculations and testing their recoverability by comparing their net realizable values with the total costs estimated in accordance with the agreements, and
  - Moreover, assessed the correctness of the disclosures under IFRS 15.

  Our audit procedures did not result in any objections with regard to the accounting of customer contracts over time and revenue recognition pursuant to IFRS 15 resulting therefrom.

- Reference to related disclosures

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

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) 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 EU Regulation and with Austrian generally accepted auditing standards, which require the application of 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 the EU Regulation and with Austrian generally accepted auditing standards, which require the application of ISAs, we exercise professional judgment 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 risks 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 management's 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 auditor's 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 achieves fair presentation.
- 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 all 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 Other Legal and Regulatory Requirements

Comments on the Group Management Report Pursuant to the Austrian Commercial Code, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the group management report was prepared in accordance with the applicable legal requirements.

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

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the group management report.

Opinion In our opinion, the group management report was prepared in accordance with the applicable legal requirements, includes accurate disclosures pursuant to Section 243a UGB and is consistent with the consolidated financial statements.

Statement Based on the findings during the audit of the consolidated financial statements and due to the obtained understanding concerning the Group and its circumstances no material misstatements in the group management report came to our attention.

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 group management report and the auditor's report. The annual report is expected to be made available to us after the date of this 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.

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.

Additional Information in Accordance with Article 10 of the EU Regulation

We were appointed as statutory auditor at the general meeting dated July 4, 2019. We were subsequently engaged by the supervisory board. We have audited the Company for an uninterrupted period of more than 20 years.

We confirm that the audit opinion in the "Report on the Consolidated Financial Statements" section is consistent with the additional report to the audit committee referred to in Article 11 of the EU Regulation.

We declare that we did not provide any prohibited non-audit services (Article 5 (1) of the EU Regulation) and that we remained independent of the audited company in conducting the audit.

Responsible Engagement Partner

Responsible for the proper performance of the engagement is Mr. Jürgen Schauer, Austrian Certified Public Accountant.

Vienna, May 13, 2020

PwC Wirtschaftsprüfung GmbH

signed:

Jürgen Schauer
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the consolidated financial statements together with our auditor's report is only allowed if the consolidated financial statements and the group management report are identical with the German audited version. This auditor's report is only applicable to the German and complete consolidated financial statements with the group management report. For deviating versions, the provisions of Section 281 (2) UGB apply

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft

Financial Statements as of 31 March 2020

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AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG

BALANCE SHEET AS OF 31 MARCH 2020
(Preceeding year for comparison)

in € ASSETS	31 Mar 2020	31 Mar 2019
A. FIXED ASSETS		
I. Intangible Assets		
1. Industrial property rights and similar rights, and licenses thereto	7.076.541,21	7.934.304,20
	7.076.541,21	7.934.304,20
II. Property, plant and equipment		
1. Buildings on third party land	4.769.103,30	2.220.735,57
2. Machinery and technical equipment	46.160.216,15	37.970.082,91
3. Other assets, fixtures and furniture	4.049.582,07	3.867.148,21
4. Prepayments and construction in progress	4.231.959,87	3.810.863,50
	59.210.861,39	47.868.830,19
III. Financial assets		
1. shares in affiliated companies	258.680.226,93	258.680.226,93
2. loans to affiliated companies	657.911.339,51	512.318.443,39
of which due and payable within more than one year	*652.760.122,90*	*507.541.767,60*
3. securities	168.753,81	168.753,81
4. other loans and advances	7.139.793,15	6.531.786,39
of which due and payable within more than one year	*7.139.793,15*	*6.531.786,39*
	923.900.113,40	777.699.210,52
	990.187.516,00	833.502.344,91
B. CURRENT ASSETS		
I. Inventories		
1. raw materials and supplies	7.135.447,19	6.685.920,08
2. work in progress	5.836.532,35	4.900.601,46
3. finished goods and goods for resale	10.458.148,98	17.111.711,59
	23.430.128,52	28.698.233,13
II. Receivables and other assets		
1. trade receivables	29.098.372,66	40.409.744,69
of which due and payable within more than one year	*0,00*	*0,00*
2. receivables from affiliated companies	13.308.286,76	6.790.507,92
of which due and payable within more than one year	*0,00*	*0,00*
3. other receivables and assets	12.287.127,81	7.874.359,47
of which due and payable within more than one year	*0,00*	*0,00*
	54.693.787,23	55.074.612,08
III. Securities and shares		
1. other securities and shares	892.500,00	895.500,00
	892.500,00	895.500,00
IV. Cash on hand, bank balances	277.310.299,63	384.335.454,44
	356.326.715,38	469.003.799,65
C. PREPAYMENTS AND ACCRUED INCOME	3.012.610,45	2.225.031,45
D. DEFERRED TAX ASSETS	23.944.807,00	27.798.412,00
TOTAL ASSETS	1.373.471.648,83	1.332.529.588,01

SHAREHOLDER'S EQUITY AND LIABILITIES	31 Mar 2020	31 Mar 2019
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	105.198.064,56	112.976.009,00
of which profit/loss brought forward	*89.666.009,00*	*53.001.124,17*
	332.983.049,61	340.760.994,05
B. GOVERNMENT GRANTS	1.259.305,54	1.586.480,54
C. PROVISIONS		
1. provisions for severance payments	25.533.427,98	24.300.231,68
2. provisions for pensions	8.067.918,73	8.693.391,31
3. tax provisions	1.982.085,19	3.885.687,77
4. other provisions	23.625.889,01	29.106.066,18
	59.209.320,91	65.985.376,94
D. LIABILITIES		
1. bonds	175.000.000,00	175.000.000,00
of which due and payable within less than one year	*0,00*	*0,00*
of which due and payable within more than one year	*175.000.000,00*	*175.000.000,00*
2. bank loans	87.387.176,87	111.542.840,67
of which due and payable within less than one year	*24.312.764,87*	*35.033.484,67*
of which due and payable within more than one year	*63.074.412,00*	*76.509.356,00*
3. promissory note loans	680.366.792,60	599.634.137,16
of which due and payable within less than one year	*76.866.792,60*	*2.760.385,38*
of which due and payable within more than one year	*603.500.000,00*	*596.873.751,78*
4. trade payables	12.185.329,08	14.106.140,08
of which due and payable within less than one year	*12.185.329,08*	*14.106.140,08*
of which due and payable within more than one year	*0,00*	*0,00*
5. payables to affiliated companies	15.219.135,08	15.151.191,37
of which due and payable within less than one year	*15.219.135,08*	*15.151.191,37*
of which due and payable within more than one year	0,00	0,00
6. other liabilities	9.409.173,75	8.190.369,75
of which due and payable within less than one year	*7.838.232,75*	*6.777.783,75*
of which due and payable within more than one year	*1.570.941,00*	*1.412.586,00*
of which tax authorities	*1.461.444,23*	*1.312.022,44*
of which social securit authorities	*1.720.654,35*	*1.525.891,05*
	979.567.607,38	923.624.679,03
of which due and payable within less than one year	*136.422.254,38*	*73.828.985,25*
of which due and payable within more than one year	*843.145.353,00*	*849.795.693,78*
E. ACCRUALS AND DEFERRED INCOME	452.365,39	572.057,45
TOTAL EQUITY AND LIABILITIES	1.373.471.648,83	1.332.529.588,01

AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG
PROFIT AND LOSS ACCOUNT FOR THE PERIOD
1 APR 2019 TO 31 MAR 2020
(Preceeding year for comparison)

in €	2019/20	2018/19
1. Sales Revenue	356.442.014,34	371.725.356,36
2. Variation in stocks of finished goods and in work in progress as well as in services rendered but not yet billable	-239.534,91	1.715.900,08
3. Work performed by the undertaking for its own purposes and capitalised	22.390,32	26.786,63
4. Other operating income	12.942.187,42	21.760.317,19
a) Income from the disposal of or additions to fixed assets other than financial assets	17.000,00	10.874,55
b) Income from the release of provisions	417.338,10	559.872,99
c) Other	12.507.849,32	21.189.569,65
5. Expenditure for raw materials and consumables and other external expenses for production services	-227.848.669,52	-239.678.049,61
a) Expenditure for raw materials and consumables	-215.353.615,93	-224.415.330,04
b) Other external expenses for production services	-12.495.053,59	-15.262.719,57
6. Personnel expenses	-80.367.102,76	-81.331.679,54
a) Wages and salaries		
aa) Wages	-21.851.946,57	-21.399.331,80
bb) Salaries	-39.232.493,61	-39.556.800,37
b) Social security expenses		
aa) of which for retirement benefits	-731.778,38	-2.610.819,21
bb) expenditure for severance payments and contributions to corporate severance and retirement funds	-1.401.181,95	-1.666.503,68
cc) expenditure for statutory social contributions as well as charges and mandatory contributions calculated as a proportion of wages and salaries	-16.274.780,45	-15.242.212,39
dd) other social expenses	-874.921,80	-856.012,09
7. Value adjustments	-16.745.141,73	-14.389.918,29
a) in respect of tangible and intangible fixed assets	-17.072.316,73	-14.712.605,29
b) less amortisation of investment grants from public funds	327.175,00	322.687,00
8. Other operating expenses	-43.336.293,56	-37.790.283,31
a) Taxes, not to be shown under No. 17	-252.924,90	-220.980,12
b) Other	-43.083.368,66	-37.569.303,19
9. Subtotal of Nos. 1 - 8	869.849,60	22.038.429,51
10. Income from other investments and loans forming part of the fixed assets	34.874.426,56	30.199.101,48
thereof from affiliated companies	*34.865.564,56*	*30.190.239,48*
11. Other interest receivable and similar income	3.250.820,98	3.091.842,33
12. Income from the disposal or revaluation of financial assets and securities shown in current assets	7.566.712,59	38.921.502,81
Income from affiliated companies	*7.377.487,37*	*37.653.721,30*
thereof from write-ups	*5.207.157,52*	*33.737.638,52*
13. Expenditure resulting from financial fixed assets and securities shown in current assets	-3.000,00	0,00
thereof from write-offs	*-3.000,00*	*0,00*
14. Interest payable and similar expenses	-25.500.935,24	-33.598.364,83
15. Subtotal of Nos. 10 - 14	20.188.024,89	38.614.081,79
16. Profit or loss before taxation (Subtotal of No. 9 and No. 15)	21.057.874,49	60.652.511,30
17. Taxes on income	-5.525.818,93	-677.626,47
of which changes in recognised deffered taxes	*-3.853.605,00*	*3.861.304,00*
18. Profit or loss after taxation	15.532.055,56	59.974.884,83
19. Profit or loss brought forward from the preceeding financial year	89.666.009,00	53.001.124,17
20. Balance sheet profit	105.198.064,56	112.976.009,00

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, Leoben-Hinterberg

NOTES TO THE FINANCIAL STATEMENTS

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1. GENERAL INFORMATION

The financial statements of AT & S Austria Technologie & Systemtechnik AG (hereinafter referred to as "AT&S") as of 31 March 2020 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 2020, 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.

In the financial year no corporate action have been 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 25%.

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 2019) pursuant to IFRS measurement requirements (IAS 19) based on the “projected unit credit method”, applying a discount rate of 1.60% (prior year: 1.60%) and a pensionable age according to the provisions of the 2003 pension reform and taking into account company-specific staff turnover by using an adequate turnover rate. As valorization for salaries and wages 3.00% were scheduled (prior year: 2.70%). The defined benefit obligation (DBO) amounts to € 25,533,427.98 (prior year: € 24,300,231.68) at the balance sheet date.

The change in the financial assumptions lead to an expense of € 842,991.12 (prior year: expense of € 856,252.94), which is reported in the financial result. The first-time adoption of the modified biometric calculation basis AVÖ 2018-P resulted in the preceeding year to an income of € 412,421.37, which was fully reported in the annual results.

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 2019) pursuant to IFRS measurement requirements (IAS 19) based on the “projected unit credit method”, applying a discount rate of 1.80% (prior year: 1.80%) 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. 2,25% as a value adjustment for pension were recognised. (prior year: 2.25%).

The defined benefit obligation (DBO) of unfunded benefit obligations amounts to € 1,353,462.36 (prior year: € 1,388,228.64) at the balance sheet date. The change in the financial assumptions of unfunded benefit obligations results in an expense of € 134,439.99 (prior year: expense of € 124,041.07), 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 € 6,714,456.37 (prior year: € 7,305,162.67) at the balance sheet date. The change in the financial assumptions of the funded obligations results in an income of € 1,050,552.34 (prior year: expense of € 4,391,098.16), which is reported in the financial result.

The first-time adoption of the modified biometric calculation basis AVÖ 2018-P resulted in the preceeding year to an expense of € 2,113,338.69, which was fully reported in the annual results.

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 2019) 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 1.60% (prior year: 1,60%) as well as taking into account internal fluctuation by using an adequate turnover rate. As valorization for salaries and wages 3.00% were scheduled (prior year: 2.70%).

Expenses for anniversary bonuses in the amount of € 14,538.10 (prior year: € 514,351.70) are included in wages. Expenses for anniversary bonuses in salaries amounted to € 138,974.11 (prior year: € 816,109.67).

The first-time adoption of the modified biometric calculation basis AVÖ 2018-P resulted in the preceeding year to an expense of € 1,130,507.01, which was fully reported in the annual results.

The change in the financial assumptions results in an expense of € 146,003.22 (prior year: expense of € 167,560.41), 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 next page 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 2020

in €	Acquisition/Production cost					Accumulated amortization/depreciation					book value	
	as of 1 Apr 2019	Additions	Disposals	Transfers	as of 31 Mar 2020	as of 1 Apr 2019	Additions	Disposals	write-ups	as of 31 Mar 2020	as of 31 Mar 2020	as of 31 Mar 2019
I. Intangible assets												
1. industrial property rights and similar rights, and licences thereto	30.722.305,29	3.049.644,72	507.532,78	0,00	33.264.417,23	22.788.001,09	3.907.407,71	507.532,78	0,00	26.187.876,02	7.076.541,21	7.934.304,20
thereof low-value assets	*0,00*	*433.837,01*	*433.837,01*	*0,00*	*0,00*	*0,00*	*433.837,01*	*433.837,01*	*0,00*	*0,00*	*0,00*	*0,00*
	30.722.305,29	3.049.644,72	507.532,78	0,00	33.264.417,23	22.788.001,09	3.907.407,71	507.532,78	0,00	26.187.876,02	7.076.541,21	7.934.304,20
II. Property, plant and equipment												
1. buildings on third party land	4.399.516,10	1.106.414,02	0,00	2.440.567,24	7.946.497,36	2.178.780,53	998.613,53	0,00	0,00	3.177.394,06	4.769.103,30	2.220.735,57
2. machinery and technical equipment	222.274.564,30	17.640.563,83	9.064.593,56	1.370.296,26	232.220.830,83	184.304.481,39	10.790.052,70	9.033.919,41	0,00	186.060.614,68	46.160.216,15	37.970.082,91
3. other assets, fixtures and furnitures	16.948.429,37	1.559.083,57	729.976,15	0,00	17.777.536,79	13.081.281,16	1.376.242,79	729.569,23	0,00	13.727.954,72	4.049.582,07	3.867.148,21
thereof low-value assets	*0,00*	*244.810,20*	*244.810,20*	*0,00*	*0,00*	*0,00*	*244.810,91*	*244.810,91*	*0,00*	*0,00*	*0,00*	*0,00*
4. prepayments and construction in progress	3.810.863,50	4.231.959,87	0,00	-3.810.863,50	4.231.959,87	0,00	0,00	0,00	0,00	0,00	4.231.959,87	3.810.863,50
	247.433.373,27	24.538.021,29	9.794.569,71	0,00	262.176.824,85	199.564.543,08	13.164.909,02	9.763.488,64	0,00	202.965.963,46	59.210.861,39	47.868.830,19
III. Financial assets												
1. shares in affiliated companies	281.242.732,08	0,00	0,00	0,00	281.242.732,08	22.562.505,15	0,00	0,00	0,00	22.562.505,15	258.680.226,93	258.680.226,93
2. loans to affiliated companies	519.095.860,27	190.895.227,98	50.509.489,38	0,00	659.481.598,87	6.777.416,88	0,00	0,00	5.207.157,52	1.570.259,36	657.911.339,51	512.318.443,39
3. securities	168.753,81	0,00	0,00	0,00	168.753,81	0,00	0,00	0,00	0,00	0,00	168.753,81	168.753,81
4. other loans and advances	6.531.786,39	608.006,76	0,00	0,00	7.139.793,15	0,00	0,00	0,00	0,00	0,00	7.139.793,15	6.531.786,39
	807.039.132,55	191.503.234,74	50.509.489,38	0,00	948.032.877,91	29.339.922,03	0,00	0,00	5.207.157,52	24.132.764,51	923.900.113,40	777.699.210,52
	1.085.194.811,11	**219.090.900,75**	**60.811.591,87**	**0,00**	**1.243.474.119,99**	**251.692.466,20**	**17.072.316,73**	**10.271.021,42**	**5.207.157,52**	**253.286.603,99**	**990.187.516,00**	**833.502.344,91**

4.2. Shares in affiliated companies

Shares in affiliated companies
in €

	Book value 31 Mar 2020	Share %	Shareholders' equity	Result of the past financial year [1]	Book value 31 Mar 2019
AT&S Deutschland GmbH, Düren, Germany	1,053,000.00	100	977,224.84	72,561.66	1,053,000.00
AT&S India Private Limited, Nanjangud, India	16,898,516.89	100	16,181,861.33	-4,152,901.55	16,898,516.89
AT&S Asia Pacific Limited, Hongkong, China	229,768,865.92	100	530,064,537.37	167,702,739.79	229,768,865.92
AT&S Korea Co., Ltd., Ansan-City, South Korea	10,953,399.78	100	34,929,384.17	12,293,537.64	10,953,399.78
AT&S Americas LLC, San José, California, USA	6,444.34	100	1,036,730.51	169,640.88	6,444.34
Total	**258,680,226.93**				**258,680,226.93**

[1] Figures based on International Accounting Standards as of 31 March 2020.

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

As there are no indications of a decline in market value, no impairment test was performed on the carrying amounts of the shares in affiliated companies in accordance with AFRAC Opinion 24: Valuation of Shares (March 2018).

4.3. Loans to affiliated companies

The item „Loans to affiliated companies" includes an amount of € 5,151,216.61 (prior year: € 4,776,675.79) which falls dues within one year. In connection with the loans, write-ups in the amount of € 5,207,157.52 (prior year: write-ups to the amount of € 33,617,138.52) were recorded in the financial year.

4.4. Receivables and other assets

4.4.1. 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 2020 trade receivables in total of € 9,471,515.20 (prior year: € 5,386,475.57) 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 € 947,151.84 as of balance sheet date (prior year: € 538,647.63) 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 € 13,308,286.76 (prior year: € 6,790,507.92).

4.4.2. 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 2020	31 Mar 2019
Tax-free premiums	5,000,025.00	3,547,235.00
Energy tax reimbursements	2,082,674.57	1,393,761.57
Supplies rebates	770,931.99	521,156.22
Total	**7,853,631.56**	**5,462,152.79**

4.5. Deferred tax assets

The company has recognised deferred taxes for tax loss carryforwards amounting to € 74,328 thousand (prior year: € 89,992 thousand), which can be offset against future positive taxable income in line with the current tax planning.

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 2018	**118,964.00**	**20,447,421.00**	**3,139,837.00**	**230,886.00**	**23,937,108.00**
Recognised in profit or loss of the financial year	-59,482.00	2,050,646.00	1,762,794.00	107,346.00	**3,861,304.00**
As of 31 Mar 2019	**59,482.00**	**22,498,067.00**	**4,902,631.00**	**338,232.00**	**27,798,412.00**
Recognised in profit or loss of the financial year	-59,482.00	-3,916,112.00	227,694.00	-105,705.00	**-3,853,605.00**
As of 31 Mar 2020	**0.00**	**18,581,955.00**	**5,130,325.00**	**232,527.00**	**23,944,807.00**

4.6. Shareholders’ equity

4.6.1. SHARE CAPITAL

The ordinary shares of the Company as of 31 March 2020 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.

4.6.2. APPROVED CAPITAL AND CONDITIONAL CAPITAL INCREASE

By resolution passed at the 25th Annual General Meeting on 4 July 2019, the Management Board was authorised to increase the Company's ordinary shares, subject upon approval by the Supervisory Board until 3rd 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 fully or partially exclude the shareholders’ subscription right as well as 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 4 July 2019, the Management Board was authorised until 3rd 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 and subject to approval by the Supervisory Board. The Management Board was authorised to fully or partially exclude the shareholders' subscription right to convertible bonds. Convertible bonds may also be issued by a directly or indirectly 100%-owned company of AT & S Austria Technologie & Systemtechnik AG. In such a case, the Management Board was authorised, subject to approval by the Supervisory Board, to assume a guarantee for the convertible bonds on behalf of the issuing company and to grant conversion and/or subscription rights with regard to shares of AT & S Austria Technologie & Systemtechnik AG to the bearers of the 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 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 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 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 4 July 2019, the articles of association was accordingly amended in section 4 (share capital).

4.6.3. APPROVED TREASURY SHARES

By a resolution passed at the 25th Annual General Meeting on 4 July 2019, the Management Board was again 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 authorisation also includes the acquisition of shares of subsidiaries (section 66 AktG). 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. This authorisation may be exercised in full, in part or in several tranches.

Furthermore the Management Board was again 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 3 July 2024, upon approval by the Supervisory Board and without any further resolution of the Annual General Meeting, 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 to use treasury shares for the following purposes:

- Issuance to employees, executive employees and members of the Management Board/managing directors of the Company or of an affiliated company, including the servicing of stock transfer programmes (particularly with regard to stock options, long-term incentive plans or other participation programs),
- To serve issued convertible bonds, if any,
- 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). The authorisation may be exercised in full, in part and also in several tranches and serve multiple purposes.

Authorisations with this regard passed by resolutions at the 23rd Annual General Meeting on No. 8 and 9 of the agenda of 6 July 2017 were revoked.

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

4.6.4. RESTRICTION OF THE DISTRIBUTION

There is a distribution restriction for deferred tax assets of € 23,944,807.00 (prior year: € 27,798,412.00), as there are no reserves available at any time in accordance with section 235 (2) UGB. For this reason a distribution restriction for € 6,439,024.45 (prior year: € 10,292,629.45) exists at the balance sheet date.

4.6.5. 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 2020 in an amount of € 105,198,064.56, as follows: Distribution of a dividend in an amount of € 0.25 per outstanding no-par value share entitled on the payment day and carry forward the residual amount of € 95,485,564.50.

4.7. Provisions

in €	31 Mar 2020	31 Mar 2019
Impending losses arising from derivative financial instruments	7,423,213.94	5,621,820.03
Anniversary bonuses	5,560,234.95	5,437,782.54
Holidays not yet consumed	3,662,217.94	3,946,720.18
Holiday bonus/Christmas bonus	2,934,654.92	2,609,577.62
Pending losses	1,046,571.29	2,475,375.67
Compensatory time off	715,708.04	630,210.11
Customer bonuses	404,437.97	579,397.84
Legal and advisory expenses	386,917.26	587,131.46
Warranty and claims	373,589.37	264,485.82
Remuneration to the Supervisory Board	337,160.00	397,327.00
Stock appreciation rights	198,373.00	1,000,108.00
Debtors' discounts	155,959.90	206,507.41
Other personal expenses	83,949.85	4,956,837.01
Other provisions < € 150,000	342,900.58	392,785.49
Total	**23,625,889.01**	**29,106,066.18**

STOCK APPRECIATION RIGHTS PLAN (2014 TO 2016)

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 (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 2014 and 1 April 2016.

Under the stock appreciation rights plan "SAR 2014-2016"on 1 April 2014 230,000 SAR were granted at an exercise price of € 7.68 per share. On 1 April 2015 240,000 SAR were granted at an exercise price of € 10.70 per share and on 1 April 2016 250,000 SAR were granted at an exercise price of € 13.66 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. The maximal benefit for the granted SAR on 1 April 2014 is € 15.36 and for the grant on 1 April 2015 is € 21.40 and for the granted SAR on 1 April 2016 is € 27.32.

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 termination of the employment contract.
- 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 "the SAR 2014 – 2016" 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	Monika Stoisser-Göhring[1)]	Heinz Moitzi	Karl Asamer[2)]	Executive employees	Total
1 Apr 2014	40,000	5,000	30,000	30,000	125,000	230,000
thereof expired	-40,000	-5,000	-30,000	-30,000	-125,000	-230,000
1 Apr 2015	40,000	5,000	30,000	30,000	135,000	240,000
thereof expired	-6,134	-766	-30,000	-4,601	-118,064	-159,565
thereof exercised	-33,866	-4,234	0	-25,399	-16,936	-80,435
1 Apr 2016	50,000	5,000	30,000	30,000	135,000	250,000
thereof expired	-6,666	-666	-30,000	0	-113,330	-180,662
thereof exercised	-43,334	-4,334	0	0	-8,668	-56,336
Summe	**0**	**0**	**0**	**0**	**13,002**	**13,002**

1) The allocation occured before appointment to the member of the management board.
2) Former member of the management board.

The SAR exercised during the financial year had a value of € 442,070.12 when these SAR were exercised.

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:

Granted on: in €	1 Apr 2016
Fair values as of 31 Mar 2020	3,667.00

STOCK APPRECIATION RIGHTS PLAN (2017 TO 2019)

Due to the expiry of the stock appreciation rights plan (2014 to 2016), the 91st Supervisory Board meeting on 6 June 2016 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 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. The maximal benefit for the granted SAR on 1. April 2017 is € 19.92 and for the granted SAR on 1 April 2018 is € 43.88 and for the granted SAR on 1 April 2019 is € 34.50.

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 termination of the employment contract.
- 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 "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 to the management board:

in numbers	Andreas Gerstenmayer	Monika Stoisser-Göhring	Heinz Moitzi	Karl Asamer[1)]	leitende Angestellte	Total
1 Apr 2017	50,000	30,000	30,000	30,000	157,500	297,500
thereof expired	0	0	0	0	-70,000	-70,000
1 Apr 2018	50,000	30,000	30,000	0	160,000	270,000
thereof expired	0	0	0	0	-47,500	-47,500
1 Apr 2019	50,000	30,000	30,000	0	157,500	267,500
therof expired	0	0	0	0	-32,500	-32,500
Total	**150,000**	**90,000**	**90,000**	**30,000**	**325,000**	**685,000**

1) 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:

Granted on: in €	1 Apr 2017	1 Apr 2018	1 Apr 2019
Fair values as of 31 Mar 2020	0.00	48,719.00	450,495.00

4.8. Liabilities

4.8.1. ADDITIONAL DISCLOSURE TO LIABILITIES

in €	Balance sheet value as of 31 Mar 2020	Remaining maturity of more than five years	thereof secured by collaterals
Bonds[1)]	175,000,000.00	0.00	0.00
Bank loans	87,387,176.87	13,958,850.28	10,000,000.00
Promissory note loans	680,366,792.60	123,500,000.00	0.00
Trade payables	12,185,329.08	0.00	0.00
Payables to affiliated companies	15,219,135.08	0.00	0.00
Other liabilities	9,409,173.75	0.00	0.00
Total	**979,567,607.38**	**137,458,850.28**	**10,000,000.00**

1) First termination right to 17 November 2022.

in €	Balance sheet value as of 31 Mar 2019	Remaining maturity of more than five years	thereof secured by collaterals
Bonds[1)]	175,000,000.00	0	0
Bank loans	111,542,840.67	20,542,280.00	10,000,000.00
Promissory note loans	599,634,137.16	123,500,000.00	0
Trade payables	14,106,140.08	0	0
Payables to affiliated companies	15,151,191.37	0	0
Other liabilities	8,190,369.75	0	0
Total	**923,624,679.03**	**144,042,280.00**	**10,000,000.00**

1) First termination right to 17 November 2022.

On 17 November 2017 the issue of a hybrid bond with an issuing volume of € 175,000,000 and an interst of 4.75% was successfully completed. 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 about five percent.

Payables to affiliated companies include trade payables in the amount of € 15,219,135.08 (prior year: € 15,151,191.37). Assigned receivables are provided as collaterals to banks.

4.8.2. EXPENSES THAT WILL AFFECT CASH FLOW ONLY AFTER THE BALANCE SHEET DATE

Under the item “Other liabilities” includes the following material expenses that will affect cash flow only after the balance sheet date:

in €	31 Mar 2020	31 Mar 2019
Interest with regard to bonds	2,892,294.52	2,892,294.52
Regional health insurance	1,720,654.35	1,525,891.05
Tax authority	959,601.03	787,008.55
Wages and salaries	148,173.25	111,746.82
Communities	135,633.90	119,306.87
Total	**5,856,357.05**	**5,436,247.81**

4.9. Contingent liabilities pursuant to Section 199 UGB

There were no contingent liabilities of guarantees at the balance sheet date (prior year: € 890,471.95). 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	1,405,650.36	2,459,888.13
Prior year:	1,422,338.45	3,898,914.67
Obligations from rental agreements	230,810.52	447,301.35
Prior year:	271,979.64	353,286.03
Total	**1,636,460.88**	**2,907,189.48**
Prior year:	1,694,318.09	4,252,200.70

4.11. Other financial obligations

At the balance sheet date, orders in the amount of € 16,274,988.39 (prior year: € 6,135,504.00) were outstanding for replacement and expansion investments.

4.12. Derivative financial instruments

Derivative financial instruments are used at AT&S to hedge against possible interest rate fluctuations. Hedged items are primarily payments related to loans.

	Nominal value 31 Mar 2020	Fair value 31 Mar 2020 in €	Book value 31 Mar 2020 in €
Currency related products			
Swaps	US-$ 7,000,000.00	73,875.53	0.00
Interest related products			
Swaps	€ 280,500,000.00	-7,423,213.94	-7,423,213.94

	Nominal value 31 Mar 2019	Fair value 31 Mar 2019 in €	Book value 31 Mar 2019 in €
Interest related products			
Swaps	280,500,000.00	-5,621,820.03	-5,621,820.03

The interest hedging instruments are used to hedge the variable debt instruments.

The remaining terms of derivative financial instruments outstanding at the balance sheet date, are as follows:

in months	31 Mar 2020	31 Mar 2019
Currency related products: Swaps	2	0
Interest related products: Swaps	11 – 64	23 – 76

5. COMMENTS ON INCOME STATEMENT ITEMS

in €	2019/20	2018/19
1. Revenue		
Abroad	329,308,423.52	341,147,546.91
Domestic	27,133,590.82	30,577,809.45
Total	**356,442,014.34**	**371,725,356.36**

in €	2019/20	2018/19
2. Other operating income		
Income of exchange differences	5,170,276.89	14,764.643.12
Income of taxfree premium	3,210,118.38	2,019.543.00
Income of non-taxable funds R&D	1,521,408.94	939,842.40
Energy tax reimbursements	688,913.00	747,337.37
Residual of other operating result	1,917,132.11	2,718,203.76
Total	**12,507,849.32**	**21,189,569.65**

in €	2019/20	2018/19
3. Personnel expenses		
a) Expenses for severance payments and Contributions to staff provision funds		
Members of the Management Board and executive employees	168,111.10	204,669.17
Other employees	1,233,070.85	1,461,834.51
Total	**1,401,181.95**	**1,666,503.68**

The Expenses of severance payments and contributions to staff provision funds include severance payments in the amount of € 886,285.57 (prior year: € 1,204,205.60).

in €	2019/20	2018/19
b) Expenses for pensions		
Members of the Management Board and executive employees	321,697.86	312,267.30
Other employees	410,080.52	2,298,551.91
Total	**731,778.38**	**2,610,819.21**

in €	2019/20	2018/19
4. Other operating expenses		
Third party services	15,319,600.44	12,674,521.13
Rental and leasing expenses	4,976,925.47	3,666,436.58
Legal and consulting fees	4,084,868.49	4,972,883.11
Maintenance of factory building and equipment	4,066,482.19	2,874,810.88
Costs of exchange differences	2,284,539.66	1,757,069.03
Travel expenses	2,254,798,41	2,185,114.47
Freight outward customers	1,795,045.91	2,043,790.49
Loss of accounts receivable	1,558,083.83	870,109.48
Marketing costs and commissions for sales agents	1,171,112.54	1,074,501.71
Insurance expenses	890,685.89	866,229.52
Cost of cleaning of buildings	797,419.96	790,437.85
Expenses for company car	200,518.53	203,712.10
Residual of other operating expenses	3,683,287.34	3,589,686.84
Total other operating expenses	**43,083,368.66**	**37,569,303.19**

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:

	2019/20	2018/19
Waged workers	633	615
Salaried employees	609	553
Total	**1,242**	**1,168**

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)
- Monika Stoisser-Göhring (Deputy chairwoman)
- Heinz Moitzi

In the financial year, the following persons were appointed as **members of the Supervisory Board**:

- Hannes Androsch (Chairman)
- Willibald Dörflinger (First Deputy chairman)
- Regina Prehofer (Second Deputy chairwoman)
- Karl Fink
- Albert Hochleitner
- Gerhard Pichler (until 4th of July 2019)
- Georg Riedl
- Karin Schaupp
- Gertrude Tumpel-Gugerell (since 4th of July 2019)

Delegated by the **Works Council**:

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

TOTAL REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD:

€ in thousands	2019/20			2018/19		
	fixed	variable	total	fixed	variable	total
Andreas Gerstenmayer	532	284	816	532	714	1.246
Monika Stoisser-Göhring[1)]	423	0	423	391	175	566
Heinz Moitzi	429	0	429	417	186	603
Total members of the Management Board	**1,384**	**284**	**1,668**	**1,340**	**1,075**	**2,415**
Karl Asamer[2)]	0	0	0	0	142	142
Total	**1,384**	**284**	**1,668**	**1,340**	**1,217**	**2,557**

1.) Exercise of SAR, which were allocated before appointment to the member of the management board, is not included.
2.) Former member of the management board.

The variable portion of the remuneration of Andreas Gerstenmayer includes remuneration with regard to SAR in the amount of € 284 thousand (prior year: € 427 thousand).

In addition to the above-mentioned remuneration, € 52 thousand (prior year: € 52 thousand) for Andreas Gerstenmayer and € 41 thousand (prior year: € 38 thousand) for Monika Stoisser-Göhring 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 2020	31 Mar 2019
Andreas Gerstenmayer	150,000	150,000
Monika Stoisser-Göhring	90,000	65,000[1)]
Heinz Moitzi	90,000	60,000
Total members of the Management Board	**330,000**	**275,000**
Karl Asamer[2)]	30,000	60,000
Total	**360,000**	**335,000**

1.) The allocation occured partially before appointment to the member of the management board.
2.) Former member of the management board.

By 31 March 2020, the exercise price of € 9.96 (140,000 pieces) as of 1 April 2017, of € 21.94 (110,000 pieces) as of 1 April 2018 and of € 17.25 (110,000 pieces) as of 1 April 2019, is less respectively more than the current price of the shares as of the balance sheet date (€ 13.41).

With regard to members of the Supervisory Board, remuneration in the amount of € 337,160.00 (prior year: € 397,327.00) was recognised as expenses and is proposed to the Annual General Meeting.

6.2. Significant events after the reporting period

Until 13 May 2020 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 31 March 2020.

The global spread of the corona virus (SARS-CoV-2) since January 2020 has led to some significant measures by governments worldwide to contain the pandemic. The resulting effects on the global economy as well as on the financial statement for 2020/21 are difficult to predict from today's perspective. At the moment we assume a recovery in future financial years. The forecasts in this report have been drawn up with this proviso.

Monika Stoisser-Göhring has decided to retire from the AT&S Management Board as of the end of the financial year 2019/20 for reasons of health in agreement with the supervisory board and the company. Andreas Gerstenmayer will become the interim CFO.

Leoben-Hinterberg, 13 May 2020

The Management Board:

Andreas Gerstenmayer m.p. Heinz Moitzi m.p.

Monika Stoisser-Göhring m.p.

MANAGEMENT REPORT 2019/20

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 six production sites in Austria (Leoben, Fehring), India (Nanjangud), China (Shanghai, Chongqing) and South Korea (Ansan).

1.2. General economic environment

Economic slowdown followed by COVID-19 crisis

A downturn in line with the economic cycle and intensified by factors such as the US-China trade conflict and Brexit was already visible in 2019. The COVID-19 pandemic, which set in at the beginning of 2020, and the associated crisis measures put a brake on global economic activity and led to substantial downgrades of the GDP projections for 2020. By the end of April 2020, the global GDP growth forecast for 2020 had already declined from 2.9% to 0.4% in the most important economies due to the impact of the crisis measures (OECD, March and April 2020[6]). Each additional month of restrictions should further curb global GDP growth by another 2 percentage points in 2020 (OECD, April 2020[7]). Other forecasts already project globally negative GDP growth of -2.8% in 2020 (Oxford Economics, April 2020[8]) up to -4.2% (IC Insights, April 2020[9]). These deviations reflect the enormous volatility of the current situation. A recovery of the global economy is currently expected for the year 2021 (OECD, March 2020[10]).

1.3. Industry environment

Industry trends: short-term effects of COVID-19, strong medium-term growth perspective for artificial intelligence, 5G, automation, electrification of mobility and module integration

A health crisis as caused by COVID-19 can have a significant impact on the markets in the short term. The long-term trends up to 2025 and beyond are primarily driven by overcoming long-term social challenges and should remain largely unaffected by COVID-19 based on current estimates (Prismark and Yole, April 2020).

Digital technologies and electronics are increasingly gaining importance for people's lifestyle. Information and communication media, for example, have to be available anytime, anywhere; devices should be able to perform tasks to support people as autonomously and efficiently as possible, which requires a growing number of mobile electronic devices equipped with sensors, artificial intelligence, high-speed data transmission capabilities, etc. Moreover, mobility is supposed to be safe without any limitations and eco-friendly at the same time, and personal safety and health should be improved continuously as the population keeps aging.

[6] OECD Economic Outlook, Interim Report March 2020, OECD Publishing, Paris, https://doi.org/10.1787/7969896b-en.
"OECD updates G20 summit on outlook for global economy", April 2020, http://www.oecd.org/newsroom/oecd-updates-g20-summit-on-outlook-for-global-economy.htm
[7] "OECD updates G20 summit on outlook for global economy", April 2020, http://www.oecd.org/newsroom/oecd-updates-g20-summit-on-outlook-for-global-economy.htm
[8] Oxford Economics World Economic Prospects (April 2020), http://resources.oxfordeconomics.com/world-economic-prospects-executive-summary
[9] IC Insights, McClean Report update, April 2020.
[10] OECD Economic Outlook, Interim Report March 2020, OECD Publishing, Paris, https://doi.org/10.1787/7969896b-en.

The smallest possible mobile devices such as smartphones, smartwatches, wireless earphones and virtual reality glasses support people in a wide variety of tasks. Thanks to mobile diagnostics and therapy devices, it is also becoming easier to monitor health better. In all of this, users expect an increasing number of functions on ever-smaller space with longer battery life to support such a mobile lifestyle. As mobile devices are getting smaller, have more additional functions per device and require more battery space for longer battery life, "miniaturisation" of the electronics contained in the device is becoming a necessity.

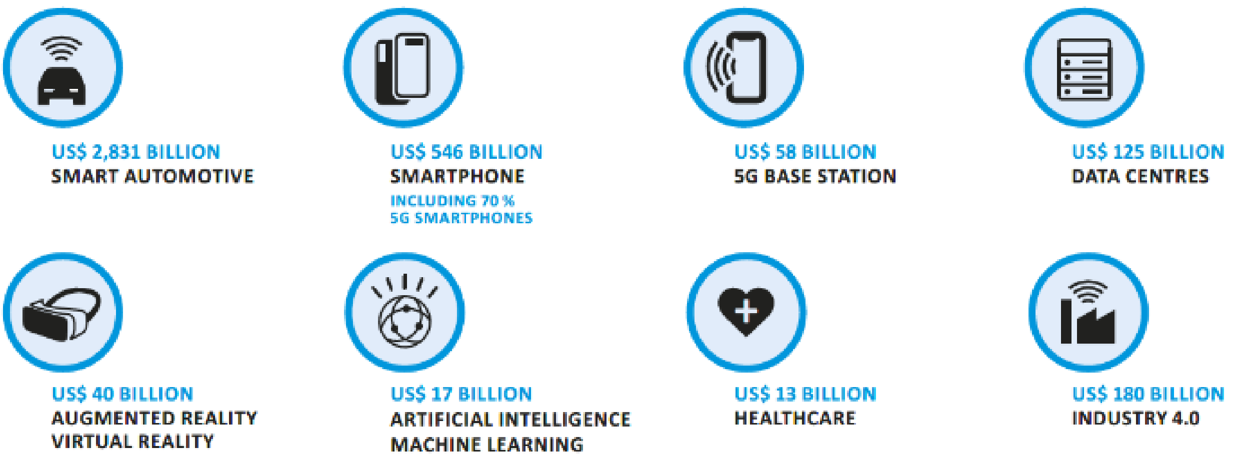
While the cycles of developing and launching products on the market are getting shorter, quality requirements are increasing at the same time. This challenge can be met by combining predeveloped, multiple-use system parts with one or several system functions in electronic modules ("modularisation"). Examples of such modules include sensor modules, computing or artificial intelligence (AI) modules, storage modules, and radio frequency (RF) modules for wireless communication and data transmission.

The trend of modularisation increasingly manifests itself not only in consumer, computer and communication products such as smartphones, smartwatches, smart speakers, notebooks, etc. but also in all other areas of electronics including automotive, industrial and medical applications.

Interconnect solutions consisting of printed circuit boards and IC substrates using embedding as one of the key technologies for the integration of modules with a growing number of functions make a significant contribution to supporting the trend of modularisation. They shorten electrical lines between the components and save space.

Printed circuit boards and interconnect solutions for consumer, communication and computer applications ("CCC") are additionally subject to the necessity to provide minimum trace widths for high levels of integration in large production volumes. Automotive, industrial and medical applications ("AIM") use high-end technologies with reduced trace widths from CCC as a platform for further innovation. The focus is on the introduction of new materials (e.g. high-frequency printed

MARKET SIZE BY APPLICATION
2025



Source: Yole, AT&S Analysis (April 2020) circuit boards for radar applications in the automotive sector), process control within even tighter limits and further technological improvements to meet very high quality requirements.

The application trend towards smart autonomous devices supporting a mobile lifestyle and the automation of production requires omnipresent connectivity to exchange huge data volumes (Internet of Things, machine-to-machine communication) or artificial intelligence. Such systems must have particularly high data processing and computing capability. They also have to interact with the environment via sensors and actuators. Such sensors and actuators comprise optical sensors, position and environmental sensors, miniaturised light sources and displays, miniaturised speakers, etc., which further increase the data volume and, consequently, the computing and storage requirements.

Significant improvements in connectivity are expected following the introduction of the 5G telecommunication standard (data rates of high gigabit/s with latencies (= reaction times) of < 1ms). This will allow de facto real time applications for mobile devices, robotics and autonomous driving, to name only a few examples.

Another important trend is the introduction of technologies to prevent emissions, which drives the electrification of vehicles for example. Along with autonomous driving, this is another key application driver for more electronics in vehicles. More efficient networks in vehicles (48V electrical system) as well as electrical motors require the transmission and switching of ever-increasing power, which requires measures to cool the electronics and minimise switching losses.

Depending on the development stage of individual electronic applications, the related markets will have a significant size by 2025. End customer application markets such as vehicles with automated driving capabilities ("Smart Automotive") and smartphones offer great opportunities for electronic systems. Other interesting opportunities arise in data centres, 5G base stations and in industrial automation (Industry 4.0). New applications such as AI (artificial intelligence) components, sensors as a part of health electronics and AR/VR devices (augmented reality/virtual reality) represent comparatively smaller markets, however, with a particularly strong potential for growth.

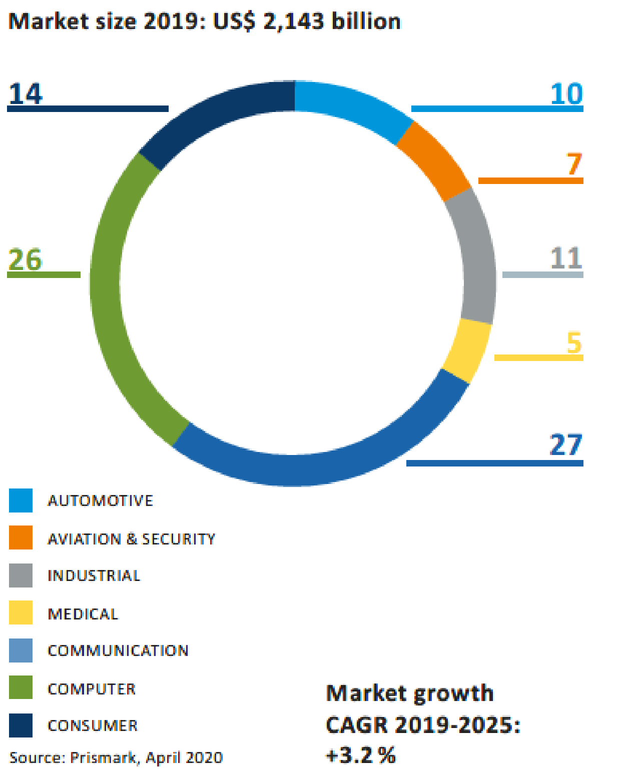
All of these applications can only be realised with highly advanced interconnect solutions as an increasingly significant part of the system as a whole. Modularisation is opening up considerable growth potential for high-end printed circuit board and IC substrate producers like AT&S by proactively entering into development partnerships with customers.

Electronics market: further growth through digitalisation and new functions such as artificial intelligence, 5G connectivity and automation

The solution of social tasks by means of electronic hardware and software ("digitalisation") is gaining increasing importance as has been noticeable over the past decades. Electronics are used in an ever-growing number of applications in order to make them "smart", thus also continuously driving growth of the total electronics market. The total electronics market comprises all manufactured electronic devices and electronic systems. Like macroeconomic data, estimates regarding the total electronics market as well as all other following market estimates are subject to high volatility due to the COVID-19 pandemic. This applies in particular to the year 2020. As a result of the COVID-19 effects expected to date, the entire electronics market, which totalled US$ 2,143 billion in 2019, should shrink by slightly more than 10% in 2020 (Prismark, April 2020). The strongest declines in the total electronics market are projected for the industrial, automotive and consumer segments as consumers and companies are likely to spend less on non-essential goods (Prismark, April 2020). The computer and communication segments will also be significantly affected by the COVID-19 pandemic in 2020 according to current estimates. Following an initial boost in demand due to an increased need for home office equipment, PC and notebook applications are set to record a considerable decline. Further significant growth is expected for servers as another key application in the computer segment due to growing data traffic. Within the communication segment, the strongest decline is forecast for smartphones, while wireless infrastructure is predicted to continue to grow substantially in 2020. In terms of whole segments, tangible growth is only projected for the medical sector in 2020. This is in part attributable to stable demand independent of COVID-19 and some one-off effects such as increased demand for life-saving ventilators.

The long-term global market forecast for electronic systems up to 2025 will not be influenced by COVID-19 according to current estimates. Based on long-term trends and new functions such as artificial intelligence, 5G connectivity, automation, electrification of mobility and renewable energy production, we can still expect mean annual growth in the electronic systems market of 3.2% to US$ 2,587 billion in 2025 (Prismark, April 2020). The annual growth rates of the individual segments are expected to range between 1.6% (computers) and 6% (automotive). Due to the increase in electronic content per vehicle for automated driving and electrification, individual segments of automotive electronics such as automated driving (camera, radar, etc.) should continue to grow strongly.

Electronics market by segment 2019
in %



Source: Prismark, April 2020

However, the recovery from the COVID-19 crisis may take longer in the automotive segment than in other segments. In industrial electronics, a massive growth surge is expected due to automation including robotics, digitalisation of the manufacturing environment and machine-to-machine (“M2M”) communication.

The new 5G wireless standard is a massive growth driver for all segments. 5G enables wireless communication in real time with very high data rates, allowing not only videos to be played on mobile devices and general mobile data transmission from the Internet without any time delay but also all types of communication between machines (“M2M” or “machine-to-machine” communication) or vehicles (“Vehicle-to-X” or “V2X” communication).

The enhancement of electronic systems with artificial intelligence (AI) is another, at least equally important growth driver for all sectors. In addition to software, this requires highly advanced and high-quality processor and storage hardware. Current examples include server, PC/notebook and smartphone processor modules with AI accelerators. Camera modules for smartphones and microphones with AI functionality to improve detection signals are further examples. AI technology is also applied in automated drive systems, manufacturing robots and intelligent “home robots”. Home robots comprise a variety of applications ranging from AI-enhanced smart speakers, monitoring devices, robots for household activities, robots assisting older people or toy robots. In these cases, AI is used for the automated evaluation and interpretation of detection signals or images, for automated data analysis or for intelligent decision-making based on the data collected.

Printed circuit board and IC substrate market: medium-term growth follows that of the electronics market, further intensified through module integration

Printed circuit boards (PCBs) are used to provide electric connectivity for electronic components mounted on their surface including passive electronic components, such as resistors and capacitors as well as packaged integrated circuits (“ICs”), electronic modules and “systems in package“, which contain at least two components and carry out at least one system function such as detecting or actuating, data transmission, processing, data storage or energy management.

Based on current estimates it can be assumed that the economic slowdown caused by COVID-19 will lead to temporary effects on the global printed circuit board market. The market environment, which is currently subject to by high volatility, does not allow a more accurate assessment in figures. However, a substantial recovery in demand can be expected, driven by an intensified trend towards digitalisation. These effects are currently clearly visible in the global IC substrate market due to the resulting significant increase in data volume; it therefore can be assumed that demand will continue to be positive in this market segment.

As stated previously, no effect is expected on the overall medium and long-term growth of the printed circuit board market, which is driven by the increasing functions of the electronics systems.

Up to 2025, mean annual growth of 4.7% to just over US$ 76 billion is expected. As in the electronics systems market, this growth up to 2025 and beyond will be driven by the long-term trend towards digitalisation, and new functions such as artificial intelligence, 5G, automation, electrification of mobility and module integration to accelerate development and reduce costs for electronic systems.

Depending on the segment, annual growth in the printed circuit board markets is expected to range from 2.4% (Aviation & Security) to 5.6% (Communication) between 2019 and 2025 (Prismark, April 2020).

Development of the PCB and IC substrate market in 2020

Segment	Trend	Market risks	Market opportunities
AUTOMOTIVE	↓	Strong decline in vehicles sold	Electronic content in vehicles increases (automated driving, electrification of powertrain) Growth in selective applications such as camera, radar, etc.
AVIATION &SECURITY	↘	Particularly strong decline in the segment of new civil aircraft	Growth in satellite and security applications
INDUSTRIAL	↓	Significantly lower investment activity	Public sector investment incentives for applications such as renewable energies
MEDICAL	↗	No particular risks due to COVID-19 pandemic	Stable market development and special demand for some applications such as ventilators
COMMUNICATION	↘	Strong decline in mobile devices	Increased data transmission requirements (remote working, online services) Public sector investment incentives and investments in communication infrastructure Growth in base stations, satellites, etc.
COMPUTER	↘	Slump in PC and notebook sales after a short-term boom due to home office equipment	Increased data processing requirements in data centres (remote working, online services) and need for additional servers
CONSUMER	↓	Change in consumer behaviour due to COVID-19 leads to purchasing restraint	Continued growth in individual applications such as wireless earphones
SUBSTRATES	↗	Despite significant increase in substrate size and number of layers lower need for substrates for processor modules for PCs and notebooks	Especially strong growth for IC substrates for processor modules for infrastructure (5G base stations, servers for data centres)

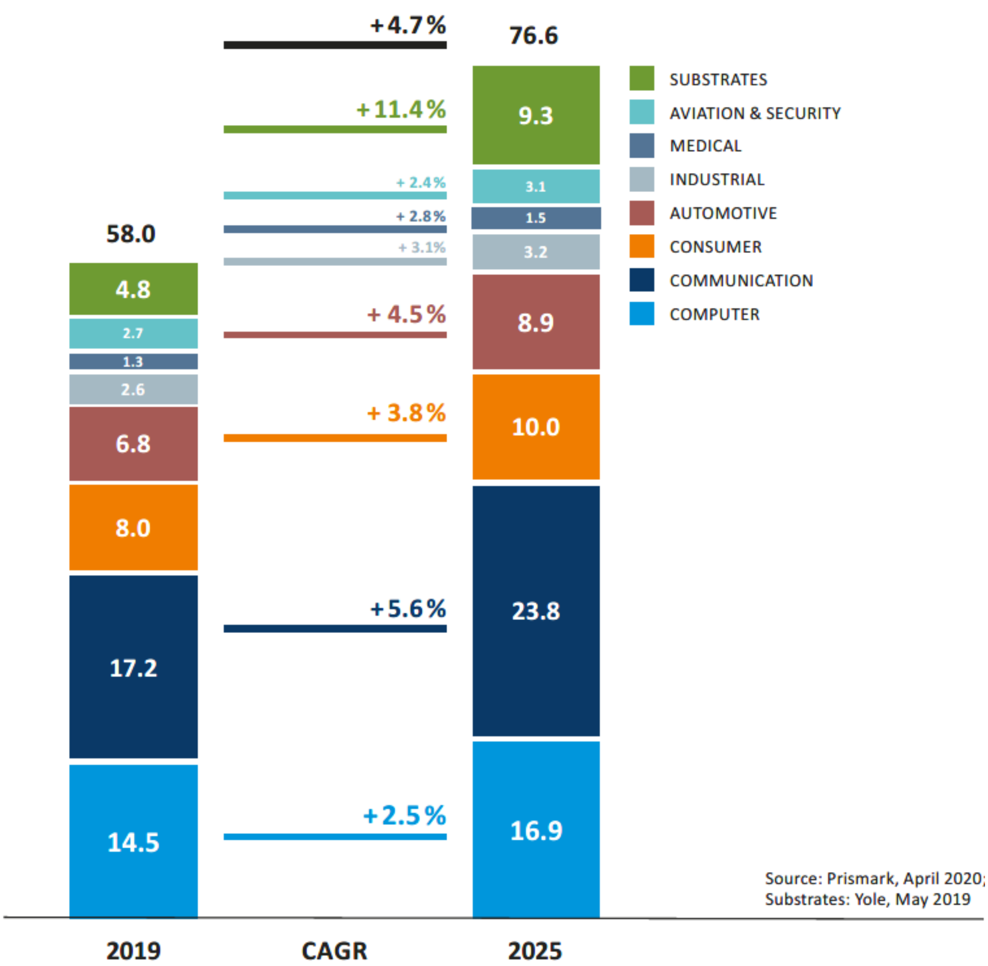
Source: Prismark, April 2020; Substrates: Yole, May 2019; AT&S Analysis

Annual growth in the IC substrate market is still estimated at approximately 10% up to 2025. This applies in particular to the FCBGA market segment, in which AT&S is active, where processor modules are the main application (Yole, May 2019). As previously mentioned, this subsegment is not expected to see a strong negative influence from COVID-19 since demand in this market segment is currently higher than the available supply due to the introduction of AI and 5G. Technological changes such as heterogeneous integration of processors and memory or chiplets drive demand due to a higher number of substrate layers and larger form factors. Due to new chip generations, minimal pattern sizes are becoming ever smaller. Moreover, the components and routing layers on IC substrates are increasingly often directly connected with each other as the next step of system integration ("fan out", "embedding").

The integration of system functions in "systems in package" or electronic modules is a trend that goes beyond processor modules. Such functions include sensors, actuators, energy management and RF connectivity. This trend towards module

Substrates and PCB market

US$ in billions



Source: Prismark, April 2020;
Substrates: Yole, May 2019

integration is attributable to the reduction in system costs, miniaturisation and faster time to market of end user products when tested and qualified electronic modules are used.

The market for module integration services (printed circuit boards/substrates, module production and test) will show annual growth rates of more than 10% and reach a similar size as the printed circuit board market within a few years. The technology options for module integration from the AT&S toolbox include HDI, mSAP, SAP, embedding and 2.5D. This module market thus offers AT&S an important opportunity for further growth, but requires strengthening of manufacturing and testing service capabilities. In the short term, growth is also expected to slow down significantly in this market because of the COVID-19 crisis, while submarkets such as the wireless module and sensor module segments still offer growth opportunities.

2. BUSINESS DEVELOPMENT

2.1.Financial performance

In the financial year 2019/20, AT&S's REVENUE decreased by € 15.3 million, or 4.1%, to € 356.4 million. This decrease results from lower merchandise sales as well as lower sales from self-produced goods.

The EBIT-MARGIN decreased by 5.7% to 0.2% (previous year: 5.9%) in the financial year under review. The main reasons of the decrease were higher depreciations as well as lower foreign exchange effects.

The FINANCIAL RESULT amounted to € 20.2 million (previous year: € 38.6 million). The change resulted mainly from the reduction of valuation gains to € 5.2 million (previous year: € 33.7 million). In contrast, the income from financial assets, securities and long term loans increased to € 34.9 million (previous year: € 30.2 million) due to an increase of the long term loans. The increased other interest and similar income of € 3.3 million (previous year: € 3.1 million) and lower interest expenses of € 25.5 million (previous year: € 33.6 million) could only partly compensate the reduced finance result.

INCOME TAXES are impacted by the reduction of deferred taxes resulting in deferred tax expenses of € 3.9 million (previous year: income of € 3.9 million). Due to lower taxable results in the past financial year, the current tax expense decreased to € 1.7 million (previous year: € 4.5 million).

Due to the described effects on the operating result and the financial result, the NET INCOME FOR THE YEAR amounts to € 15.5 million (previous year: € 60.0 million).

2.2.Financial position

As the depreciation was lower than the investment, the book value of PROPERTY, PLANT AND EQUIPMENT increased from € 47.9 million to € 59.2 million. The book value of INTANGIBLE ASSETS decreased from € 7.9 million to € 7.1 million due to a higher depreciation in the financial year under review.

The SHARES IN AFFILIATED COMPANIES are unchanged compared with the previous year. The book value of loans to affiliated companies increased from € 512.3 million to € 657.9 million due to an increase in shareholder loan. The increase was impacted by US dollar exchange rate effects and its resultant valuation.

In the short term CURRENT ASSETS the inventories decreased from € 28.7 million to € 23.4 million. Receivables and other assets decreased slightly from € 55.1 million to € 54.7 million. The trade receivables decreased whereas the receivables against affiliated entities and other receivables and assets increased. Liquid funds decreased from € 384.3 million to € 277.3 million.

In the current financial year DEFERRED TAX ASSETS decreased from € 27.8 million to € 23.9 million due to the effects mentioned above.

At the balance sheet date 31 March 2020, the SHAREHOLDERS' EQUITY decreased from € 340.8 million to € 333.0 million. The decrease was caused by the annual net income for the year of € 15.5 million less the dividend payment of € 23.3 million. At the balance sheet date, the equity ratio decreased from 25.6% to 24.3% due to the higher total assets and a slightly lower equity.

In the financial year 2019/20, AT&S's NET DEBT increased from € 500.4 million to currently € 663.6 million. Net debt is calculated as the aggregate of bonds, bank loans and promissory note loans, 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 146.9% to 199.3%. This was caused by a reduction of the liquid funds and the addition of a new promissory note loan.

2.3.Cashflow statement

Cash flow statement subtotals show the following amounts in comparison to past financial years (calculated in accordance with expert opinion KFS/BW2 of the Austrian Chamber of Public Accountants and Tax Advisors): *see table below.*

The net cash flow from operating activities shows an increase. The higher cash flow from the result in the financial year 2019/20 of € 29.1 (previous year: € 17.9 million) is mainly due to a reduction of the stock, liquid funds and lower provisions compared with the previous year.

With respect to investing activities, AT&S invested a total of € 27.4 million (previous year: € 21.1 million) in intangible and tangible assets in the financial year 2019/20. These payments and higher loans to affiliated companies resulted in a net cash flow from investing activities in an amount of € -168.6 million (previous year: € -48.6 million).

The placement of a promissory note loan with a nominal value of € 80.0 million (previous year: € 335.5 million) was partially used for the optimisation and the repayment of financial liabilities with higher interest rates, resulted in a cash flow from financing activities of € 32.4 million (previous year: € 156.5 million).

Cash flow statement (short version)

€ in millions	2019/20	2018/19	2017/18
Net cash flow from operating activities	29.1	17.9	30.6
Net cash flow from investing activities	-168.6	-48.6	-89.4
Net cash flow from financing activities	32.4	156.5	228.5

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 and increasingly also the American market. In Europe, short lead times, special applications and customer proximity are particularly important. The plant in Leoben continued to pursue the path of niche and prototype production started in recent years. Among other things, the production of the embedding technology is based in Leoben. Several important projects were qualified with renowned customers in the financial year 2019/20 and are about to enter mass production. In addition, investments were made in the expansion of the core line in order to provide capacities for the Chongqing plant on the one hand and to secure the future technologies on the other. The plant in Fehring successfully completed its extension and all customer qualifications of the new production hall. A stronger focus on specific applications and markets helped create synergies with other sites (Leoben and Nanjangud) and improve the product mix. As a result, high-end printed circuit boards (HDI/HF technology) can be manufactured at the Fehring site for the Industrial, Medical and Automotive segments.

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 2019/20; these were produced for the Automotive, Industrial, Medical segment.

Chongqing At present, two plants for high-end products are operated in Chongqing. The plant for IC substrates (integrated circuit substrates) is currently undergoing full expansion and capacity has increased as planned. The plant operated at capacity throughout the year. As demand for IC substrates is increasing for the application in high-performance computer modules, construction of an additional plant began in the financial year 2019/20, and is scheduled to start production at the end of 2021. High-end mSAP printed circuit boards are manufactured at the plant for mobile applications. The production of printed circuit boards for modules started at the site during the financial year 2019/20. Capacity at the plant is being continuously expanded in order to meet growing customer demand in the high-end segment.

Ansan The very positive development of the site in Korea continued in the financial year 2019/20, in particular in the medical technology segment for European and American customers. In December 2019, the expansion of the plant began on the neighbouring premises, which had been acquired in the previous year. Completion is scheduled for the fourth quarter of the financial year 2020/21.

Nanjangud The site continued its positive development in terms of the further technical developments regarding market and customer requirements in the financial year 2019/20. Due to the long qualification times for HF and HDI products, this development is not yet reflected in revenue; however, a significant shift in the product mix towards higher-value technologies is already noticeable and will continue to be a strong focus. The temporary closure in mid-March caused by COVID-19 cases in the vicinity of the plant and the region being designated a lockdown area, had no material impact on revenue due to the prestart situation.

Hong Kong The Hong Kong-based company AT&S Asia Pacific 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. Customers’ proximity to the CEMs and to suppliers is a locational advantage which is highly valued by business partners.

The sales support companies in America, Germany, Japan and Taiwan continued to ensure good and close contact with customers in the financial year 2019/20.

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 2020, 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 2020, roughly 64.68% 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 authorised to adopt amendments to the Articles of Association resulting from the issuance of shares from the approved capital.

	Shares	% capital	% voting rights
Dörflinger-Privatstiftung: Vienna, Austria	6,902,380	17.77%	17.77%
Androsch Privatstiftung: Vienna, Austria	6,819,337	17.55%	17.55%

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 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 25th Annual General Meeting on 4 July 2019, 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. Furthermore, the Management Board was authorised, for a period of five years, i.e. up to and including 3 July 2024, subject to approval of the Supervisory Board and without any further resolution by the Annual General Meeting, to sell treasury shares by means other than via the stock exchange or a public offering, in particular to serve employee stock options, convertible bonds or as a consideration for the acquisition of companies or other assets and to use them for any other legal purpose.

The company held no treasury shares as of 31 March 2020.
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, reference is made to the notes to the consolidated financial statements (Note 21 “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 2019/20 as a separate chapter.

4. RESEARCH AND DEVELOPMENT

Structured development of technological opportunities

In the past financial year AT&S once again focused its research and development activities on exploring opportunities arising from the current transformation towards modularisation in the electronics industry and the resulting change in the value chain in order to gradually live up to the claim "More than AT&S". The ongoing projects in this context can be allocated to four main development programmes:

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.

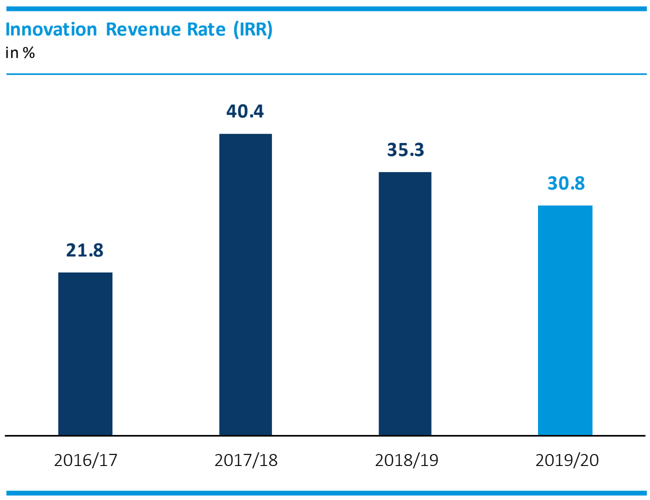
Fast signal transmission: As digitalisation progresses, driven by improved data transmission possibilities (5G), the data volume to be processed will increase significantly in the coming years. Electronic systems working at higher frequencies (e.g. communication modules for 5G, radar systems for cars) 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 view of the sustainability endeavours, there is currently a strong trend towards alternative forms of propulsion in mobility, in particular towards electric mobility. At the same time, mechanical solutions are increasingly replaced by energy-saving electronic solutions in the automotive sector. AT&S focuses its development activity on systems which enable optimum power supply with the lowest electrical losses in vehicles, can switch and transmit high loads and may even be able to produce energy in the future.

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 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 put to use via digitalisation in order to optimise and improve production processes as well product properties and quality, and new solutions enabling the sparing use of resources in production are developed.

Innovation rate still high

The innovation revenue rate (IRR) measures the impact of the innovative strength of a company. It describes the share in revenue AT&S generates with innovative products launched on the market in the past three years. Generally speaking, the IRR 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).

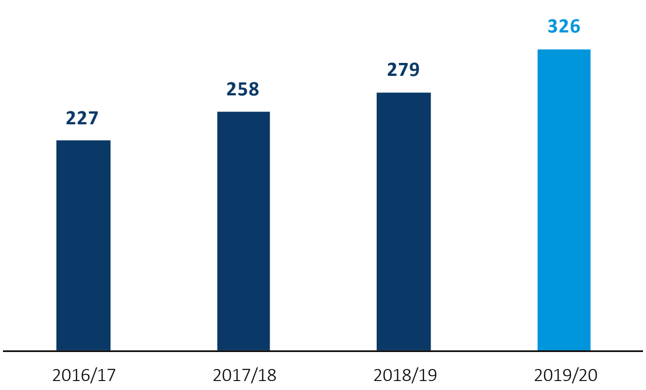


AT&S strives for a mean annual IRR of at least 20%. In the past financial year, the IRR was still relatively high at 30.8% despite numerous technology introductions in the past years (e.g. mSAP and substrates). At the same time, AT&S will also be in a very intensive phase of technology development and implementation in the future.

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 61 new patent applications in the financial year 2019/20. At present, AT&S has 343 patent families, which result in 326 granted patents. The IP portfolio is further strengthened by externally acquired licenses, in particular in the area of embedding technology.

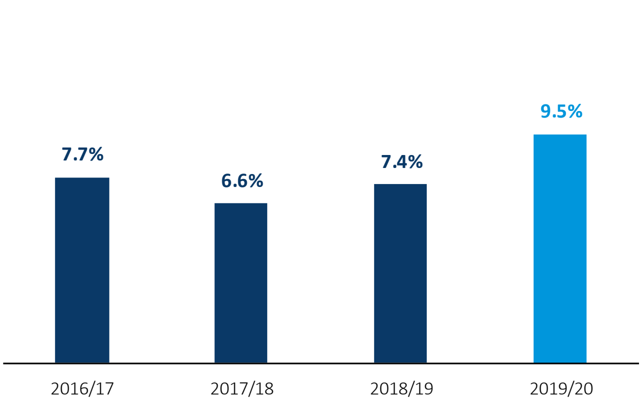
Number of patents granted



R&D expense: 9.5% of revenue

The costs of research and development projects totalled € 94.8 million in the financial year 2019/20. This corresponds to a research rate (i.e. ratio to revenue) of 9.5% compared with 7.4% in the previous year. Based on this continuously high research rate, AT&S is securing its position as the technology leader for the years to come.

Research rate
i. e. ratio to revenue



Development centres in Leoben and Chongqing

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

Internally, 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.

In the past financial year, AT&S upgraded the development unit in Chongqing into a development centre. To this end, the set-up of the prototype line, which had already begun, was expanded for new processes. Moreover, a multi-year set-up plan for a high-end prototype line was designed, covering nearly all process steps for the production of high-end substrates and advanced packages.

The development centre in Leoben was also further strengthened. Currently, several new technologies are added to the technical development capacities. Some of these devices enable the analysis of production processes that are entirely new to the industry, such as physical separation processes or photopatternable dielectric materials. These activities ensure that AT&S will continue to convince customers with new concepts in the core development areas as a technology leader in the years to come.

Key development projects

In the past financial year, R&D activities focused on the development of the next substrate and packaging technology. At the locations in Chongqing and Leoben, several technology components are currently in the implementation phase. The main development activities consisted of the conceptual design and specification of the required production machines, which frequently have to be adapted to individual needs in cooperation with the suppliers. Concepts based on which technology components can also be used for the generation after next are already being developed in parallel in this area.

Intensive work on projects for the new mobile communication standard 5G continued, with one of the focus areas being the development of system solutions specifically for the second generation of the 5G standard, which uses radio frequencies in the mm-wave-length range (25-30GHz). Here, entirely new printed circuit board and interconnect systems have to be developed to keep losses as low as possible. In doing so, AT&S is working with important companies along the value chain and with customers.

Developments in power electronics are currently driven by electromobility. AT&S is developing innovative new electronic systems in this area that consume very little energy and can work with high currents and high voltages. This is made possible by using the embedding technology, which allows optimal cooling and electric connection of the components, resulting in electrically efficient and highly reliable systems and modules. In the development for this area, a special focus was placed on the analysis of new performance semiconductors and on exploring them in cooperation with international partners.

Cooperation with research institutions

In the past financial year, the national and international collaboration with research institutions was further intensified. The University of Chongqing (Chongqing, China), East China University of Science and Technology (Shanghai, China), Virginia Tech (Blacksburg, Virginia, USA) and Silicon Austria Labs (Graz, Austria) joined the list of our most important research partners.

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. Since decisions are usually made under uncertainty, it is the task of risk management to identify risks or negative deviations at an early stage and deal with them in a proactive manner. 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 standard.

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 meeting, which takes place at least twice a year. The proper functioning of the risk management system is assessed annually by the external

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).

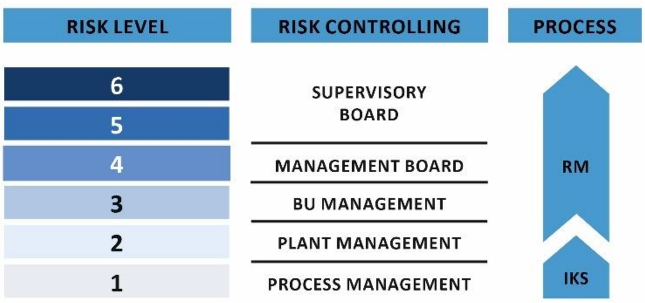
_Aggregation & reporting
aggregation and regular reports on all significant risks (risk level ≥3) to the Management Board and Audit Committee by the Risk Manager.

_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

auditor in the course of the annual audit of 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 2019/20

In the financial year 2019/20, risk management focused on the evaluation and selection of a software-based GRC solution alongside the management of risks arising from operating business. The objective of this further development is to strengthen the links between governance, risk and compliance processes and to use synergies. The implementation of this tool will start in the financial year 2020/21.

The integration of non-financial risk management into the Group-wide risk management system was another focus in the financial year 2019/20. The goal was to identify and assess risks related to the environment, social matters and responsible management in line with Group-wide risk management.

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	↗	• 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 • 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: Cash Flow

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) and will continue to do so in the future. In order to establish the IC substrate business as a strategic cornerstone, AT&S invests in a new plant in Chongqing and expands existing capacities at the Leoben plant. The investment is based on the growing demand for IC substrates for the application in high-performance computer modules.

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 could relate, in particular, to the substrate business, the production capacity for the mSAP technology in Shanghai and Chongqing, the capacity expansion for high-frequency printed circuit boards in Nanjangud and Fehring and generally 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, such as those in the automotive industry. The technology upgrade of part of the HDI lines to the mSAP technology ensures the transfer of competitive advantages of HDI to the next technology generation. Delays in switching over to the new technology 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 ensure our competitive edge, AT&S constantly pursues new forms of technology and projects in close cooperation with our customers.

New technological developments and excess capacity in the market pose great challenges for AT&S in the IC substrate segment. The focus on a higher-value product portfolio and the successful realisation of the planned cost reduction are essential for this business segment. The market for IC substrates is strongly influenced by technological changes. The investment in the Chongqing site enables strategic development in this business segment. The development of new technologies serves to mitigate the market risks of IC substrates. However, this technological progress also entails the general risk of new technological developments.

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 like those in South Korea and China.

In addition, a difficult market environment in the financial year 2020/21 could have an adverse effect on the Group's results. 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. In particular, the impact of the COVID-19 pandemic on the global economy cannot be fully projected due to the low visibility. 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 pushed based on customer and application analyses. A positive post-crisis market development could offer increased business opportunities and especially high growth opportunities.

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 68% 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. This is particularly critical in the areas of IC substrates and mSAP. 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

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. Rising raw material prices in the financial year 2019/20 were partially cushioned by the targeted implementation of the procurement strategy and process optimisations. Due to the current uncertainties in the market, coupled with the COVID-19 pandemic, the price development for raw materials cannot be reliably projected for the coming financial year.

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 large 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 the 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 spread of the COVID-19 pandemic is currently influencing the production of AT&S. 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. In doing so, AT&S uses the rich experience gained in China, where the company acquired valuable knowledge in dealing with the exceptional situation. The measures taken in China are also applied to the other locations. Mandatory face masks were introduced on the company premises, remote working regulations massively extended, canteen operations limited and business travel stopped. 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 set up 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 influence the business development in the coming months. The global effects of the pandemic can lead to weaker demand in some customer segments. At present, it is not possible to quantify these impacts due to low visibility and high volatility.

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.

In Europe, there are currently uncertainties regarding the withdrawal of the United Kingdom from the European Union, especially with respect to legal situation after the transition period expires in January 2021. AT&S has only a few business relationships with customers and suppliers based in the United Kingdom. Nevertheless, AT&S has taken measures due to the existing uncertainties to ensure a smooth process in the supply chain. The precautions taken include close contact with customers, an increase in inventories and the preparation of internal systems for the withdrawal. Nonetheless, the effects of the United Kingdom's withdrawal on the European economy may also have an impact on the business development of AT&S.

The partial de-escalation of the trade conflict between the USA and China has led to a reduction of punitive tariffs on imports of certain goods in both countries. 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. In addition, macroeconomic developments resulting from the trade conflict 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 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 on the part of its employees with all applicable laws and regulations. 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. In the financial year 2019/20 an intranet campaign was launched throughout the Group to raise awareness among employees.

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. After the successful certification of all European locations in accordance with ISO 27001, the focus in the financial year 2019/20 was on the establishment of a corresponding information security management system (ISMS) at the other AT&S locations. Alignment with international IT standards ensures safe handling and appropriate access to information, and the availability of reliable systems. Certification of all locations is planned for the financial year 2020/21.

Based on the measures taken in the context of the COVID-19 pandemic, employees increasingly worked from home. The resulting security-relevant risks were minimised through the provision of guidelines, training material, intranet campaigns and technical measures. The objective of these measures is to raise awareness among employees about information security even in times of crisis.

OPERATIONS

Quality and delivery performance

As in the past, it will be the high quality of products, adherence to delivery deadlines and service quality which 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 lead to specific risks for the Chongqing site given the significant investment volume. Complications in the further development and project implementation could result in major burdens on business development and the existing financial and administrative resources. In the coming financial year, the focus will be on continuous performance improvement, on building a new plant at the Chongqing site and on expanding capacity at the Leoben plant.

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 form the foundation for taking advantage of 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. 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, which could increase or decrease the Group's equity. Hedging against this risk would involve high costs and is not carried out.

Financing and liquidity

To secure the financial needs for the expansion strategy, the Group uses long-term financial and liquidity planning. However, negative business developments (for example related to the COVID-19 pandemic), 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, in part through the use of appropriate financial instruments.

For more information on financial, liquidity, credit and foreign exchange risks, please refer to Note 19 "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 the BEPS (Base Erosion and Profit Shifting) guideline of the OECD. 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.

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 also 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

The COVID-19 pandemic, which started at the beginning of 2020, and the resulting crisis measures slowed down economic activity worldwide and led to substantial downgrades of GDP projections for 2020. The global GDP growth forecast for 2020 is set to decline from 2.9% to 0.4% (OECD, March and April 2020) in the most important economies by the end of April 2020 as a result of the crisis measures taken. Other forecasts project globally negative GDP growth in the range of -2.8% (Oxford Economics, April 2020) to -4.2% (IC Insights, April 2020). These variances reflect the high volatility of the current situation. At present, the global economy is expected to recover in 2021 (OECD, March 2020).

AT&S remains on track

Thanks to its strategic alignment, AT&S considers itself well prepared to successfully overcome the current crisis and to positively participate in the intact market trends in the medium term. Even though the company has so far not been essentially affected by disruptions in the value chain, there may be influences on customer demand in the coming months.

Due to very limited visibility, coupled with high volatility in the markets, AT&S will take measures in the coming quarters enabling it to act flexibly and rapidly to reflect the changing framework conditions. These measures include, among others, strict control of costs and expenses and close interaction with customers and business partners. At the same time, the company works on systematically preparing scenarios for the time after the crisis.

The expectations for the individual segments of AT&S are as follows: product launches may be delayed in the Mobile Devices segment due to the low visibility. In the Automotive segment, visibility is also limited so that specific developments remain to be seen. The Industrial segment will continue to develop at a low level as in the previous year, while stable development is expected for medical applications. The demand for IC substrates is expected to remain strong according to current forecasts.

Operationally, AT&S will concentrate on optimally utilising existing and building new capacities, especially for IC substrates in Chongqing, and above all continue to drive the expansion of its business performance.

Based on current information and anticipating the usual seasonality, AT&S expects a solid performance in the first quarter, with revenue and EBITDA at the level of the previous year.

The economic impact of the COVID-19 pandemic is difficult to predict and consequently leads to significant uncertainty in the forecasts. AT&S will therefore report on recent events in the markets and in the company on an ongoing basis throughout the financial year and update the outlook as soon as the economic framework conditions can be better quantified.

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 in the current financial year as previously announced. In line with spending discipline, a reduced budget of up to € 80 million is planned for basic investments (maintenance and technology upgrades) depending on market development.

As part of the strategic projects, the management is planning investments totalling up to € 410 million for the financial year 2020/21 – depending on the progress of projects.

Leoben-Hinterberg, 13 May 2020

The Management Board

Andreas Gerstenmayer m.p.
Monika Stoisser-Göhring m.p.
Heinz Moitzi m.p.

We draw attention to the fact that the English translation of this auditor's report according to Section 274 of the Austrian Commercial Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

AUDITOR'S REPORT

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, Leoben-Hinterberg, which comprise the balance sheet as at March 31, 2020, the profit and loss account for the fiscal year then ended and the notes.

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 March 31, 2020, and of its financial performance for the fiscal year then ended in accordance with the Austrian Commercial Code.

Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 (hereinafter EU Regulation) and Austrian generally accepted auditing standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those provisions and 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 Austrian Generally Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the fiscal year. 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.

We have structured key audit matters as follows:

- Description
- Audit approach and key observations
- Reference to related disclosures

Deferred tax assets from tax loss carry-forwards and other deductible temporary differences

- Description

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, Leoben-Hinterberg, reports deferred tax assets in the amount of EUR 23,945k (prior year: EUR 27,798k) in the balance sheet as at March 31, 2020. These comprise deferred tax assets arising from temporary differences in the amount of EUR 5,363k and deferred tax assets from tax loss carry-forwards in the amount of EUR 18,582k. The applicable tax rate of 25% was used for the valuation. Pursuant to Section 198 (9) UGB, deferred tax assets may be recognized for future tax claims from tax loss carry-forwards 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. Based on the current forecast, deferred taxes were capitalized for all existing tax loss carry-forwards in the amount of EUR 74,328k (prior year: EUR 89,992k) as at March 31, 2020.

The assessment of the matter described requires professional judgment and involves estimation uncertainties and thus includes the risk of a material misstatement in the financial statements, therefore constituting a key audit matter.

- Audit approach and key observations

  We:

- Identified the process for the calculation of current and deferred tax assets,
- Verified if the calculation of current and deferred taxes is accurate and reconciled the data used to calculate the temporary differences,
- Received tax advisor confirmation letters to confirm the existence and accuracy of the tax loss carry-forwards,
- Analyzed and confirmed samples of the accounting assumptions on the possibility to utilize tax loss carry-forwards and deductible temporary differences, and
- Audited the presentation and disclosures in the notes to the financial statements.

  We consider the capitalization of deferred tax assets from tax loss carry-forwards and other deductible temporary differences to be justified and appropriate in amount.

- Reference to related disclosures

For further related information, we refer to the notes of the Company, section 3.4. on accounting and valuation methods as well as section 4.5 on the breakdown and comments on deferred tax assets including their development.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Austrian Commercial Code, 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 EU Regulation and with Austrian generally accepted auditing standards, which require the application of 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 the EU Regulation and with Austrian generally accepted auditing standards, which require the application of ISAs, we exercise professional judgment 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 risks 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 management's 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 auditor's 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 achieves fair presentation.

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 all 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 Other Legal and Regulatory Requirements
Comments on the Management Report for the Company

Pursuant to the Austrian Commercial Code, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was 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 Austrian Standards on Auditing for the audit of the management report.

Opinion

In our opinion, the management report for the Company was prepared in accordance with the applicable legal requirements, includes accurate disclosures pursuant to Section 243a UGB and is consistent with the financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

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 financial statements, the management report and the auditor's report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Additional Information in Accordance with Article 10 of the EU Regulation

We were appointed as statutory auditor at the ordinary general meeting dated July 4, 2019. We were subsequently engaged by the supervisory board. We have audited the Company for more than 20 years.

We confirm that the audit opinion in the "Report on the Financial Statements" section is consistent with the additional report to the audit committee referred to in Article 11 of the EU Regulation.

We declare that we did not provide any prohibited non-audit services (Article 5 (1) of the EU Regulation) and that we remained independent of the audited company in conducting the audit.

Responsible Engagement Partner

Responsible for the proper performance of the engagement is Mr. Jürgen Schauer, Austrian Certified Public Accountant.

Vienna, May 13, 2020

PwC Wirtschaftsprüfung GmbH

signed:

Jürgen Schauer
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the financial statements together with our auditor's report is only allowed if the financial statements and the management report are identical with the German audited version. This auditor's report is only applicable to the German and complete financial statements with the management report. For deviating versions, the provisions of Section 281 (2) UGB apply.

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, 13 May 2020

The Management Board

Andreas Gerstenmayer m.p. Chief Executive Officer	Monika Stoisser-Göhring m.p. Chief Financial Officer	Heinz Moitzi m.p. Chief Operations Officer

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