Annual Financial Report as of 31 March 2021

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AT & S Austria Technologie & Systemtechnik Aktiengesellschaft

Annual Financial Report as of 31 March 2021

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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.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

€ in thousands	Note	2020/21	2019/20
Revenue	1	1,188,224	1,000,577
Cost of sales	2	(1,021,239)	(897,668)
Gross profit		**166,985**	**102,909**
Distribution costs	2	(36,563)	(30,891)
General and administrative costs	2	(47,106)	(37,558)
Other operating income	4	17,740	18,048
Other operating costs	4	(21,296)	(5,106)
Other operating result		(3,556)	12,942
Operating result		**79,760**	**47,402**
Finance income	5	3,937	10,536
Finance costs	5	(24,076)	(19,191)
Finance costs - net [1)]		**(20,139)**	**(8,655)**
Profit before tax [1)]		**59,621**	**38,747**
Income taxes [1)]	6	(12,197)	(18,933)
Profit for the year [1)]		**47,424**	**19,814**
Attributable to owners of hybrid capital		8,313	8,313
Attributable to owners of the parent company		39,111	11,501
Earnings per share attributable to equity holders of the parent company (in € per share): [1)]	25		
- basic		1.01	0.30
- diluted		1.01	0.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in thousands		2020/21	2019/20
Profit for the year [1)]		**47,424**	**19,814**
Items to be reclassified:			
Currency translation differences, net of tax		11,926	(30,292)
Losses from the fair value measurement of available-for-sale financial assets, net of tax		(55)	–
Items not to be reclassified:			
Remeasurement of post-employment obligations, net of tax		485	(1,091)
Other comprehensive income for the year [1)]		**12,356**	**(31,383)**
Total comprehensive income for the year [1)]		**59,780**	**(11,569)**
Attributable to owners of hybrid capital		8,313	8,313
Attributable to owners of the parent company [1)]		51,467	(19,882)

[1)] Adjustment Hedge Accounting previous years (see note 18 „Derivative financial instruments“)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in thousands	Note	31 Mar 2021	31 Mar 2020
ASSETS			
Property, plant and equipment	7	1,301,400	903,509
Intangible assets	8	42,813	45,075
Financial assets	12	117	193
Deferred tax assets	6	25,113	25,984
Other non-current assets	9	7,948	21,258
Non-current assets		1,377,391	996,019
Inventories	10	152,528	108,373
Trade and other receivables and contract assets	11	265,293	192,433
Financial assets	12	39,746	136,242
Current income tax receivables		2,154	2,493
Cash and cash equivalents	13	552,850	417,950
Current assets		1,012,571	857,491
Total assets		2,389,962	1,853,510
EQUITY			
Share capital	21	141,846	141,846
Other reserves [1)]	22	27,079	14,723
Hybrid capital	23	172,887	172,887
Retained earnings [1)]		460,201	430,803
Equity attributable to owners of the parent company [1)]		802,013	760,259
Total equity [1)]		802,013	760,259
LIABILITIES			
Financial liabilities	15	1,017,143	695,834
Provisions for employee benefits	16	53,331	51,244
Deferred tax liabilities	6	1,935	3,166
Other liabilities	14	41,039	13,596
Non-current liabilities		1,113,448	763,840
Trade and other payables	14	382,584	214,017
Financial liabilities	15	84,101	105,299
Current income tax payables		3,411	4,858
Other provisions	17	4,405	5,237
Current liabilities		474,501	329,411
Total liabilities		1,587,949	1,093,251
Total equity and liabilities		2,389,962	1,853,510

[1)] Adjustment Hedge Accounting previous years (see note 18 „Derivative financial instruments“)

CONSOLIDATED STATEMENT OF CASH FLOWS

€ in thousands	2020/21	2019/20
Operating result	**79,760**	**47,402**
Depreciation, appreciation, amortisation and impairment of property, plant and equipment and intangible assets	165,903	147,127
Gains/losses from the sale of fixed assets	271	732
Changes in non-current provisions	1,971	3,246
Non-cash expense/(income), net	9,726	(14,315)
Interest paid	(14,645)	(12,049)
Interest received	3,187	6,710
Income taxes paid	(13,942)	(13,486)
Cash flow from operating activities before changes in working capital	**232,231**	**165,367**
Inventories	(43,959)	(25,462)
Trade and other receivables and contract assets	(60,636)	38,192
Trade and other payables	57,792	5,747
Other provisions	(777)	1,279
Cash flow from operating activities	**184,651**	**185,123**
Capital expenditure for property, plant and equipment and intangible assets	(437,972)	(218,597)
Proceeds from the sale of property, plant and equipment and intangible assets	2,220	70
Capital expenditure for financial assets	(53,630)	(44,263)
Proceeds from the sale of financial assets	149,573	146,161
Cash flow from investing activities	**(339,809)**	**(116,629)**
Proceeds from borrowings	383,889	77,888
Repayments of borrowings	(93,296)	(30,089)
Proceeds from government grants	31,061	1,748
Dividends paid	(9,713)	(23,310)
Hybrid cupon paid	(8,313)	(8,313)
Cash flow from financing activities	**303,628**	**17,924**
Change in cash and cash equivalents	**148,470**	**86,418**
Cash and cash equivalents at beginning of the year	417,950	326,841
Exchange gains/(losses) on cash and cash equivalents	(13,570)	4,691
Cash and cash equivalents at the end of the year	**552,850**	**417,950**

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 2019	**141,846**	**42,444**	**172,887**	**446,274**	**803,451**	**–**	**803,451**
Adjustments of change in hedging instruments for cash flow hedges, net of taxes [1]	–	3,662	–	(3,662)	–	–	–
1 Apr 2019	**141,846**	**46,106**	**172,887**	**442,612**	**803,451**	**–**	**803,451**
Profit for the year [1]	–	–	–	19,814	19,814	–	19,814
Other comprehensive income for the year [1]	–	(31,383)	–	–	(31,383)	–	(31,383)
thereof currency translation differences, net of taxes	–	*(30,292)*	–	–	*(30,292)*	–	*(30,292)*
thereof remeasurement of post-employment obligations, net of tax	–	*(1,091)*	–	–	*(1,091)*	–	*(1,091)*
Total comprehensive income for the year 2019/20	**–**	**(31,383)**	**–**	**19,814**	**(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 [1]	**141,846**	**14,723**	**172,887**	**430,803**	**760,259**	**–**	**760,259**
Profit for the year	–	–	–	47,424	47,424	–	47,424
Other comprehensive income for the year	–	12,356	–	–	12,356	–	12,356
thereof currency translation differences, net of tax	–	*11,926*	–	–	*11,926*	–	*11,926*
thereof remeasurement of post-employment obligations, net of tax	–	*485*	–	–	*485*	–	*485*
thereof change in available-for-sale financial assets, net of tax	–	*(55)*	–	–	*(55)*	–	*(55)*
Total comprehensive income for the year 2020/21	**–**	**12,356**	**–**	**47,424**	**59,780**	**–**	**59,780**
Dividends paid relating to 2019/20	–	–	–	(9,713)	(9,713)	–	(9,713)
Hybrid cupon paid	–	–	–	(8,313)	(8,313)	–	(8,313)
31 Mar 2021	**141,846**	**27,079**	**172,887**	**460,201**	**802,013**	**–**	**802,013**

[1] Adjustment Hedge Accounting previous years (see note 18 „Derivative financial instruments“)

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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 2021, 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 2020), meaning that they were consolidated on the basis of the interim financial statements as of 31 March 2021.

The consolidated financial statements were approved for issue by the Management Board on 17 May 2021. The separate financial statements of the Company, which are included in the consolidation after reconciliation to the applicable accounting standards, will be presented for approval to the Supervisory Board on 2 June 2021. 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 2020/21.

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.

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 2021	31 Mar 2020	Change in %	01 Apr 2020 - 31 Mar 2021	01 Apr 2019 - 31 Mar 2020	Change in %
Chinese yuan renminbi	7.7106	7.7575	(0.6%)	7.9130	7.7181	2.5%
Hong Kong dollar	9.1214	8.4879	7.5%	9.0389	8.6850	4.1%
Indian rupee	85.7896	82.5500	3.9%	86.4192	78.7460	9.7%
Japanese yen	129.8600	118.9200	9.2%	123.6723	120.8538	2.3%
South Korean won	1,324.7169	1,341.0773	(1.2%)	1,353.9816	1,312.8898	3.1%
Taiwan dollar	33.4295	33.1667	0.8%	33.7550	34.1504	(1.2%)
US dollar	1.1734	1.0949	7.2%	1.1657	1.1110	4.9%

d. Revenue recognition

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

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

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

e. Income taxes

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

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

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

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

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

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

f. Property, plant and equipment

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

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

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

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

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

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

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

g. Leases

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

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

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

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

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

h. Intangible assets

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

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

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

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

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

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

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

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

j. Inventories

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

k. Trade and other receivables and contract assets

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

l. Financial assets

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

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

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

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

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

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

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

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

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

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

Derivative financial instruments Where possible, the Group uses derivative financial instruments to hedge against interest fluctuations. These instruments mainly include interest rate swaps. They are entered into in order to protect the Group against interest rate fluctuations. Currency swaps (mainly in US dollars) 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 and overdue of the receivables.

m. Cash and cash equivalents

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

n. Non-controlling interests

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

o. Provisions

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

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

p. Provisions for employee benefits

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

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

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

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

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

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

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

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

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

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

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

q. Stock appreciation rights

The Group introduced a long-term incentive programme based on stock appreciation rights (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 “Contingent liabilities and other financial commitments”. They are not disclosed if an outflow of resources with economic benefit is unlikely.

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

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 2020/21 and pertain to the International Financial Reporting Standards (IFRS) as adopted by the EU.

- IFRS 3: Definition of a business
- IAS 1, IAS 8: Definition of material
- IAS 39, IFRS 9, IFRS 7: Interest Rate Benchmark Reform (Phase 1)
- Conceptual Framework: Amendments to References to the Conceptual Framework in IFRS Standards

No material effects resulted from the amended standards.

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 2020/21.

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

Standard/Interpretation	(Content of the regulation)	Effective date [1]	EU [2]	Expected impacts on the consolidated financial statements
IFRS 14	Regulatory Deferral Accounts	Waiting for final standard	No	No major changes are expected
IFRS 17	Insurance contracts	01.01.2023	No	No major changes are expected
IAS 1	Classification of liabilities as current or non current	01.01.2023	No	No major changes are expected
IAS 16, IAS 37	Proceeds before intended use, Costs of fulfilling a contract	01.01.2022	No	No major changes are expected
IAS 39, IFRS 9, IFRS 7	Interest rate benchmark reform	01.01.2021	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
IAS 1, IAS 8	Disclosure of Accounting policies and accounting estimates	01.01.2023	No	No major changes are expected
IFRS 4	Amendments to Insurance contracts	01.01.2021	Yes	No major changes are expected
	Annual improvements to IFRS Standards 2018 - 2020	01.01.2022	No	No major changes are expected

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

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

The Group uses estimates and assumptions to determine the reported amounts of assets, liabilities, revenue and expenses, as well as other financial liabilities, and contingent assets and liabilities. All estimates and assumptions are reviewed on a regular basis and are based on past experiences and additional factors, including expectations regarding future events that seem reasonable under the given circumstances. As part of strategic business planning, the current overall economic conditions, the economic environment and the most recent estimates regarding market developments as well as estimates regarding further developments related to the COVID-19 pandemic are taken into account in planning future cash flows. Actual results may differ from these estimates in the future. Management believes that the estimates are reasonable.

Development costs On the one hand, capitalised development costs largely relate to the development of a new technology for the production of substrates for silicon semiconductor chips at the new site in Chongqing, China. This technology was available for use from March 2016 onwards and amortisation has begun. On the other hand, development costs for the new substrate generation in the amount of € 13,112 thousand were capitalised in the financial year 2020/21. The use of this new production method is expected to begin in the first half of the financial year 2021/22. For the purpose of assessing impairment of capitalised development costs, the management made assumptions in the financial year 2020/21 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 2021:

	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 2021:

	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 2021:

€ in thousands	Interest rate +0.50%	Increase in remuneration +0.25%	Increase in pensions +0.25%
Pension obligation	(1,350)	81	570
Severance payments	(1,370)	689	–

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 2021:

€ in thousands	Interest rate -0.50%	Increase in remuneration -0.25%	Increase in pensions -0.25%
Pension obligation	1,516	(79)	(540)
Severance payments	1,488	(665)	–

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 € 53,985 thousand were not recognised for income tax loss carryforwards in the Group of € 359,903 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”.

D. Effects of COVID-19

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

- Revenue was increased compared with the previous year despite adverse macroeconomic conditions. The Mobile Devices & Substrates segment overcompensated for the decline in the Automotive, Industrial, Medical segment.
- Use was made of government support measures in Austria, South Korea and China. Where the requirements were met, subsidies were recognised in profit or loss.
- Recoverable amount of assets: Due to the ongoing pandemic and the related uncertainties in planning in the Automotive sector, the cash-generating unit “Fehring” was tested for impairment of property, plant and equipment, intangible assets and right-of-use assets in accordance with IFRS 16. The measurement was based on the DCF method. The planning horizon is five years and a (pre-tax) discount rate of 10.64% was applied. In performing a sensitivity analysis, changes in the discount rate and EBIT margin were assumed. Neither a change in the (pre-tax) discount rate by +/-5.0% nor a change in the EBIT margin by +/-1.5 percentage points would lead to impairment. None of the assumed scenarios resulted in an impairment requirement.
- Recoverable amount of trade receivables: Due to the current pandemic, trade receivables were subjected to an impairment test. In particular, the analysis focused on the question of whether the previously assumed probabilities of default based on the customers’ rating and taking into account overdue receivables as well as the assessment of future development would have to be adjusted. It was analysed whether terms of payment or customer ratings changed significantly and if there was an increase in impairment requirements over the past months. The analyses of past data generally did not show any material changes in the parameters. However, due to the ongoing pandemic, the probabilities of default of the impairment matrix were nevertheless adjusted for the Automotive, Industrial, Medical segment. This was done in particular to account for uncertainties in this segment, even though the analyses conducted did not currently show any indications for increased impairment requirements. The adjustment of the default probabilities led to an additional impairment of € 99 thousand.

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	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Segment revenue	975,657	778,457	350,453	350,446	–	–	(137,886)	(128,326)	1,188,224	1,000,577
Internal revenue	(93,936)	(92,589)	(43,950)	(35,737)	–	–	137,886	128,326	–	–
External revenue	881,721	685,868	306,503	314,709	–	–	–	–	1,188,224	1,000,577
Operating result before depreciation/amortisation	**218,597**	**158,561**	**26,074**	**28,881**	**992**	**7,087**	**–**	**–**	**245,663**	**194,529**
Depreciation/amortisation incl. appreciation	(136,825)	(120,862)	(25,570)	(23,240)	(3,508)	(3,025)	–	–	(165,903)	(147,127)
Operating result	**81,772**	**37,699**	**504**	**5,641**	**(2,516)**	**4,062**	**–**	**–**	**79,760**	**47,402**
Finance costs - net [1)]									(20,139)	(8,655)
Profit before tax [1)]									**59,621**	**38,747**
Income taxes [1)]									(12,197)	(18,933)
Profit for the year [1)]									**47,424**	**19,814**
Property, plant and equipment and intangible assets	1,161,891	788,225	170,629	151,553	11,693	8,806	–	–	1,344,213	948,584
Additions to property, plant and equipment and intangible assets	497,859	215,984	45,937	33,245	8,370	5,073	–	–	552,166	254,302

[1)] Adjustment Hedge Accounting previous years (see note 18 „Derivative financial instruments")

Information by geographic region

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

€ in thousands	2020/21	2019/20
Austria	16,644	16,489
Germany	135,918	141,092
Other European countries	67,967	77,932
China	36,242	26,507
Other Asian countries	60,608	54,770
Americas	870,845	683,787
Revenue	**1,188,224**	**1,000,577**

70.4% of total revenue (previous year: 67.6%) is attributable to the five largest customers in terms of revenue, where the range is between 2% and 40% (previous year: 2% and 33%).

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

€ in thousands	31 Mar 2021	31 Mar 2020
Austria	116,733	106,173
China	1,160,930	787,932
Others	66,550	54,479
Total	**1,344,213**	**948,584**

III. NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

1. Revenue

€ in thousands	2020/21	2019/20
Main revenue	1,188,073	1,000,421
Incidental revenue	151	156
Revenue	**1,188,224**	**1,000,577**

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

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

	Mobile Devices & Substrates		Automotive, Industrial, Medical		Group	
€ in thousands	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Segment revenue	881,721	685,868	306,503	314,709	1,188,224	1,000,577
Type of revenue recognition						
Point in time	379,669	355,456		–	379,669	355,456
Over time	502,052	330,412	306,503	314,709	808,555	645,121

2. Types of expenses

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

€ in thousands	2020/21	2019/20
Cost of materials	505,093	404,323
Staff costs	289,702	252,513
Depreciation/amortisation	165,341	146,075
Purchased services incl. leased personnel	16,706	14,022
Energy	51,059	48,842
Maintenance (incl. spare parts)	82,673	75,071
Transportation costs	19,215	15,183
Rental and leasing expenses	8,007	6,651
Change in inventories	(59,075)	(29,026)
Other	26,187	32,463
Total	**1,104,908**	**966,117**

In the financial years 2020/21 and 2019/20, the item "Other" mainly relates insurance expenses, IT service costs, legal and consulting fees.

3. Research and development costs

In the financial year 2020/21, the Group incurred research and development costs in the amount of € 118,887 thousand (previous year: € 94,765 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 € 13,112 thousand (previous year: € 2,892 thousand) were capitalised. Reference is made to Note 8 “Intangible assets”.

4. Other operating result

€ in thousands	2020/21	2019/20
Income from the reversal of government grants	2,176	1,949
Government grants for expenses	13,491	9,423
Income from exchange differences	–	5,730
Income from reversal of accruals/provision	193	65
Gains from the disposal of non-current assets	–	–
Miscellaneous other income	1,880	881
Other operating income	**17,740**	**18,048**
Impairments of property, plant and equipment	(472)	(912)
Expenses from exchange differences	(10,408)	–
Start-up losses	(9,753)	(3,452)
Losses from the disposal of non-current assets	(253)	(732)
Other costs	(410)	(10)
Other operating costs	**(21,296)**	**(5,106)**
Other operating result	**(3,556)**	**12,942**

In the financial years 2020/21 and 2019/20, government grants for expenses mainly relate to export refunds, research and development grants as well as funding for industry and employment development. As in financial year 2019/20, start-up losses in the financial year 2020/21 resulted from the expansions of a production line in the plant in Leoben, Austria, and in the plants in Chongqing, China. In the financial year 2020/21 and 2019/20, the item “Miscellaneous other income” mainly relates to write-offs of other liabilities, and similar to last year, to grants for employees, and services in kind for miscellaneous projects.

5. Finance costs - net

€ in thousands	2020/21	2019/20
Interest income from financial assets at fair value through profit or loss and financial assets at amortised cost	5	20
Other interest income	3,182	6,689
Gains from the measurement of derivative financial instruments at fair value, net	750	–
Foreign exchange gains, net	–	3,827
Finance income	**3,937**	**10,536**
Interest expense on bank borrowings and bonds	(11,182)	(11,420)
Net interest expense on personnel-related liabilities	(956)	(1,124)
Realised losses from derivative financial instruments, net	(1,837)	(2,007)
Losses from the measurement of derivative financial instruments at fair value, net [1)]	–	(1,728)
Foreign exchange losses, net	(8,034)	–
Other financial expenses	(2,067)	(2,912)
Finance costs	**(24,076)**	**(19,191)**
Finance costs - net	**(20,139)**	**(8,655)**

[1)] Adjustment Hedge Accounting previous years (see note 18 „Derivative financial instruments")

In accordance with IAS 23, the item "Interest expense on bank borrowings and bonds" includes capitalised borrowing costs in the amount of € 1,803 thousand (previous year: € 398 thousand), net.

6. Income taxes

Income tax expenses are broken down as follows:

€ in thousands	2020/21	2019/20
Current income taxes [1)]	12,836	11,433
Deferred taxes	(639)	7,500
Total tax expense	**12,197**	**18,933**

[1)] Adjustment Hedge Accounting previous years (see note 18 „Derivative financial instruments")

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	2020/21	2019/20
Expected tax expense at Austrian tax rate [1)]	14,905	9,687
Effect of different tax rates in foreign countries	1,704	(1,536)
Non-creditable foreign withholding taxes	2,929	2,501
Effect of change in valuation allowance of deferred income tax assets	(1,751)	10,879
Effect of the change in tax rate	682	3,118
Effect of permanent differences	(5,957)	(5,975)
Effect of taxes from prior periods	(315)	259
Total tax expense	**12,197**	**18,933**

[1)] Adjustment Hedge Accounting previous years (see note 18 „Derivative financial instruments")

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%.

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 2021		31 Mar 2020	
	Assets	Liabilities	Assets	Liabilities
Non-current assets	5,798	(12,712)	8,152	(10,901)
Provisions for employee benefits	7,908	–	7,258	–
Financial liabilities	6,605	–	6,443	–
Income tax loss carryforwards	76,512	–	81,001	–
Deferred income tax from long-term assets/liabilities	**96,823**	**(12,712)**	**102,854**	**(10,901)**
Inventories	16,699	–	12,790	–
Trade and other receivables and contract assets	165	(16,787)	51	(12,975)
Trade and other payables	7,517	–	1,496	–
Others	216	(416)	897	(274)
Temporary differences arising from shares in subsidiaries	–	(1,935)	–	(3,166)
Deferred income tax from short-term assets/liabilities	**24,597**	**(19,138)**	**15,234**	**(16,415)**
Deferred income tax assets/liabilities	**121,420**	**(31,850)**	**118,088**	**(27,316)**
Unrecognised deferred taxes	(66,392)	–	(67,954)	–
Deferred income tax assets/liabilities, offsetting against the same taxation authority	(29,915)	29,915	(24,150)	24,150
Deferred income tax assets/liabilities, net	**25,113**	**(1,935)**	**25,984**	**(3,166)**

As of 31 March 2021, the Group has income tax loss carryforwards and tax-deductible amortisation of goodwill amounting to a total of € 450,010 thousand (previous year: € 487,544 thousand). For loss carryforwards amounting to € 359,903 thousand (previous year: € 408,992 thousand) included in this figure, deferred income tax assets in the amount of € 53,985 thousand (previous year: € 61,349 thousand) were not recognised since it is unlikely that they will be realised in the foreseeable future. In addition, for temporary differences amounting to € 82,713 thousand (previous year: € 44,034 thousand) included in this figure, deferred income tax assets in the amount of € 12,407 thousand (previous year: € 6,605 thousand) were not recognised since it is likewise unlikely that they will be realised in the foreseeable future.

Deferred taxes on temporary differences and tax loss carryforwards amounting to € 22,583 thousand (previous year: € 19,567 thousand) are capitalised although the company concerned reported a loss in the current financial year or in the previous year. Based on present tax planning, AT&S assumes the future taxable income of this company will be sufficient to realise these deferred tax assets.

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

€ in thousands	2020/21	2019/20
Carried forward up to 5 years	–	–
Carried forward between 6 and 10 years	331,335	377,564
Carried forward more than 10 years	28,568	31,428
Total unrecognised tax loss carryforwards	**359,903**	**408,992**

Deferred income taxes (net) changed as follows:

€ in thousands	2020/21	2019/20
Carrying amount at the beginning of the financial year	22,818	30,008
Currency translation differences	(167)	(427)
Expense recognised in profit or loss	639	(7,500)
Income taxes recognised in equity	(112)	737
Carrying amount at the end of the financial year	**23,178**	**22,818**

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

	2020/21			2019/20		
€ 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	11,926	–	11,926	(30,617)	325	(30,292)
Gains/(losses) from the fair value measurement of available-for-sale financial assets	(75)	19	(56)	–	–	–
Gains/(losses) on the measurement of hedging instruments for cash flow hedges [1)]	–	–	–	–	–	–
Remeasurements of post-employment obligations	616	(131)	485	(1,418)	327	(1,091)
Other comprehensive income	**12,467**	**(112)**	**12,355**	**(32,035)**	**652**	**(31,383)**

1) Adjustment Hedge Accounting previous years (see note 18 „Derivative financial instruments“)

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 2019	91,597	624,571	9,117	52,457	777,742
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*	*36,178*	*172,838*	*1,992,736*
Accumulated depreciation	*(70,948)*	*(992,964)*	*(25,316)*	*–*	*(1,089,228)*
Exchange differences	680	4,656	33	7,524	12,893
Additions	20,964	149,187	9,802	354,705	534,658
Disposals	(386)	(1,103)	(151)	(2,088)	(3,728)
Transfers	5,599	96,219	125	(102,144)	(201)
Impairment	–	(472)	–	–	(472)
Depreciation, current	(11,407)	(128,548)	(5,304)	–	(145,259)
Carrying amount 31 Mar 2021	**122,729**	**732,468**	**15,368**	**430,835**	**1,301,400**
Thereof					
Acquisition cost	*205,016*	*1,830,618*	*42,180*	*430,835*	*2,508,649*
Accumulated depreciation	*(82,287)*	*(1,098,150)*	*(26,813)*	*–*	*(1,207,250)*

The value of the land included in “Land, plants and buildings” amounts to € 6,064 thousand (previous year: € 6,077 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 2021:

€ in thousands	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Acquisition cost	29,841	182	5,186	–	35,209
Thereof additions	*5,057*	*177*	*2,109*	*–*	*7,343*
Accumulated depreciation	(5,460)	(78)	(2,131)	–	(7,669)
Carrying amount 31 Mar 2021	**24,381**	**104**	**3,055**	**–**	**27,540**

In the 2020/21 financial year, the following lease expenses were showed in the income statement:

€ in thousands	2020/21	2019/20
Lease expenses from the short-term lease agreement	1,385	1,891
Lease expenses from the low-value lease agreements	220	455
Depreciation of rights of use	4,447	3,686
Interest expenses of the lease liabilities	365	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 2020/21, borrowing costs on qualifying assets of € 1.803 thousand were capitalised (previous year: € 398 thousand). Interest rates between 1.45% and 3.44% were applied (previous year: 1.58% and 3.5%).

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

Impairment/Reversal of impairment Impairment of machinery and technical equipment amounted to € 472 thousand (previous year: € 912 thousand) in the financial year 2020/21. This impairment resulted from machines that are no longer usable in the segment Mobile Devices & Substrates.

The COVID-19 pandemic and the furlough applied for at the Fehring plant - due to a temporary lack of capacity in the second quarter - represent an event in accordance with IAS 36 that requires an impairment test to be carried out. This impairment test for the cash-generating unit "Fehring" is based on calculations of the value in use. The value in use is determined using a DCF method. The main valuation assumptions are:

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

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

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

8. Intangible assets

€ in thousands	Industrial property and similar rights and assets, and licenses in such rights and assets	Capitalised development costs	Goodwill	Prepayments	Other intangible assets	Total
Carrying amount 31 Mar 2019	9,952	50,169	–	–	–	60,121
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)*
Exchange differences	33	168	–	(1)	–	200
Additions	4,080	13,112	–	7	310	17,509
Transfers	222	–	–	(21)	–	201
Amortisation, current	(4,310)	(15,552)	–	–	(310)	(20,172)
Carrying amount 31 Mar 2021	**9,075**	**33,731**	**–**	**7**	**–**	**42,813**
Thereof						
Acquisition cost	*41,050*	*111,975*	*6,987*	*7*	*–*	*160,019*
Accumulated amortisation	*(31,975)*	*(78,244)*	*(6,987)*	*–*	*–*	*(117,206)*

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 € 13,112 thousand (previous year: € 2,892 thousand) were capitalised in the financial year 2020/21.

Impairment In the financial year 2020/21, 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: 13.65%

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

9. Other non-current assets

€ in thousands	31 Mar 2021	31 Mar 2020
Prepayments	5,094	5,203
Deposits made	783	7,893
Other prepaid expenses	1,370	–
Other non-current receivables	701	8,162
Carrying amount	**7,948**	**21,258**

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 2021	31 Mar 2020
Raw materials and supplies	88,792	69,012
Work in progress	28,338	19,716
Finished goods	35,398	19,645
Carrying amount	**152,528**	**108,373**

The balance of inventory write-downs recognised as an expense amounts to € 28,287 thousand as of 31 March 2021 (previous year: € 22,437 thousand). The immaterial write-downs amounting to € 715 thousand (previous year: € 578 thousand) resulted from the measurement of inventories at net realisable value in the financial year 2020/21. 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 2021	31 Mar 2020
Trade receivables	85,020	67,413
Impairments of trade receivables	(977)	(653)
Contract assets	93,113	67,882
Impairments of contract assets	(346)	(119)
VAT receivables	57,664	42,025
Other receivables from authorities	10,184	5,227
Prepayments	7,008	6,162
Energy tax refunds	2,413	2,083
Deposits	9,406	1,423
Insurance reimbursements	223	–
Other receivables	1,585	990
Total	**265,293**	**192,433**

As at 31 March 2021 and 31 March 2020, 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 2021 and 31 March 2020 have remaining maturities of less than one year.

Factoring As of 31 March 2021, trade receivables totalling € 129,055 thousand (previous year: € 98,567 thousand) were assigned to banks to the amount of 100% of the nominal value and are fully derecognised in accordance with the regulations of IFRS 9 as both opportunities and risks, and control have been transferred to the acquiring party. The default risk was assigned to the purchaser. AT&S assumes a liability for default to the amount of the retention level from the credit insurance. The maximum risk associated with liability for default was € 12,906 thousand as of 31 March 2021 (previous year: € 9,857 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	2020/21	2019/20
Contract assets at the beginning of the financial year	67,882	72,307
Utilisation	(67,882)	(72,307)
Addition	93,113	67,882
Impairment according to IFRS 9	(346)	(119)
Contract assets at the end of the financial year	**92,767**	**67,763**

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

		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**

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 2020/21.

Impairments of trade receivables have developed as follows:

€ in thousands	2020/21	2019/20
Impairments at the beginning of the financial year	653	390
Utilisation	(119)	–
Reversal	(264)	(93)
Addition	729	372
Currency translation differences	(22)	(16)
Impairments at the end of the financial year	**977**	**653**

Expected credit losses in accordance with the expected credit loss model according to IFRS 9 account for € 788 thousand of the impairments of the financial year (previous year: € 231 thousand).

12. Financial assets

The carrying amounts of the financial assets are as follows:

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

€ 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**

Financial assets at fair value through profit or loss

€ in thousands	31 Mar 2021	31 Mar 2020
Bonds	986	893
Total	**986**	**893**

All bonds are denominated in euros (nominal currency).

Financial assets at fair value through OCI

€ in thousands	2020/21	2019/20
Carrying amount at the beginning of the year	193	193
Additions/(Disposals)	–	–
Unrealised gains/(losses) from the current period, recognised in equity	(76)	–
Realised gains/(losses) from the current period, removed from equity	–	–
Exchange differences	–	–
Carrying amount at the end of the year	**117**	**193**

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

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

Derivative financial instruments

€ in thousands	31 Mar 2021	31 Mar 2020
Derivative financial instruments	–	74
Total	–	74

13. Cash and cash equivalents

€ in thousands	31 Mar 2021	31 Mar 2020
Bank balances and cash on hand	552,850	417,950
Carrying amount	**552,850**	**417,950**

The reported carrying amounts correspond to the respective fair values.

14. Trade and other payables

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

€ 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**

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. Due to the expiry of the stock appreciation rights plan (2017 to 2018), the 112th Supervisory Board meeting on 12 March 2020 extended the resolution to introduce a long-term incentive programme based on stock appreciation rights (SAR plan 2020) to run for three years. They have been or will be assigned in the period between 1 April 2020 and 1 April 2022.

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

The exercise price of 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 2020	1 April 2019	1 April 2018	1 April 2017	1 April 2016
Exercise price (in €)	17.56	17.25	21.94	9.96	13.66
31 Mar 2019	–	267,500	270,000	275,000	110,000
Number of stock appreciation rights exercised	–	–	–	–	56,336
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**
Number of stock appreciation rights granted	290,000	–	–	–	–
Number of stock appreciation rights exercised	–	–	–	–	13,002
Number of stock appreciation rights expired	12,500	25,000	25,000	227,500	–
31 Mar 2021	**277,500**	**210,000**	**197,500**	**–**	**–**
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 2020	**–**	**450**	**49**	**–**	**4**
31 Mar 2021	**3,399**	**1,140**	**1,452**	**–**	**–**

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	-0.69 to -0.72%
Volatility	45.00%

Volatility is calculated based on the daily share prices from 1 April 2018 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 2021	Remaining maturity: Less than 1 year	Between 1 and 5 years	More than 5 years	Nominal interest rate in %
Registered bonds	14,986	16	–	14,970	1.80
Export loans	10,000	10,000	–	–	0.48
Loans from state authorities	3,131	1,130	2,001	–	0.75 –1.00
Other bank borrowings	1,039,026	66,010	930,235	42,781	0.76 –4.75
Liabilities from finance leases IFRS16	27,502	6,945	7,425	13,132	
Derivative financial instruments [1]	6,599	–	6,599	–	
Carrying amount	**1,101,244**	**84,101**	**946,260**	**70,883**	

€ in thousands	31 Mar 2020	Remaining maturity: Less than 1 year	Between 1 and 5 years	More than 5 years	Nominal interest rate in %
Registered bonds	–	–	–	–	
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**	

[1] Reference is made to Note 18 “Derivative financial instruments”

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

Other bank borrowings mainly include the following contracts:

- Promissory note loan in FY 2013/14
- Promissory note loan in FY 2015/16
- Promissory note loan in FY 2016/17
- OeKB equity financing programme in FY 2016/17
- OeKB equity financing programme in FY 2018/19
- Promissory note loan in FY 2018/19
- Promissory note loan in FY 2019/20
- OeKB equity financing programme in FY 2019/20

Financial contracts in FY 2020/21:

- Promissory note loan of € 70 million with a term to maturity of five years
- Promissory note loan of € 66 million with a term to maturity of three, five and seven years
- Term loan of € 150 million with a term to maturity of three, four and five years
- Registered bonds of € 15 million with a term to maturity of seven years
- Term loan of € 45 million with a term to maturity of three years

The contractually agreed (undiscounted) interest and redemption payments of the financial liabilities as at 31 March 2021, including interest rate hedging, are as follows in the coming financial years:

€ in thousands	Registered bonds	Export loans	Loans from state authorities	Other bank borrowings	Liabilities from finance lease IFRS16	Derivative financial instruments
2021/22						
Redemption	16	10,000	1,138	62,889	7,099	–
Fixed interest	270	–	18	2,816	–	–
Variable interest	–	48	–	8,425	389	–
2022/23						
Redemption	–	–	–	44,857	3,136	–
Fixed interest	270	–	15	2,687	–	–
Variable interest	–	–	–	8,137	355	–
2023/24						
Redemption	–	–	745	461,000	1,528	2,865
Fixed interest	270	–	12	1,838	–	–
Variable interest	–	–	–	6,470	282	–
2024/25						
Redemption	–	–	459	145,750	1,012	–
Fixed interest	270	–	7	1,027	–	–
Variable interest	–	–	–	4,228	242	–
2025/26						
Redemption	–	–	797	279,750	596	3,734
Fixed interest	270	–	1	948	–	–
Variable interest	–	–	–	1,996	215	–
after 2024/25						
Redemption	15,000	–	–	43,572	13,085	–
Fixed interest	540	–	–	837	–	–
Variable interest	–	–	–	487	1,229	–

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 2020, the contractually agreed (undiscounted) interest and redemption payments of the financial liabilities, including interest rate hedging, were as follows for the coming financial years:

€ in thousands	Registered bonds	Export loans	Loans from state authorities	Other bank borrowings	Liabilities from finance leases 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	–

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 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
Registered bonds	14,986	–	15,000	–
Export loans	10,000	10,000	10,000	10,000
Loans from state authorities	3,131	4,392	3,143	4,424
Other bank borrowings	1,039,026	754,362	1,044,516	762,312
Liabilities from finance leases IFRS16	27,502	24,956	27,501	24,956
Derivative financial instruments	6,599	7,423	6,599	7,423
Total	**1,101,244**	**801,133**	**1,106,759**	**809,115**

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 2021	31 Mar 2020
Euros	1,101,244	787,439
US dollars	–	13,694
Total	**1,101,244**	**801,133**

The Group’s unused credit lines are as follows:

€ in thousands	31 Mar 2021	31 Mar 2020
Export credit	22,000	22,000
Other credit	396,592	468,357
Total	**418,592**	**490,357**

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 € 672 thousand in the financial year 2020/21 and to € 557 thousand in the financial year 2019/20.

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

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

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

For employees in Austria who joined on or after 1 January 2003, regular contributions are paid to a staff provision fund ("Mitarbeitervorsorgekasse") without any further obligations on the part of the Group. The contributions for the financial year 2020/21 amounted to € 413 thousand and for the financial year 2019/20 to € 515 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	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Current service cost	147	141	2,346	2,109	2,394	2,141
Interest expense	145	156	589	557	184	201
Remeasurement of obligations from other employee benefits	–	–	–	–	1,464	846
Expenses recognised in profit for the period	**292**	**297**	**2,935**	**2,666**	**4,042**	**3,188**
Remeasurement of obligations from post-employment benefits	529	(856)	(1,144)	2,274	–	–
Expenses/(Income) recognised in other comprehensive income	**529**	**(856)**	**(1,144)**	**2,274**	**–**	**–**
Total	**821**	**(559)**	**1,791**	**4,940**	**4,042**	**3,188**

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 2021	31 Mar 2020
Funded pension benefits	7,474	6,714
Unfunded pension benefits	1,346	1,353
Total pension benefits	**8,820**	**8,067**
Unfunded severance payments	31,313	31,378
Funded severance payments	389	529
Total severance payments	**31,702**	**31,907**
Other employee benefits	12,809	11,270
Provisions for employee benefits	**53,331**	**51,244**

Pension obligations and severance payments are as follows:

	Retirement benefits		Severance payments	
€ in thousands	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
Present value of funded obligations	17,568	16,840	1,879	1,766
Fair value of plan assets	(10,094)	(10,126)	(1,490)	(1,237)
Funded status of funded obligations	**7,474**	**6,714**	**389**	**529**
Present value of unfunded obligations	1,346	1,353	31,313	31,378
Provisions recognised in the statement of financial position	**8,820**	**8,067**	**31,702**	**31,907**

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	2020/21	2019/20	2020/21	2019/20
Present value of pension obligation:				
Present value at the beginning of the financial year	16,840	16,683	1,353	1,388
Current service cost	147	141	–	–
Interest expense	303	300	24	25
Remeasurement from the change in demographic assumptions	–	–	–	–
Remeasurement from the change in financial assumptions	531	–	30	134
Remeasurement from adjustments based on past experience	246	187	7	(127)
Benefits paid	(499)	(471)	(68)	(67)
Present value at the end of the financial year	**17,568**	**16,840**	**1,346**	**1,353**

Fair value of plan assets:		
Fair value at the beginning of the financial year	10,126	9,378
Investment result	285	1,050
Interest income	182	169
Benefits paid	(499)	(471)
Fair value at the end of the financial year	**10,094**	**10,126**
Funded status of funded pension benefits	**7,474**	**6,714**

As at 31 March 2021, 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 2021	31 Mar 2020
Debt securities	32%	34%
Equity securities	52%	54%
Real estate	5%	5%
Cash and cash equivalents	11%	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:

	Funded severance payments		Unfunded severance payments	
€ in thousands	2020/21	2019/20	2020/21	2019/20
Present value of severance payment obligation:				
Present value at the beginning of the financial year	1,766	1,589	31,378	28,317
Exchange differences	(65)	(109)	73	(238)
Service cost	118	106	2,228	2,003
Interest cost	116	117	556	530
Remeasurement from the change in demographic assumptions	–	–	43	(121)
Remeasurement from the change in financial assumptions	43	107	(532)	2,447
Remeasurement from adjustments based on past experience	(44)	55	(646)	(211)
Benefits paid	(55)	(99)	(1,787)	(1,349)
Present value at the end of the financial year	**1,879**	**1,766**	**31,313**	**31,378**

Fair value of plan assets:		
Fair value at the beginning of the financial year	1,237	1,206
Exchange differences	(45)	(77)
Contributions	261	115
Investment result	9	2
Interest income	83	90
Benefits paid	(55)	(99)
Fair value at the end of the financial year	**1,490**	**1,237**
Funded status of funded severance payments	**389**	**529**

As at 31 March 2021, the average maturity of unfunded severance payments is 11 years.

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

€ in thousands	2020/21	2019/20
Present value at the beginning of the financial year	11,270	11,016
Exchange differences	63	(141)
Service cost	2,394	2,141
Interest expense	184	201
Remeasurement from the change in demographic assumptions	366	(183)
Remeasurement from the change in financial assumptions	90	210
Remeasurement from adjustments based on past experience	1,008	819
Benefits paid	(2,566)	(2,793)
Present value at the end of the financial year	**12,809**	**11,270**

At 31 March 2021, 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 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
Discount rate	1.30%	1,80%	1.60%	1.90%	2.02%	1.93%
Expected rate of remuneration increase	2.25%	2.25%	3.21%	3.62%	4,96%	5,01%
Expected rate of pension increase	1.50%	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 2020	5,237	3,053	2,184
Utilisation	(1,711)	(1,091)	(620)
Reversal	(916)	(878)	(38)
Addition	1,849	1,119	730
Exchange differences	(54)	(72)	18
Carrying amount 31 Mar 2021	**4,405**	**2,131**	**2,274**

€ in thousands	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	31 Mar 2021	31 Mar 2020
thereof non-current	–	–
thereof current	4,405	5,237
Carrying amount	**4,405**	**5,237**

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 of the reporting year relate to interest rate swaps in their entirety. Payments related to loans are hedged. Currency swaps of the previous year were to temporarily balance out liquidity between different currencies.

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 2021		31 Mar 2020	
€ in thousands	Assets	Liabilities	Assets	Liabilities
Currency swaps at fair value	–	–	74	–
Interest rate swaps at fair value	–	6,599	–	7,423
Total market values	**–**	**6,599**	**74**	**7,423**
Current portion	**–**	**–**	**74**	**352**
Non-current portion	**–**	**6,599**	**–**	**7,071**

As of 31 March 2021, 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.

Due to a changed assessment of the interest rate swaps entered into in 2017/18 and 2018/19, it was found that effectiveness is no longer given for any of the current interest rate swaps in accordance with IAS 39. Recognition of measurement gains or losses through other comprehensive income is no longer permitted. Consequently, they must be recognised in profit or loss in the financial result. This applies not only to the current financial year but also to the two preceding years so that a retrospective correction had to be made in accordance with IAS 8. The effects of this measure on the items of the statement of profit or loss and on the statement of financial position are shown in the table below:

	01 Apr 2019 - 31 Mar 2020		
€ in thousands	Before IAS 8 adjustment	Adjustment	After IAS 8 adjustment
Revenue	1,000,577	–	1,000,577
Gross profit	102,909	–	102,909
Operating result	47,402	–	47,402
Finance costs - net	(6,465)	(2,190)	(8,655)
Profit before tax	40,937	(2,190)	38,747
Income taxes	(19,481)	548	(18,933)
Profit for the year	21,456	(1,642)	19,814
Attributable to owners of hybrid capital	8,313	–	8,313
Attributable to owners of the parent company	13,143	(1,642)	11,501
Earnings per share attributable to equity holders of the parent company (in € per share):			
- basic	0.34	(0.04)	0.30
- diluted	0.34	(0.04)	0.30
Profit for the year	21,456	(1,642)	19,814
Items to be reclassified:			
Currency translation differences, net of tax	(30,292)	–	(30,292)
Losses from the fair value measurement of hedging instruments for cash flow hedges, net of tax	(1,642)	1,642	–
Items not to be reclassified:			
Remeasurement of post-employment obligations, net of tax	(1,091)	–	(1,091)
Other comprehensive income for the year	(33,025)	1,642	(31,383)
Total comprehensive income for the year	(11,569)	–	(11,569)
Attributable to owners of hybrid capital	8,313	–	8,313
Attributable to owners of the parent company	(19,882)	–	(19,882)

These changes have no impact on equity or other items of the statement of financial position. In equity, there is only a shift between other reserves and retained earnings, which only represent sub-items of equity. These shifts can be seen in the consolidated statement of changes in equity.

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 2021		31 Mar 2020	
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)

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

in months	31 Mar 2021	31 Mar 2020
Interest rate swaps	–	11

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	25 - 52 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 2021	–	6,599	472	–
as per 31 Mar 2020	–	7,071	(2,190)	–

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

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

[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 2020 € 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		59,524	
Trade receivables	FAAFVOCI	3	3,618	
Contract assets less impairments	-		67,763	
Other receivables	FAAC		991	
Other receivables	-		60,537	
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 costs	FAAC		613,740	–
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 costs	FLAAC		980,533	–
Derivatives as hedging instruments	DHI		7,423	–

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

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

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

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

€ in thousands	2020/21	2019/20
Amortised cost	(16,675)	17,269
Fair value through other comprehensive income	–	9
Fair value through profit or loss	(1,460)	(1,537)
Financial liabilities at amortised cost	(10,395)	(13,654)
Total	**(28,530)**	**2,087**

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.

€ 10,631 thousand in net expenses (previous year: € 5,261 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 € 17,899 thousand in net expenses (previous year: € 3,174 thousand in net expenses) in "Finance costs – net".

Financial risks

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

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

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

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

On the liabilities side, 46.3% (previous year: 68.0%) 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 2021, the Group has liquidity reserves of € 1,011.3 million (previous year: € 1,044.8 million). This comprises € 592.7 million (previous year: € 554.4 million) in cash and cash equivalents, held-to-maturity investments, securities held for trading and available-for-sale, and € 418.6 million (previous year: € 490.4 million) in available unused credit facilities. Thus, the liquidity reserves decreased by € 33.5 million year-on-year and include € 19.7 million (previous year: € 39.3 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 2020/21, € 1.0 million (previous year: € 0.7 million) or 1.1% (previous year: 1.0%) 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 2021		
Before Hedging	EUR	USD	Others	**Total**	In %
Fixed interest rate	236,447	–	–	**236,447**	22.2%
Variable interest rate	830,696	–	–	**830,696**	77.8%
Total	**1,067,143**	**–**	**–**	**1,067,143**	100.0%
In %	100.0%	–	–	100.0%	
After Hedging					
Fixed interest rate	494,447	–	–	**494,447**	46.3%
Variable interest rate	572,696	–	–	**572,696**	53.7%
Total	**1,067,143**	**–**	**–**	**1,067,143**	100.0%
In %	100.0%	–	–	100.0%	

€ 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%	

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 € 2.1 million lower (previous year: € 1.3 million), provided all other variables remained constant. A decline in the EUR interest rates would not have had any impact on the profit for the year. If the USD interest rates at the balance sheet date had been 100 basis points higher (or lower), based on the financing structure at the balance sheet date, the profit for the year would have been € 0.0 million lower (previous year: € 0.0 million) or € 0.0 million higher (previous year: € 0.0 million), provided all other variables remained constant.

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

According to IFRS 7, the impact of hypothetical changes in exchange rates on the profit for the year results from monetary financial instruments which are not denominated by the functional currency of the reporting company. Hence, the effect on profit/loss is calculated based on receivables, payables and financial balances or, if applicable, foreign currency derivatives. At AT&S, the risk primarily contains USD balances. Therefore, a sensitivity analysis is only carried out for this currency. The average changes in USD/EUR closing rates in the last 5 years amount to 7.0% (previous year: 6.0%). An increase in the US dollar exchange rate of 7.0% against the euro would have had a positive impact on the profit for the year in the amount of € 10.5 million (previous year: € 11.1 million). Devaluation of the US dollar exchange rate against the euro would have reduced the profit for the year by € 10.5 million (previous year: € 11.1 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 33.6% and thus below the previous year's figure of 41.0%. This is mainly due to the increase in total assets as a result of investments and securing the financing of the future investment programme. At 2.1 years, the theoretical payback period for debts was above the previous year's figure of 1.3 years.

20. Contingent liabilities and other financial commitments

As of 31 March 2021, the Group has other financial commitments amounting to € 251,528 thousand (previous year: € 225,552 thousand) in connection with contractually binding investment projects. As of 31 March 2021, the maximum risk associated with liability for default was € 12,906 thousand (previous year: € 9,857 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). At balance sheet date, the group has contingent liabilities from from bank guarantees in an amount of € 148 thousand (previous year: € 131 thousand). There were no contingent liabilities from guarantees at the balance sheet date (previous year: € 0 thousand). Due to a decision which AT&S India received on 29 April 2021, a penalty payment of up to € 2 million could be imposed due to failure to provide the required documentation of a recycling process/disposal process. Based on a current estimate of the local company, the probability of having to pay the full amount is considered to be low and it is planned to contest the decision. A precise estimate regarding the probability of occurrence and the amount of a possible penalty payment is not possible at present.

21. Share capital

	Outstanding shares in thousand shares	Ordinary shares € in thousands	Share premium € in thousands	Share capital € in thousands
31 Mar 2019	38,850	42,735	99,111	141,846
31 Mar 2020	**38,850**	**42,735**	**99,111**	**141,846**
31 Mar 2021	38,850	42,735	99,111	141,846

Ordinary shares The ordinary shares of the Company as of 31 March 2021 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.

Free reserves At the 26th Annual General Meeting on 9 July 2020 the Management Board was authorised to reallocate an amount of up to € 80,000,000 of the balance sheet profit carried forward to new account – after dividend distribution – to free reserves, subject to the approval of the Supervisory Board.

Outstanding shares The number of shares issued amounts to 38,850,000 at 31 March 2021 (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 of up to 10% of the nominal share capital of the Company for a minimum consideration per share at the most 30% lower than the average, unweighted stock exchange closing price over the preceding ten trading days and a maximum consideration per share at the most 30% higher than the average, unweighted stock exchange closing price over the preceding ten trading days. The treasury shares may be purchased via the stock exchange, by means of a public offering or any other legally permitted way and for any legally permitted purpose. The Management Board was also authorised to withdraw repurchased treasury shares and treasury shares already held by the Company without any further resolution by the Annual General Meeting. The Supervisory Board was authorised to adopt amendments to the Articles of Association resulting from the withdrawal of the shares. 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 2021, the Group held no treasury shares.

Dividend per share In the financial year 2020/21, a dividend of € 0.25 was paid per share (previous year: € 0.60).

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 2019	54,885	17	(3,662)	(8,796)	42,444
Adjustments of change in hedging instruments for cash flow hedges, net of taxes [1]	–	–	3,662	–	3,662
Carrying amount 1 Apr 2019	**54,885**	**17**	**–**	**(8,796)**	**46,106**
Balance of unrealised changes before reclassification, net of tax	(30,292)	–	–	–	(30,292)
Remeasurement of obligations from post-employment benefits	–	–	–	(1,091)	(1,091)
Available for sale financial assets, net of tax	–	–	–	–	–
Carrying amount 31 Mar 2020	**24,593**	**17**	**–**	**(9,887)**	**14,723**
Balance of unrealised changes before reclassification, net of tax	11,926	–	–	–	11,926
Remeasurement of obligations from post-employment benefits, net of tax	–	–	–	485	485
Unrealised gains/losses on available-for-sale financial assets, net of tax	–	(55)	–	–	(55)
Carrying amount 31 Mar 2021	**36,519**	**(38)**	**–**	**(9,402)**	**27,079**

[1] Adjustment Hedge Accounting previous years (see note 18 „Derivative financial instruments“)

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 2020/21 was € 232,231 thousand (previous year: € 165,367 thousand), cash flow from operating activities was € 184,651 thousand (previous year: € 185,123 thousand).

Cash flow from investing activities in the financial year 2020/21 amounts to € -339,809 thousand (previous year: € -116,629 thousand) and comprises predominantly investments in the new plant in Chongqing and technology upgrades in the other plants (€ -437,972 thousand) as well as investments of or return of liquid funds (€ 95,943 thousand). As of 31 March 2021, there are existing liabilities due to investments in the amount of € 170,050 thousand (previous year: € 62,866 thousand).

Cash flow from financing activities in the financial year 2020/21 amounts to € 303,628 thousand. The increase compared to the previous year’s figure of € 17,924 thousand is mainly attributable to the cash inflow from the issue of registered bonds as well as taking out additional loans and promissory note loans.

€ in thousands	2020/21	2019/20
Cash flow from operating activities before changes in working capital	232,231	165,367
Cash flow from operating activities	184,651	185,123
Cash flow from investing activities	(339,809)	(116,629)
Free cash flow	(155,158)	68,494
Cash flow from financing activities	303,628	17,924
Change in cash and cash equivalents	148,470	86,418
Currency effects on cash and cash equivalents	(13,570)	4,691
Cash and cash equivalents at the end of the year	**552,850**	**417,950**

The balance of cash and cash equivalents at the end of the financial year 2020/21 was € 552,850 thousand (previous year: € 417,950 thousand) and are mainly used to ensure further investment.

The non-cash expense/income is as follows:

€ in thousands	2020/21	2019/20
Release of government grants	(3,896)	(3,470)
Other non-cash expense/(income), net	13,622	(10,845)
Non-cash expense/(income), net	**9,726**	**(14,315)**

Net debt reconciliation:

€ in thousands	2020/21	2019/20
Cash and cash equivalents	552,850	417,950
Financial assets	39,863	136,435
Financial liabilities, current	(84,101)	(105,299)
Financial liabilities, non-current	(1,017,143)	(695,834)
Net debt	**(508,531)**	**(246,748)**

	Other assets			
€ in thousands	Cash	Financial assets	Financial Liabilities	Total
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)**
Adoption of IFRS16 Leases	–	–	–	–
Cash flows	148,470	(95,557)	(300,959)	(248,046)
Foreign exchange adjustments	(13,570)	(960)	24	(14,506)
Other non-cash movements	–	(55)	824	769
Net debt 31 Mar 2021	**552,850**	**39,863**	**(1,101,244)**	**(508,531)**

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 2021, 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 2020/21 and to 38,850 thousand in the financial year 2019/20.

The weighted average number of outstanding shares for the diluted earnings per share calculation amounts to 38,850 thousand in the financial year 2020/21 and to 38,850 thousand in the financial year 2019/20.

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

in thousands	2020/21	2019/20
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.

	2020/21	2019/20
Profit for the year attributable to owners of the parent company (€ in thousands) [1]	39,111	11,501
Weighted average number of shares outstanding – basic (in thousands)	38,850	38,850
Basic earnings per share (in €) [1]	**1.01**	**0.30**

[1] Adjustment Hedge Accounting previous years (see Note 18 „Derivative financial instruments")

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.

	2020/21	2019/20
Profit for the year attributable to owners of the parent company (€ in thousands) [1]	39,111	11,501
Weighted average number of shares outstanding – diluted (in thousands)	38,850	38,850
Diluted earnings per share (in €) [1]	**1.01**	**0.30**

[1] Adjustment Hedge Accounting previous years (see Note 18 „Derivative financial instruments")

26. Material events after the balance sheet date

No material events occurred after the balance sheet date.

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 operative:

€ in thousands	2020/21	2019/20
AIC Androsch International Management Consulting GmbH	365	363
Total	**365**	**363**

Members of the Management Board and the Supervisory Board

In the financial year 2020/21 and until the issue date of these consolidated financial statements, the following persons served on the *Management Board*:

- Andreas Gerstenmayer (Chairman)
- Simone Faath (since 1 November 2020)
- Heinz Moitzi
- Ingolf Schröder (since 1 September 2020)
- Monika Stoisser-Göhring (Deputy Chairwoman until 15 May 2020)

In the financial year 2020/21, the following persons were appointed members of the *Supervisory Board*:

- Hannes Androsch (Chairman)
- Willibald Dörflinger (First Deputy Chairman until 9 July 2020)
- Regina Prehofer (Second Deputy Chairwoman until 9 July 2020, First Deputy Chairwoman since 9 July 2020)
- Georg Riedl (Second Deputy Chairman since 9 July 2020)
- Hermann Eul (since 9 July 2020)
- Karl Fink (until 9 July 2020)
- Georg Hansis (since 9 July 2020)
- Albert Hochleitner (until 9 July 2020)
- Robert Lasshofer (since 9 July 2020)
- Lars Reger (since 9 July 2020)
- Karin Schaupp
- Gertrude Tumpel-Gugerell

Delegated by the Works Council:

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

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

	Number of outstanding stock appreciation rights		Staff costs (€ in thousands)	
	31 Mar 2021	31 Mar 2020	2020/21	2019/20
Andreas Gerstenmayer	150,000	150,000	781	137
Simone Faath	–	–	–	–
Heinz Moitzi	90,000	90,000	462	(63)
Ingolf Schröder	–	–	–	–
Monika Stoisser-Göhring [1]	90,000	90,000	468	(40)
Total Management Board members	**330,000**	**330,000**	**1,711**	**34**
Karl Asamer [2]	–	30,000	–	(150)
Total other executive employees	355,000	338,002	1,816	(226)
Total	**685,000**	**698,002**	**3,527**	**(342)**

[1] Termination of Management Board mandate as of 15 May 2020
[2] Former member of the Management Board

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

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

	2020/21			2019/20		
€ in thousands	Fixed	Variable	Total	Fixed	Variable	Total
Andreas Gerstenmayer	562	331	893	532	284	816
Simone Faath	196	83	279	–	–	–
Heinz Moitzi	456	240	696	429	–	429
Ingolf Schröder	329	116	445	–	–	–
Monika Stoisser-Göhring [1]	54	26	80	423	–	423
Total Management Board members	**1,597**	**796**	**2,393**	**1,384**	**284**	**1,668**
Monika Stoisser-Göhring [1]	378	184	562	–	–	–
Executive employees	7,813	1,781	9,594	5,796	136	5,932
Total	**9,788**	**2,761**	**12,549**	**7,180**	**420**	**7,600**

[1] Termination of Management Board mandate as of 15 May 2020

The variable compensation of Andreas Gerstenmayer does not include remuneration from stock appreciation rights (previous year: € 284 thousand).

Besides the above-mentioned compensation, € 55 thousand (previous year: € 52 thousand) were paid into a pension fund for Andreas Gerstenmayer, € 15 thousand (previous year: € 0 thousand) for Simone Faath, € 22 thousand (previous year: € 0 thousand) for Ingolf Schröder and € 42 thousand (previous year: € 41 thousand) for Monika Stoisser-Göhring.

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

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

	Severance payments Financial year		Pensions Financial year	
€ in thousands	2020/21	2019/20	2020/21	2019/20
Expenses recognised in profit for the period	204	195	492	443
Remeasurement recognised in other comprehensive income	(77)	78	529	(856)

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

	2020/21			2019/20		
€ in thousands	Fixed	Variable	Total	Fixed	Variable	Total
Hannes Androsch	65	15	80	67	–	67
Willibald Dörflinger	14	3	17	53	–	53
Regina Prehofer	55	10	65	55	–	55
Georg Riedl	53	9	62	40	–	40
Hermann Eul	25	5	30	–	–	–
Karl Fink	8	2	10	30	–	30
Georg Hansis	23	5	28	–	–	–
Albert Hochleitner	8	2	10	30	–	30
Robert Lasshofer	27	5	32	–	–	–
Gerhard Pichler	–	–	–	8	–	8
Lars Reger	22	6	28	–	–	–
Karin Schaupp	30	7	37	30	–	30
Gertrude Tumpel-Gugerell	33	8	41	24	–	24
Total	**363**	**77**	**440**	**337**	**–**	**337**

28. Expenses for the Group auditor

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

€ in thousands	2020/21	2019/20
Audit of consolidated and separate financial statements	201	137
Other assurance services	3	27
Other services	11	46
Total	**215**	**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:

	2020/21	2019/20
Waged workers	7,980	7,437
Salaried employees	3,369	2,802
Total	11,349	10,239

The calculation of the number of staff includes an average of 252 leased personnel for the financial year 2020/21 and an average of 256 for the financial year 2019/20.

Leoben-Hinterberg, 17 May 2021

The Management Board

Andreas Gerstenmayer m.p. Simone Faath m.p. Heinz Moitzi m.p. Ingolf Schröder m.p.

GROUP MANAGEMENT REPORT 2020/21

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1. MARKET AND INDUSTRY ENVIRONMENT

1.1. General economic environment

A year with COVID-19

The COVID-19 pandemic caused uncertainty across the globe in 2020 as well as direct and indirect limitations on demand and production. Plant closures, lockdowns and logistical problems imposed major restrictions on trade and led to an economic downturn. Global economic output (GDP) decreased by 3.4% in the past year.[1] The impact of the pandemic on Europe was disproportionately high: in the euro area, GDP fell by 6.8%. In contrast, the economy in China grew by 2.3%. Projections for the current year[1] predict a global upswing with an increase in GDP by 5.6%. The general global economic situation remains volatile even after more than a year of the COVID-19 pandemic. On the one hand, production facilities have adjusted to the circumstances and the vaccines that have been developed show promising results. On the other hand, the rapid spread of variants and varying vaccination progress still cause great uncertainty among the populations.

Further uncertainty emanates from the geopolitical situation, above all from the persisting tensions between the USA and China. Over the past years, the situation between the two countries has repeatedly escalated, resulting in trade restrictions, which also affected the 5G technology via restrictions in the areas of goods transfer and software. Even though only certain - and usually special - products have been affected, uncertainty is caused by the lack of predictability of the situation and the far-reaching indirect consequences. Countries such as the USA, Japan, and the European Union responded by setting up programmes with the objective of bringing back supply chains into their countries, especially in the electronics sector. As delivery routes partially collapsed at the beginning of the pandemic, these initiatives continued to gain relevance. As a result, major semiconductor manufacturers in particular have announced significant investments over the past months.

1.2. Industry environment

Industry trends: digitalisation boost due to the effects of the pandemic – sharp increase in notebooks, sustainable growth in IT infrastructure, and stronger trend towards electric cars

Under the influence of the COVID-19 pandemic, the electronics industry saw a volatile development: the general economic downturn initially hit the electronics industry directly and hard. As opposed to previous downturns, however, this one was only short-lived. During the 2008 financial crisis, demand for durable goods (in use for longer than one year) fell on a sustained basis and recovered only slowly. After three months, demand for durable goods already recorded an increase again.[2,3] Money saved from reduced spending on transportation, holidays, and recreation due to work from home and lockdowns allowed higher spending on these durable goods. Consequently, the very rapid and massive slump in demand in all segments, especially in the electronics sector, was followed by a genuine boom in the second half of the year. Depending on the segment, it varied in strength and overall only partially compensated for the preceding downturn. Actual revenues were further limited by the fact that production had been cut during the first lockdowns and the "reboot" caused disturbances in the supply chains. This is reflected in particular in the current shortage of semiconductors, which are required above all in the automotive industry, but also in smartphone production. Despite a strong upturn in the second half of 2020, only the computer and notebook segment picked up considerably compared with the previous year.

Everyday life changed significantly for most people in the past year: they have been spending a much larger part of their work, studies and free time at home. As a result, many of them invested in electronics in order to make their restricted surroundings and their daily life more pleasant. Laptop sales, for example, soared both as new purchases and upgrades (+29% YoY).[4] Gaming consoles also recorded strong growth (+32% value YoY),[5] which was additionally boosted by the launch of new models. The sale of TV sets (+4% value YoY)[6] and consumer

[1] OECD "Economic Outlook, Interim Report", March 2021
[2] Prismark "The Printed Circuit Report, Fourth Quarter 2020", February 2021
[3] US BAE "US personal income and consumption", January 2021
[4] IDC "PCD Tracker Q4 2020", February 2021
[5] Prismark "Electronics Supply Chain Reporter, Q4 2020", December 2020
[6] Prismark "Electronics Supply Chain Reporter, Q1 2021", March 2021

electronics also saw an unexpected upturn. As mobility in everyday life was restricted and fitness studios were closed, individual sports such as jogging and cycling became increasingly popular. This was directly reflected in increased sales figures for smartwatches (+11% YoY)[7] and headsets, in particular true wireless stereo – two separate headphones without cable – (+73% YoY).

Due to these trends, the printed circuit board market for consumer electronics contracted by only 1%[8] to US$ 7.95 billion in 2020. Annual growth of 5% is projected for the period 2020 to 2026. The market for printed circuit boards for computers grew by 13.4% to US$ 16.4 billion in the past year. Experts expect annual growth of 4% up to 2026.

The smartphone market collapsed at the beginning of 2020 and, following a recovery, stagnated at the pre-crisis level (-7% YoY).[9] The development was influenced by the uncertain overall situation, the postponement of the release of flagship models and sanctions. Nonetheless, 5G was booming (+1491% YoY).[9] The share of 5G-capable smartphones in the overall market increased rapidly. This trend was particularly strong in China. Since June 2020, more than 60% of new smartphones sold have been 5G-capable in China.[10] In Europe and the USA, the trend towards 5G set in much later because of the delayed market launch of flagship models and slower infrastructure development.

This multifaceted growth in demand of different types of end devices ultimately leads to a greater and sustainable increase in demand in the area of communication infrastructure. First of all, 5G-capable end devices need a suitable base station to unfold their full performance. Although the development was delayed as a result of political decisions to exclude individual suppliers in some regions, it nonetheless proceeded rapidly even during the year of the pandemic. The share of the world's population with access to 5G infrastructure consequently rose from 2% in 2019 to 15% in 2020.[11] In the past year, the printed circuit board market for communication technology – end devices and infrastructure – grew by 4.3% to US$ 17.96 billion[8], with annual growth of 6% expected through to 2026.

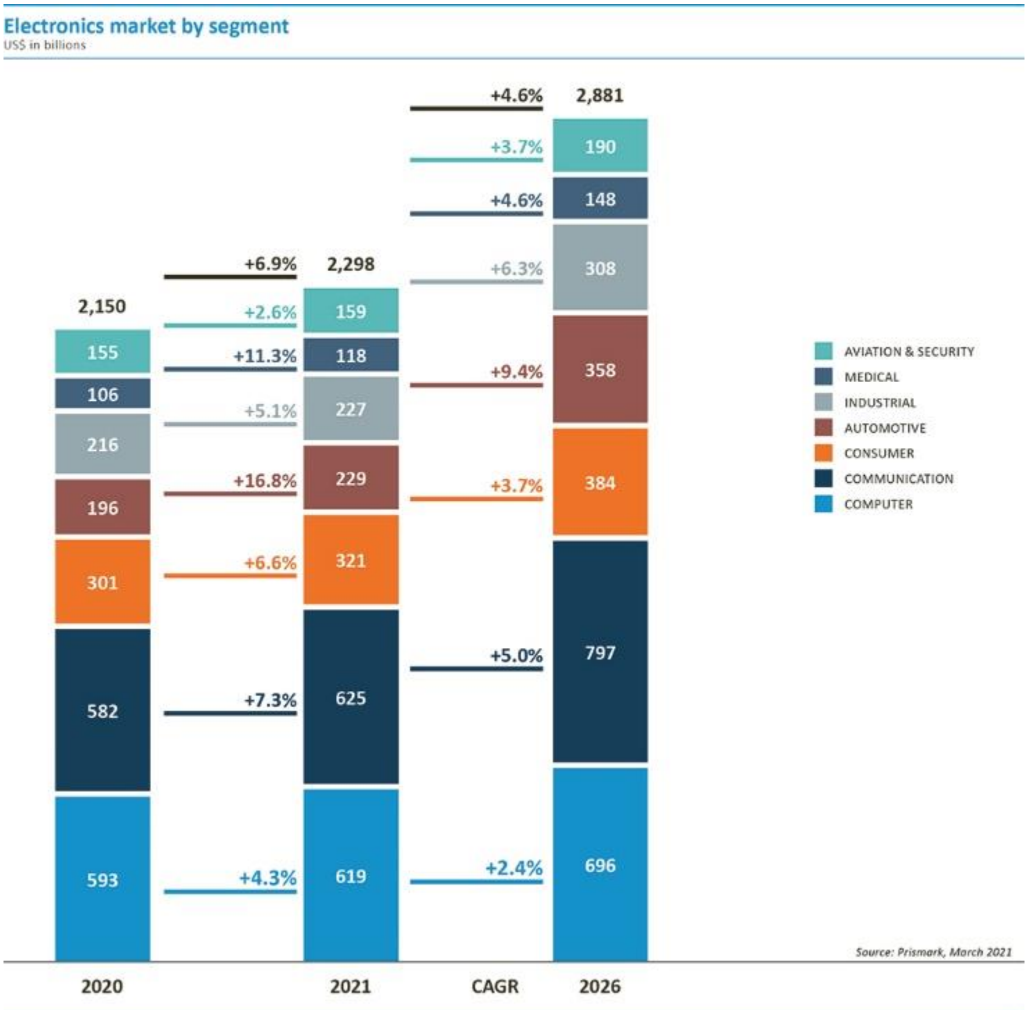
The data management required in the course of digitalisation comprises the generation, transmission, analysis and storage of data. This interrelation resulted in a rapid increase in demand not only for communication infrastructure, which is necessary for data transmission, but also for server infrastructure for analysis and storage. This is another area where the COVID-19 pandemic acted as a catalyst. Along with the growth in end devices, it is primarily the increased use in time, variety and data volume that drives demand here. While professional computer gamers were often derided in Europe only a few years ago, the e-sports industry has turned into a billion-euro business with a steadily growing number of users.[12] Digitalisation is increasingly also entering broad sections of the population. The number of users of video-on-demand platforms for example recently rose by about 7% annually.[13] This growth is expected to accelerate further to nearly 9% in the wake of the COVID-19 pandemic.[13] This leap is even more impressive in digitalisation in retail. In the USA, for example, the share of online trading soared from 17% to 33% within two months.[14]

Trends such as those towards more e-sports, video-on-demand and online trading accelerate the need for more IT infrastructure – even if the number of end devices remains constant. The number of servers in data centres is projected at 5% stable growth.[15] As complexity is steadily increasing, the growth of semiconductors in servers is forecast at 11% annually.[13]

[7] IDC "Wearables Tracker Q4 2020", February 2021
[8] Prismark Partners LLC "Application Forecast", March 2021
[9] IDC "Mobile Phone Tracker 2021Q1", March 2021
[10] Bernstein "Global Semiconductors: Asian Semis, QCOM - China Smartphone Tracker (Feb)", March 2021
[11] Ericsson "Ericsson Mobility Visualizer", January 2021
[12] Newzoo "Global Esports Market Report", March 2021
[13] Yole Development "Computing for Datacenter Servers – Market and Technology Report 2020", December 2020
[14] McKinsey & Company, Accelerating digital capabilities to recover from the COVID-19 crisis, July 2020
[15] Gartner, "Semiconductor Forecast Database, Worldwide, 4Q20 Update", December 2020

The COVID-19 pandemic had a massively negative impact on the automotive industry. Global automobile production fell from 89 million in 2019 to 75 million in 2020.[16] The lockdown-related production stops in many countries hit a stagnating automotive market. After a sharp drop in production by more than 40%[16] year-on-year in the first quarter, a rapid recovery followed in the second quarter. Nevertheless, the automotive market has so far not been able to return to the pre-crisis level. The continued global bottlenecks in semiconductors massively and sustainably restrict production. The situation is expected to ease at the earliest in the second half of 2021 and a production level of more than 90 million vehicles will only be achieved in the course of 2022.[17]

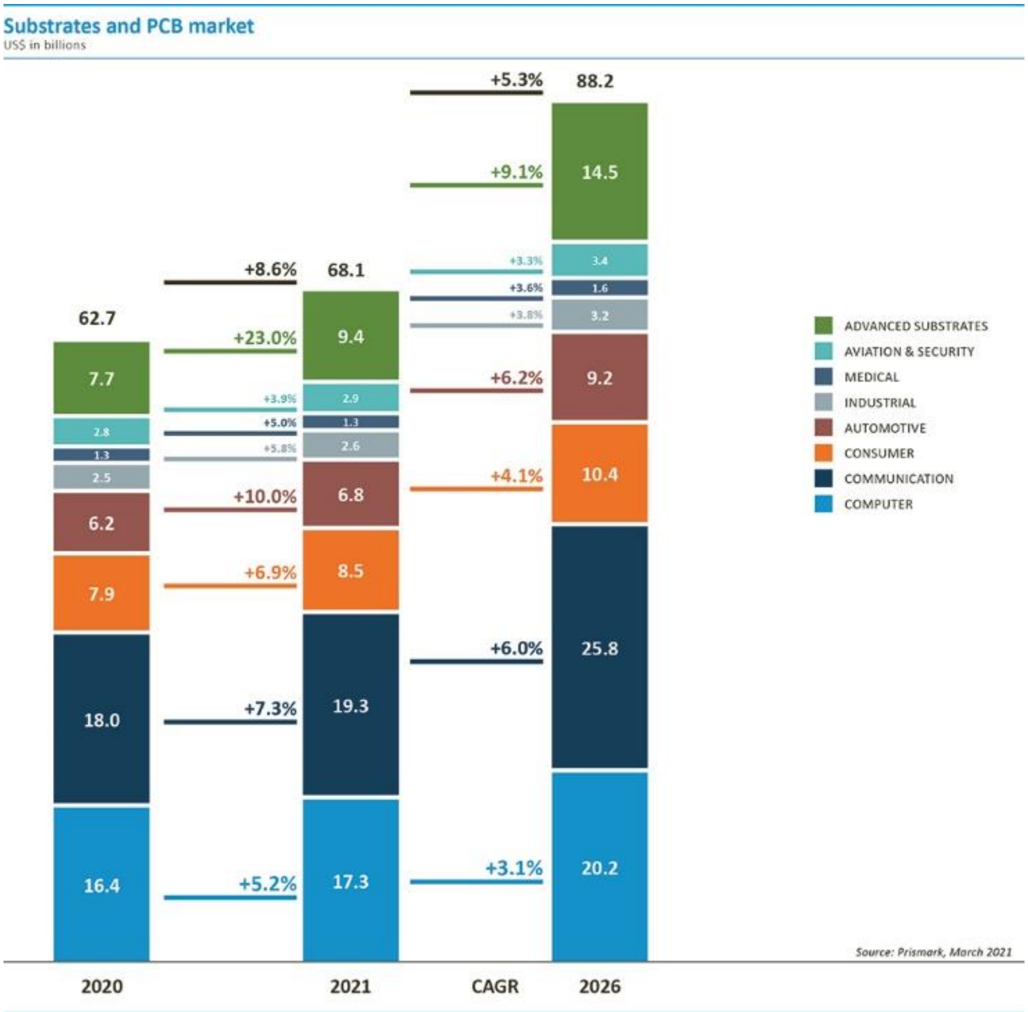
A variety of measures were initiated worldwide to support the automotive industry during the crisis. In many cases, especially in Europe, the subsidies were linked to environmental protection goals, thus additionally speeding up the current trend towards e-mobility. In 2020, global sales of battery electric vehicles (BEV) rose by 27% despite the crisis.[17] Western Europe stands out in particular, with growth of 105%.[17]



[16] LMC Automotive "Global Light Vehicle Forecast Q4 2020", January 2021

[17] LMC Automotive "Impact Report 15.2.21", February 2021

Along with the increase in the number of electric vehicles, it was primarily driver assistance systems that pushed the demand for electronics in the automotive industry. Nonetheless, demand was down 11.4% on the previous year and totalled US$ 202 billion.[8] In parallel, the demand for printed circuit boards in this segment also decreased by 9.7% to US$ 6.2 billon. Growth is expected at 7% annually for the period 2020 to 2026 and will be driven by driver assistance systems: radar, lidar and camera sensors require state-of-the-art printed circuit board technology and are increasingly designed as modules. The central processing units, which analyse the sensor data and translate them into driver decisions, are technologically ever more sophisticated and increasingly comparable to small servers. This development will generate a new market for reliable high-end printed circuit boards and IC substrates.



In the industrial segment, the effects of the crisis varied: the expansion of the key technology 5G infrastructure was temporarily slowed down. However, driven by relevant support measures it is now running again. The engineering sector stagnated. Leading-edge segments such as the construction of industry robots, connectivity, sensors and industrial cameras for image recognition experienced a particular boom and are expected to continue their steady growth. Camera modules for industrial applications, for example, are projected to grow by 12% annually[18] and collaborative industry robots, so-called cobots, by 28%[19] annually. The market for printed circuit boards for industrial applications declined by 5.4% to US$ 2.5 billion in 2020.[8] For the years up until 2026, annual growth of 4% is expected.

The medical electronics segment was also hit hard by the crisis. Initially, demand declined overall as treatments were suspended. However, due to the rapid refocusing on COVID-19 treatments, demand for ventilators skyrocketed. Similar to other industries, the crisis served as a catalyst for the digitalisation trend.[20] As a result, telemedicine was utilised more intensively, the use of health wearables as part of therapy strategies increase and the application of AI in diagnostics was also expanded. The market for printed circuit boards for medical electronics decreased by 1% compared with 2019 to US$ 1.25 billion.[8] Annual growth of 4% is expected through to 2026.

Technology: Modularisation and chiplets

The product portfolio of AT&S comprises not only printed circuit boards for system applications (motherboards), but also state-of-the-art printed circuit boards for modules, which in turn are assembled on a motherboard as components, and IC substrates, which form the basis of the housing of an IC. AT&S thus participates in the innovation at all three levels.

Generally speaking, technological trends towards miniaturisation continued in wearables (smartwatches, headphones), smartphones and notebooks: The increased functionality of smartwatches requires more sensors and processing power, which needs to be accommodated in a small package. This trend is even more clearly visible in true wireless stereo headsets. In comparison with conventional radio headsets, the space available is significantly smaller. Moreover, radio modules and antennas require additional space due the two separate units. In the smartphone segment, the trend towards larger batteries and consequently smaller, more complex and more powerful printed circuit boards also continues.

In addition to this trend which is driven by system design, growing functionality leads to greater demand for increasingly more complex modules. 5G is the key here: on the one hand, antennas are increasingly integrated into the modules (mmWave antenna-in-package – AIP); on the other hand, backward compatibility with older mobile standards requires ever more complex radio modules. In addition, 5G radio modules are not only used in smartphones but are also applied in the automotive sector (V2X) and industrial production (M2X).

Along with the need for modules, the demand for IC substrates is also increasing. High-power semiconductors used in IT infrastructure are among the key drivers. Growth is accelerated not only because of the increasing overall demand for IT infrastructure but also through changed requirements: There are more and more applications that are subsumed under the concept of artificial intelligence (AI). They include above all voice and image recognition, but also other specialised algorithms for data analysis or to predict user behaviour. In order to be able to execute such programs and algorithms in the cloud (i.e., a processing centre) rather than on an end device, increased use is made of specialised microchips. These are graphic cores (GPU), programmable logic (e.g., FPGAs) or special developments. These types of chips are assembled additionally onto so-called AI accelerator cards in servers. In addition to general electronics requirements for the IT infrastructure, this increases the need for high-end semiconductors.[13,21]

To account for this steady rise in processing requirements, the number of semiconductors is increased. At the same time, semiconductors themselves are also becoming faster and more efficient. In the past, improved performance of semiconductors, especially high-performance semiconductors, was achieved on the basis of improved silicon processes. These optimisation possibilities have reached physical and process limits for several

[18] Yole “Machine Vision for Industry and Automation 2021, Market and Technology Report 2021”, January 2021

[19] Statzon “2021 Global Collaborative Robot Industry Report“, March 2021

[20] Roland Berger “COVID-19: Konsolidierungsturbo für die MedTech-Branche“, November 2020

[21] TechSearch Inc “Quantifying the Impact of Heterogeneous Integration: Chiplets and SiP”, February 2021

years now. Therefore, semiconductor manufacturers began to implement multiple cores in a semiconductor computing simultaneously. Today, a CPU has multiple cores as a standard. However, there are also limitations: the size of a chip limits the number of cores as well as the storage space, which can be integrated directly. The latest possibility to further enhance performance within an assembly is referred to as heterogeneous integration. In this process, multiple chips (called chiplets), which contain computing cores, storage, or even special functions, are connected within a package.

Heterogeneous integration is a way to revive the growth of processing speed based on Moore's Law. The physical proximity of the cores to each other allows both very low latency and very high bandwidth. For IC substrates this means a significant increase in size and complexity. In order to further enhance performance, silicon bridges which can be integrated into the substrate by embedding are used. This allows a further increase in connection density and, consequently, in the bandwidth between the chiplets. As a result, the need for large and complex IC substrates increases – with direct effects on the system level since the rising number of ICs and connections also places ever higher demands on the motherboard and modular printed circuit boards.

Additional demand for IC substrates is expected from automotive applications driver assistance systems and infotainment. To ensure the targeted performance for semi-autonomous driving and a modern infotainment system, chip technology is also progressing at very high speed in the automotive segment. This causes demand for IC substrates to increase additionally.

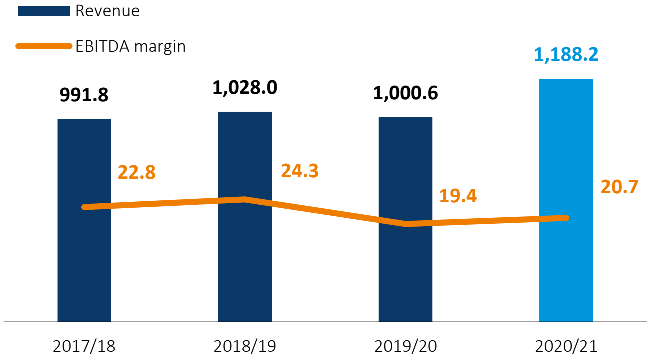
2. ECONOMIC REPORT

2.1. Overall development of the Group

AT&S successfully manages challenging environment

AT&S defied the current crisis and achieved the highest revenue ever recorded in the company's history in the financial year 2020/21. This development was driven by the acceleration of digitalisation due to the pandemic, which boosts demand for high-end interconnect solutions. The revenue development is additionally strengthened by the capacity expansion for IC substrates and the demand for printed circuit boards for modules. As a result, the Group's revenue totalled € 1,188.2 million, up € 187.6 million on the revenue of € 1,000.6 million generated in the previous year. The successful start-up of the expanded capacity at Chongqing I, which serves the growing demand for ABF substrates, made a significant contribution to revenue growth. The broader customer and application portfolio of mobile devices and the demand for printed circuit boards for modules also had a positive impact. In the AIM segment, revenue in the Medical segment was maintained at the level of the previous year, while revenue in the Industrial segment rose slightly. After a weak first half of the financial year, the Automotive segment recorded revenue at the level of the previous year again so that the AIM segment's revenue for the full year matched the level of the previous year.

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



2.2. Earnings development in the Group

Revenue up 18.8%

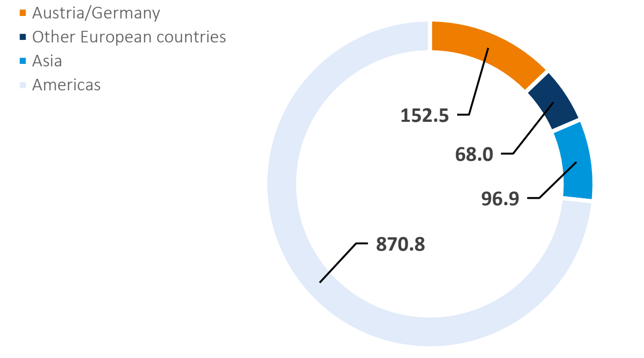
Revenue increased by 18.8% year-on-year and amounted to € 1,188.2 million.

As the US dollar was weaker during the past financial year, foreign exchange effects had a negative impact of € 36.9 million or -3.1% on the development of revenue. 87.1% of revenue (previous year: 84.3%) was invoiced in foreign currencies (primarily US dollar).

During the year, revenue generally developed in line with the seasonal cycle. In the second and third quarters, revenue was significantly higher than in the first quarter. In the third quarter, the company recorded the highest quarterly revenue ever generated. As opposed to the preceding years, revenue of the fourth quarter also exceeded that of the second quarter.

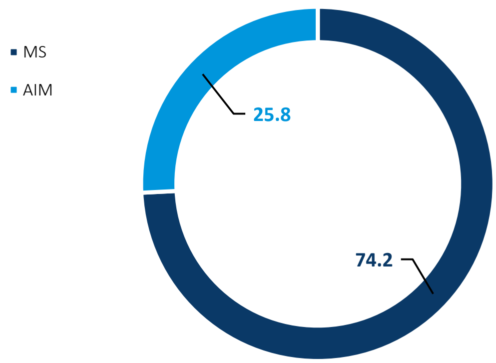
The effects of recognising revenue over time, which is required for a number of customers in accordance with IFRS 15, led to an increase in reported revenue by € 24.5 million or 2.1% (effect in the previous year: decrease by € 3.1 million or -0.3%). For further information please refer to the notes to 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 73.3% for America compared with 68.3% in the previous year. The share of products manufactured in Asia rose slightly from 86.5% to 87.7%.

Revenue from external customers by segments
in %

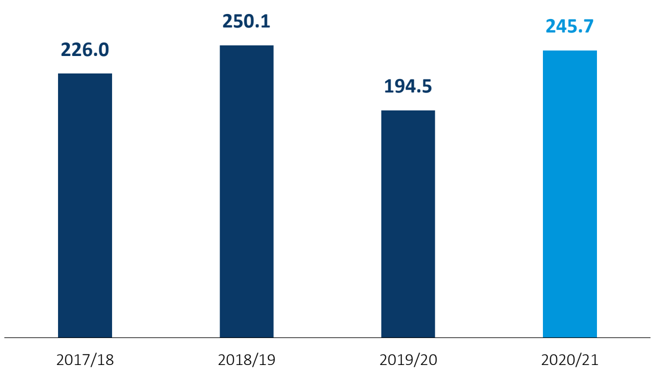


Revenue split by segment showed the following picture: The share of the Mobile Devices & Substrates (MS) segment in external revenue rose to 74.2% (previous year: 68.5%), the share of the Automotive, Industrial, Medical (AIM) segment declined to 25.8% (previous year: 31.5%). Further information on the development of the segments is provided in Section 2.3 "Earnings development in the segments".

EBITDA increases to € 245.7 million, EBITDA margin 20.7%

EBITDA, at € 245.7 million, significantly exceeded the prior-year figure of € 194.5 million. While the increase in revenue and the related rise in gross profit had a positive influence on earnings, higher selling and administrative costs reduced the operating result. Other operating income was lower than in the previous year and was negatively influenced primarily by currency effects resulting from the weaker US dollar and the translation of foreign subsidiaries to the reporting currency. The overall negative impact of the exchange rate totalled € 24.7 million.

Development of EBITDA
€ in millions



The EBITDA margin increased by 1.3 percentage points from 19.4% in the previous year to 20.7%.

Result key data
€ in millions (unless otherwise stated)

	2020/21	2019/20	Change in %
Revenue	1,188.2	1,000.6	18.8%
Operating result before interest, tax, depreciation and amortisation (EBITDA)	245.7	194.5	26.3%
EBITDA margin (%)	20.7%	19.4%	
Operating result (EBIT)	79.8	47.4	68.3%
EBIT margin (%)	6.7%	4.7%	
Profit for the year	47.4	19.8	>100%
Earnings per share (€)	1.01	0.30	>100%
Additions to fixed assets	552.2	254.3	>100%
Average number of staff (incl. leased personnel)	11,349	10,239	10.8%

Increase in expense items

The above-mentioned effects also had an impact on the individual cost areas. The increase in production costs by € 123.6 million to € 1,021.2 million results primarily from higher maintenance costs, personnel costs, and depreciation and amortisation. This development was mitigated by positive currency effects.

In preparation for future technology generations and to pursue the modularisation strategy, AT&S increased its investment in research and development to € 98.5 million (previous year € 83.9 million). These expenditures make the company future-proof and significantly expand the earnings potential in the medium term.

Administrative and distribution costs exceeded the prior-year figures by € 15.2 million or 22.2% due to effects from the preparation for future growth.

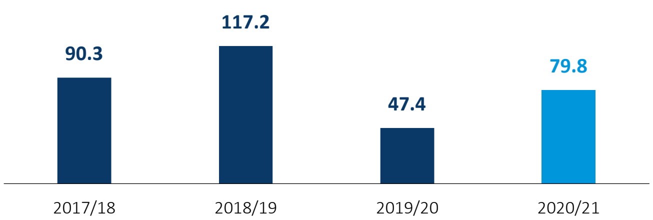
Other operating income declined from € 12.9 million to € -3.6 million. This was mainly due to a decrease in the exchange rate result by € 16.1 million in the financial year 2020/21, which resulted primarily from the measurement of receivables and liabilities denominated in the weaker US dollar.

Depreciation of property, plant and equipment and amortisation of intangible assets of € 165.4 million or 12.3% of non-current assets (previous year: € 146.2 million or 15.4% of noncurrent assets) reflect the high technical standard and the intensity of investment of AT&S. The increase by € 19.2 million compared with the previous year was accounted for by € 16.4 million from the Mobile Devices & Substrates segment (MS), and here predominantly by higher depreciation at the plant in Chongqing. Depreciation and amortisation in the Automotive, Industrial, Medical segment (AIM) rose by € 2.3 million.

The operating result (EBIT) increased by € 32.4 million or 68.3% to € 79.8 million (previous year: € 47.4 million) due to the above-mentioned effects.

The EBIT margin rose by 2.0 percentage points to 6.7% (previous year: 4.7%).

Development of EBIT
€ in millions



Finance costs – net

Finance costs – net fell from € -8.7 million to € -20.1 million. Interest expense on bank borrowings and bonds amounted to € 11.2 million (previous year: € 11.4 million). Interest on social capital amounted to € 1.0 million and was slightly below the prior-year level of € 1.1 million.

The hedging of the interest rate risk with hedging instruments (measurement and realised result) resulted in a loss of € 1.1 million (previous year: loss of € 1.5 million). The hedging instruments swap variable for fixed interest payments which do not meet the criteria of hedge accounting since the term and the amount do not match the hedged primary financial liabilities.

Capitalised interest on borrowings related to the acquisition of qualifying assets increased by € 1.4 million to € 1.8 million (previous year: € 0.4 million).

Due to the lower volume of time deposits and the continued unfavourable environment for investments, the return on financial investments declined by € 3.5 million to € 3.2 million (previous year: € 6.7 million).

The significant negative deviation in finance costs – net is attributable to currency effects. Negative exchange rate differences of € 8.1 million were recognised as expenses in the finance costs – net in the financial year 2020/21 (previous year: income of € 3.8 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 are in part denominated in foreign currency. The main intragroup loans are long-term in nature and their repayment is neither scheduled nor probable in the foreseeable future. These loans are therefore recorded directly in equity through the statement of comprehensive income.

Profit for the year improves

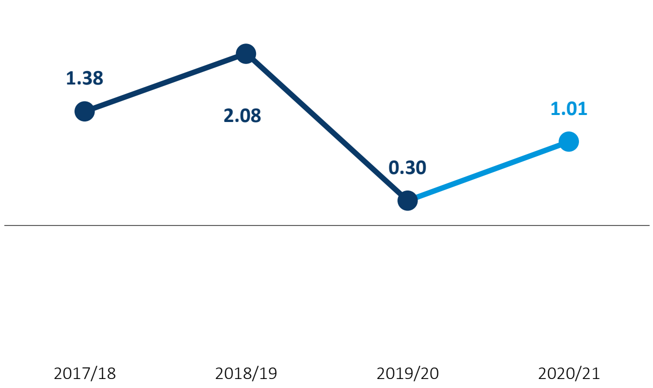
Profit for the year increased from € 19.8 million in the previous year by € 27.6 million to € 47.4 million. The Group's tax expense amounts to € 12.2 million (previous year: € 18.9 million).

Current income taxes rose to € 12.8 million (previous year: € 11.4 million). Deferred tax expenses (previous year: € 7.5 million) changed by € 8.1 million, turning into deferred tax income of € 0.6 million. This change was primarily caused by higher capitalisation of loss carryforwards as well as lower depreciation 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 2020. This tax status commenced on 1 January 2020, is valid for three years and is dependent on achieving certain criteria each year. The company assumes that the favourable tax status will be maintained over the next three years.

Earnings per share increased from € 0.30 to € 1.01, 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[1)]
in €



[1)] Adjustment Hedge Accountig previous years (see Note 18 "Derivative financial instruments")

2.3. Earnings development in the segments

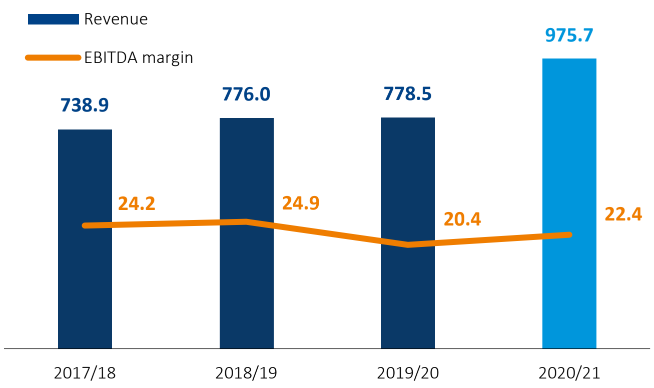
Mobile Devices & Substrates segment

The Mobile Devices & Substrates segment continued its positive development in the financial year 2020/21. The satisfactory performance of the segment is primarily attributable to the increased investments of the past years, which will be continued unabated in the near future. The successful start-up of the expanded production capacities in Chongqing, which serve the growing demand for ABF substrates, contributed significantly to revenue growth. The broader customer and application portfolio of mobile devices and the demand for printed circuit boards for modules also had a positive impact. Negative currency effects had a reducing effect on earnings.

The ever-increasing performance 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 74.2% (previous year: 68.5%), 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 % of Revenue



Revenue, at € 975.7 million, was up € 197.2 million or 25.3% on the prior-year figure of € 778.5 million. Revenue was negatively influenced by the development of the US dollar so that revenue growth was € 37.3 million lower as a result. In terms of geography, a further increase in revenue with American customers was recorded.

The segment's **EBITDA** amounted to € 218.6 million, up € 60.0 million or 37.9% on the prior-year figure of € 158.6 million. The increase in EBITDA resulted primarily from the good operating performance of the Chongqing site. Negative effects from currency translation of € 17.8 million reduced the improvement in earnings. The EBITDA margin of the Mobile Devices & Substrates segment, at 22.4%, also exceeded the prior-year value of 20.4% by 2.0 percentage points.

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

	2020/21	2019/20	Change in %
Segment revenue	975.7	778.5	25.3%
Revenue from external customers	881.7	685.9	28.6%
Operating result before depreciation and amortisation (EBITDA)	218.6	158.6	37.9%
EBITDA margin (%)	22.4%	20.4%	
Operating result (EBIT)	81.8	37.7	>100 %
EBIT margin (%)	8.4%	4.8%	
Additions to fixed assets	497.9	216.0	>100%
Average number of staff (incl. leased personnel)	8,264	7,260	13.8%

The segment's **depreciation and amortisation** increased by € 15.9 million or 13.2 % from € 120.9 million to € 136.8 million. The increase was primarily attributable to higher depreciation and amortisation at the Chongqing site.

The operating result (**EBIT**) rose by € 44.1 million to € 81.8 million (previous year: € 37.7 million). The EBIT margin was up 3.5 percentage points to 8.4% (previous year: 4.8%) due to the increase in EBIT.

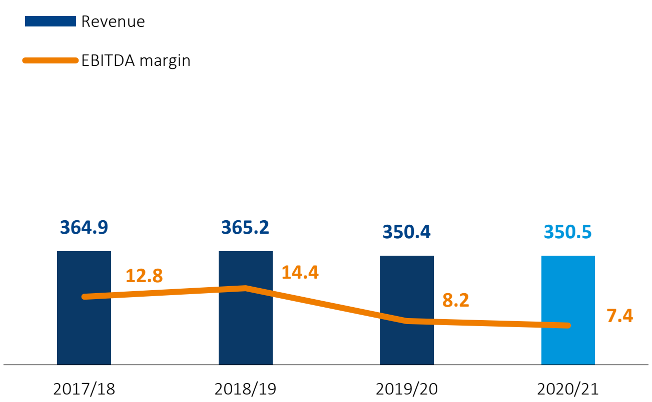
Additions to fixed assets rose by € 281.9 million or 130.5 % to € 497.9 million (previous year: € 216.0 million). Apart from additions of € 421.5 million for ongoing expansion, replacement and technology upgrades at the Chongqing site, fixed assets additions at the Shanghai plant increased by € 75.2 million.

Automotive, Industrial, Medical segment: at a stable level

The segment's revenue, at € 350.5 million was at the level of the previous year (€ 350.4 million).). Revenue growth was recorded above all in the Industrial segment. The Automotive segment faced lower demand due to the decline in car sales in the first half of the financial year, but reached the level of the previous year again in the second half of the financial year. Due to the strong demand, revenue in the Medical & Healthcare segment remained at the level of the previous year despite a less favourable product mix.

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

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



EBITDA declined by € 2.8 million or -9.7% to € 26.1 million (previous year: € 28.9 million). The reduction resulted from uncertainties in the automotive market in the first half of the financial year, was aggravated by the impact of the COVID-19 pandemic and could not be fully compensated for by the increase in revenue and earnings in the Industrial segment.

The **EBITDA margin** decreased by 0.8 percentage points to 7.4% (previous year: 8.2%).

The operating result (**EBIT**) fell by € 5.1 million to € 0.5 million (previous year: € 5.6 million).

The **EBIT margin** of the Automotive, Industrial, Medical segment, at 0.1%, was 1.5 percentage points down on the prior-year value of 1.6%.

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

	2020/21	2019/20	Change in %
Segment revenue	350.5	350.4	0.0%
Revenue from external customers	306.5	314.7	(2.6%)
Operating result before depreciation and amortisation (EBITDA)	26.1	28.9	(9.7%)
EBITDA margin (%)	7.4%	8.2%	
Operating result (EBIT)	0.5	5.6	(91.1%)
EBIT margin (%)	0.1%	1.6%	
Additions to fixed assets	45.9	33.2	38.2%
Average number of staff (incl. leased personnel)	2,841	2,764	2.8%

Additions to fixed assets rose by € 12.7 million to € 45.9 million (previous year: € 33.2 million). The additions were related to ongoing expansion, replacement and technology upgrade investments, in particular at the locations in Austria and Korea.

Others segment

The result of the general holding activities included in the Others segment was lower than in the previous year.

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

	2020/21	2019/20	Change in %
Segment revenue	–	–	n.a.
Revenue from external customers	–	–	n.a.
Operating result before depreciation and amortisation (EBITDA)	1.0	7.1	(86.0%)
EBITDA margin (%)	–	-	
Operating result (EBIT)	(2.5)	4.1	(>100 %)
EBIT margin (%)	–	-	
Additions to fixed assets	8.4	5.1	65.1%
Average number of staff (incl. leased personnel)	244	214	14.0%

2.4. Assets and financial position

2.4.1. ASSETS

Increase in non-current assets

Total assets increased by 28.9% to € 2,390.0 million in the financial year 2020/21.

Non-current assets rose by € 381.4 million to € 1,377.4 million. While property, plant and equipment increased by € 397.9 million to € 1,301.4 million, intangible assets declined by € 2.3 million to € 42.8 million. In property, plant and equipment, additions to assets and technology upgrades of € 534.7 million were offset by depreciation totalling € 145.3 million. Property, plant and equipment as reported in the statement of financial position also includes right-of-use assets of € 27.5 million resulting from the application of IFRS 16.

The net change in non-current assets amounted to € 395.6 million or 41.7% to € 1,344.2 million (previous year: € 948.6 million).

Current assets increased by € 155.1 million to € 1,012.6 million. Cash and cash equivalents rose to € 552.9 million (previous year: € 418.0 million). Financial assets declined by € 96.5 million to € 39.7 million. Overall, AT&S thus has cash and current financial assets totalling € 592.6 million (previous year: € 554.2 million). The increase in inventories of € 44.2 million to € 152.5 million results primarily from the build-up of raw material inventories in Chongqing related to the increase in sales volume. Trade receivables, other receivables and contract assets rose by € 72.9 million to € 265.3 million. Other receivables increased by € 30.6 million, contract assets by € 25.2 million and trade receivables by € 48.1 million due to the higher business volume. This increase was partially compensated for by additional factoring activities (change: € 30.5 million).

Trade payables rose by € 150.2 million or 88.9% from € 169.1 million to € 319.3 million, including an increase in liabilities from investments by € 107.2 million to € 170.1 million (previous year: € 62.9 million).

Significant increase in net gearing

Equity rose by 5.5% from € 760.3 million to € 802.0 million. The positive profit for the year of € 47.4 million increased equity. Positive effects of € 11.9 million were related to currency differences from the translation of net asset positions of subsidiaries and the translation of long-term loans to subsidiaries.

Actuarial gains of € 0.5 million (previous year: loss of € 1.1 million) resulting from the parameters used for the calculation of personnel expenses also increased equity.

Net working capital
€ in millions (unless otherwise stated)

	31 Mar 2021	31 Mar 2020	Change in %
Inventories	152.5	108.4	40.7%
Trade receivables and contract assets	176.8	134.5	31.4%
Trade payables	(319.3)	(169.1)	(88.9%)
Liabilities from investments	170.1	62.9	>100%
Working capital trade	**180.1**	**136.7**	**31.7%**
Other current assets, payables, provisions	20.8	7.7	>100%
Net working capital	**200.9**	**144.4**	**39.1%**
Net working capital in % of total revenue	16.9%	14.4%	
Days outstanding (in days):			
Inventories	55	44	25.0%
Receivables	54	49	10.2%
Payables	77	66	16.7%

Interest expense for the hybrid bond of € 8.3 million as well as the dividend payment of € 9.7 million had a reducing effect on equity.

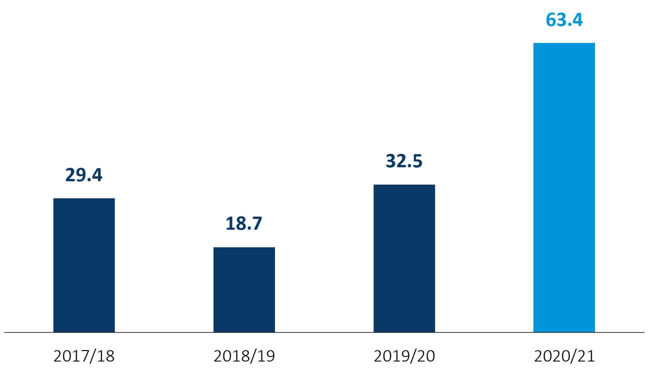
Non-current financial **liabilities** rose by € 321.3 million or 46.2% to € 1,017.1 million. In the past financial year, another promissory note loan and registered bonds were placed on the capital market, and two new loan agreements were concluded with banks. The cash inflow was in part used to optimise 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 declined by € 105.3 million to € 84.1 million.

Net debt rose by € 261.8 million or 106.1% to € 508.5 million (previous year: € 246.7 million). The increase resulted mainly from the higher investment volume and the related increase in financial liabilities.

Net gearing rose to 63.4% thus exceeding the prior-year level of 32.5%.

Net gearing
in %



Net debt
€ in millions (unless otherwise stated)

	31 Mar 2021	31 Mar 2020	Change in %
Financial liabilities, current	84.1	105.3	(20.1%)
Financial liabilities, non-current	1,017.1	695.8	46.2%
Gross debt	**1,101.2**	**801.1**	**37.5%**
Cash and cash equivalents	(552.9)	(418.0)	(32.3%)
Financial assets	(39.9)	(136.4)	70.8%
Net debt	**508.5**	**246.7**	**>100%**
Operating result before interest, tax, depreciation and amortisation (EBITDA)	245.7	194.5	26.3%
Net debt/EBITDA ratio	2.1	1.3	
Equity	802.0	760.3	5.5%
Total consolidated statement of financial position	2,390.0	1,853.5	28.9%
Equity ratio (%)	33.6%	41.0%	
Net gearing (net debt/equity) (%)	63.4%	32.5%	

2.4.2. FINANCING

The focus of the financial year 2020/21 was on ensuring financial flexibility based on a solid capital structure and taking into account sufficient liquidity to carry out operating activities and the planned investments in all phases. In addition, two non-revolving bullet loans of a total volume of € 195 million were taken out and two promissory note transactions of an aggregate volume of € 136 million were successfully concluded.

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

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 currently 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 2020/21. 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 2021, promissory note loans totalling € 738.5 million (previous year: € 596.4 million) were placed with several national and international investors. The remaining terms range between two months and roughly eight years.

Bank loans are used as the third pillar. As of 31 March 2021, € 320.2 million were taken out with national and international banks (previous year: € 179.8 million). They have remaining terms of between one and seven 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 € 418.6 million (previous year: € 490.4 million) in the form of contracted loan commitments from banks. At 31 March 2021, AT&S had only used 74.1% (previous year: 61.7%) of its contracted financing potential and still possesses sufficient financial reserves in addition to cash and cash equivalents.

One of the most important tasks of the AT&S treasury function is to ensure sufficient liquidity reserves. Treasury also monitors the covenants defined in the credit agreements to ensure that these covenants are met. AT&S pursues the goal of standardising credit agreements in order to treat all lenders equally.

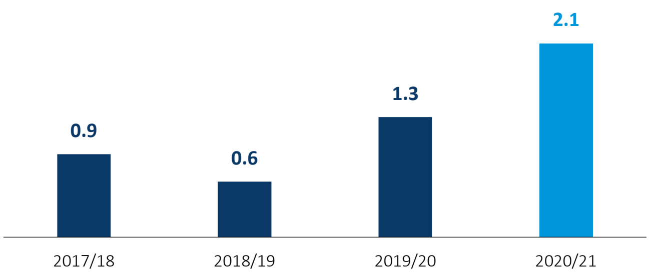
Instruments
€ in millions

	31 Mar 2021	in %	31 Mar 2020	in %
Registered bond	15.0	3.6%	–	–
Promissory note loans	738.5	49.5%	596.4	47.1%
Bank borrowings	320.2	21.5%	179.8	14.2%
Gross debt	**1,073.7**	**72.0%**	**776.2**	**61.3%**
Credit lines	418.6	28.0%	490.4	38.7%
Committed credit lines	**1,492.3**	**100.0%**	**1,266.5**	**100.0%**

Low repayment period and high equity ratio

The theoretical repayment period for debts, defined as net debt/EBITDA, of 2.1 years was significantly higher than in the previous year (1.3 years), but still lower than the maximum of 3.0 years defined by AT&S.

Net debt/EBITDA

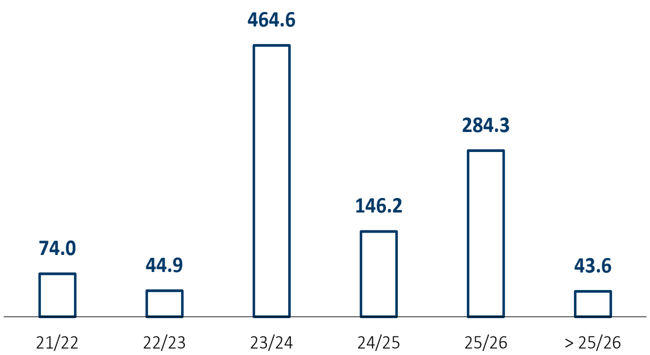


The equity ratio decreased from 41.0% in the previous year to 33.6% in the reporting period and thus fell short of the medium-term target value of 40.0%. This is mainly due to the increase in total assets as a result of investments and securing the financing of the future investment programme. For further 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 remains unchanged compared to the previous year (3.2 years).

The repayment structure shows a high amount in the year 2023/24 due to the repayment of parts of the promissory note loans and bank loans totalling € 464.6 million. AT&S strives to finance capital requirements early and has liquidity reserves of € 1,011.3 million (previous year: € 1,044.8 million), which consist of financial resources and unused credit facilities.

Redemption
€ in millions



Effective interest and currency management

Minimising interest rate risk is another important treasury objective, thus providing for a balance of variable and fixed interest rates. 46.3% (previous year: 68.0%) of financing is conducted at, or was swapped to, fixed interest rates and 53.7% (previous year: 32.0%) is based on variable interest rates.

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

Treasury key data

	Covenant[1]	Target[2]	31 Mar 2021	31 Mar 2020
Net debt/EBITDA ratio	<4,0	<3,0	2.1	1.3
Equity ratio	>35%	>40%	33.6%	41.0%

[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).

AT&S also intends to invest available liquid funds **profitably but risk-sensitively.** At 31 March 2021, AT&S had financial resources totalling € 592.7 million (previous year: € 554.2 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 to a minimum. At 31 March 2021, assets denominated in US dollars (trade receivables, financial assets and cash denominated in US dollars) amounting to € 236.3 million (previous year: € 243.1 million) were offset by liabilities denominated in US dollars (trade payables and financial liabilities denominated in US dollars) amounting to € 86.8 million (previous year: € 58.3 million). The resulting net risk position – at 31 March 2021 this was an active balance of € 149.5 million (previous year: € 184.8 million) – thus amounted to 6.3% (previous year: 10.0%) of the Group's total assets and liabilities.

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

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

Further development of the financing network

Another treasury objective consists of an 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 rose from € 165.4 million to € 232.2 million. This is primarily due to the increase in the operating result from € 47.4 million to € 79.8 million. Interest payments were up € 2.6 million and amounted to € 14.6 million (previous year: € 12.0 million). The interest received reflects the currently very difficult market environment for investments in euros and declined by € 3.5 million to € 3.2 million (previous year: € 6.7 million). Income taxes paid increased by € 0.4 million to € 13.9 million (previous year: € 13.5 million).

Cash flow from operating activities, at € 184.7 million, remained at the level of the previous year (€ 185.1 million). Higher cash flow from operating activities before changes in working capital was nearly balanced out by the increase in trade payables and other liabilities of € 57.8 million and the increase in cash flow from trade receivables, other receivables and contract assets by

Carrying amount of financial liabilities by maturity
€ in millions

	31 Mar 2021	in %	31 Mar 2020	in %
Remaining maturity				
Less than 1 year	84.1	7.6	105.3	13.1%
Between 1 and 5 years	946.3	85.9	554.6	69.2%
More than 5 years	70.9	6.4	141.2	17.6%
Total financial liabilities	**1,101.2**	**100.0**	**801.1**	**100.0%**

€ 60.6 million as well as changes in inventories by € -44.0 million.

Capital expenditures for property, plant and equipment and for intangible assets of € 438.0 million were substantially higher than in the previous year (€ 218.6 million). The main outflows resulted from investments in Chongqing and only to a lesser extent from expansion, replacement and technology upgrades in Shanghai and Austria.

While capital expenditures for property, plant and equipment and for intangible assets increased by € 219.4 million in the financial year 2020/21, the net outflow for financial assets was comparatively low at € 6.0 million. However, overall, **cash flow from investing activities**, at € -339.8 million, significantly exceeded the prior-year value of € -116.6 million.

Free cash flow from operating activities, i.e., cash flow from operating activities less net investments in property, plant and equipment and intangible assets amounted to € -251.1 million in the financial year 2020/21 (previous year: € -33.4 million).

Free cash flow, i.e. cash flow from operating activities less cash flow from investing activities, amounted to € -155.2 million, thus exceeding the prior-year value of € 68.5 million by € 223.7 million. This is primarily attributable to the increase in investing activities.

Cash flow from financing activities amounted to € 303.6 million and was € 285.7 million higher than the prior-year value of € 17.9 million, which was primarily due to inflows related to borrowings of € 383.9 million and investment grants of € 31.1 million, the repayment of financial liabilities of € -93.3 million as well as the dividend payment of € -9.7 million and the hybrid coupon payment of € -8.3 million.

Substantial liquidity available for repaying existing financing and further investments

Despite very high levels of investment, cash and cash equivalents increased from € 418.0 million to € 552.9 million due to a stable, high level of cash flow from operating activities and the above-mentioned financing and investment measures. Moreover, AT&S has current financial assets of € 39.7 million at its disposal (previous year: € 136.2 million).

Overall, AT&S thus has cash and current financial assets totalling € 592.6 million (previous year: € 554.2 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 Vitality Index for strategic corporate management. They reflect the operating performance vis-à-vis investors and customers.

AT&S uses the return on capital employed (ROCE) to measure its operating performance from the point of view of investors, using the ratio of the result adjusted for finance costs – net and

Cash flow statement (short version)
€ in millions

	2020/21	2019/20	Change in %
Cash flow from operating activities before changes in working capital	232.2	165.4	40.4%
Cash flow from operating activities	184.7	185.1	(0.3%)
Cash flow from investing activities	(339.8)	(116.6)	(>100%)
Operating free cash flow	(251.1)	(33.4)	(>100%)
Free cash flow	(155.2)	68.5	(>100%)
Cash flow from financing activities	303.6	17.9	>100%
Change in cash and cash equivalents	148.5	86.4	71.8%
Currency effects on cash and cash equivalents	(13.6)	4.7	(>100%)
Cash and cash equivalents at end of the year	**552.9**	**418.0**	**32.3%**

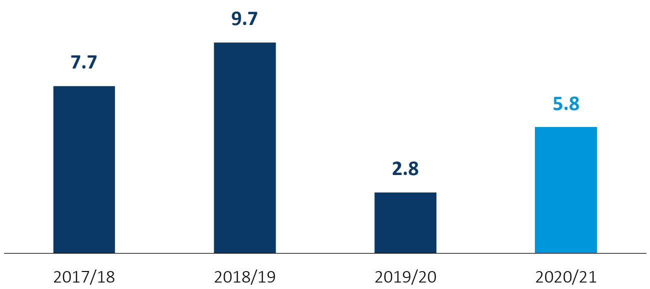
average capital employed. This ratio serves to derive the extent to which AT&S fulfils its investors' interest requirements. Average capital costs are derived from the minimum return investors expect for providing equity or borrowings. The weighted average cost of capital (WACC) for the printed circuit board industry was around 9.3%. With ROCE amounting to 5.8%, AT&S fell short of this level during the reporting period.

ROCE improved in comparison with the previous year, which was due to improved EBIT and lower taxes (NOPAT improved by € 39.7 million).

Capital employed rose by € 178.4 million, mainly because of the higher average net debt as a result of the increase in CAPEX (CAPEX 2018/19: € 100.9 million; CAPEX 2020/21: € 438.0 million). Since the increase in capital employed was lower than the increase in NOPAT, ROCE rose from 2.8% in the previous year to 5.8%.

The second performance indicator shows to the ability to implement innovations in a timely manner and in response to the market. AT&S measures this ability using the Vitality Index, which expresses the revenue share of products that feature new and innovative technologies and which have been launched on the market in the last three years. For the financial year 2020/21, the Vitality Index is 20.7% compared with 30.8% in the previous year. AT&S strives for a medium-term average Vitality Index of at least 20%. This target was met in the financial year 2020/21.

ROCE
in %



Return on capital employed (ROCE)
€ in millions

	2020/21	2019/20	Change in %
Operating result (EBIT)	79.8	47.4	68.3%
Income taxes	(12.2)	(19.5)	37.4%
Operating result after tax (NOPAT)	**67.6**	**27.9**	**>100%**
Equity – average	781.1	781.9	(0.1%)
Net debt – average	377.6	198.5	90.2%
Capital employed – average	**1,158.8**	**980.4**	**18.2%**
ROCE	**5.8%**	**2.8%**	

Vitality Index
€ in millions

	2020/21	2019/20	Change in %
Main revenue	1,188.1	1,000.4	18.8%
Main revenue generated by innovative products	246.0	308.6	(20.3%)
Vitality Index	**20.7%**	**30.8%**	

2.5. Significant events after the reporting period

With regard to significant events after the reporting date, please refer to the explanations in the notes to the consolidated financial statements, note 26 “Significant events after the reporting date”.

3. OTHER STATUTORY INFORMATION

3.1.Plants and branch offices

The 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, special applications and customer proximity are particularly important. Based on the production and technology diversity, the flexibility in manufacturing and the broad customer spectrum, 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 2020/21 and are about to enter mass production. In addition, investments were made in the expansion of the IC core line in order to provide capacities for the Chongqing plant. The plant in Fehring serves all Industrial, Medical and Automotive segments. Due to a lack of utilisation in the second quarter, short-time work had to be implemented at the Fehring plant, which has, however, been running at good capacity again since the fourth quarter of 2020/21.

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 2020/21; these were produced for the Automotive, Industrial, Medical segment.

Chongqing The location in Chongqing currently comprises two operating plants and one plant under construction for high-end products. The full expansion of the plant Chongqing I for IC substrates (Integrated Circuit Substrates) is in its final stage and additional manufacturing capacity was increased as planned and placed on the market in the course of the year. The plant operated at capacity throughout the year. The construction of the second, new plant for IC substrates (Chongqing III) proceeded as scheduled and the installation of machinery began in the last quarter. The first additional capacity from the new plant can be expected in the second half of the financial year 2021/22. At the plant Chongqing II for mobile applications, high-end mSAP printed circuit boards and printed circuit boards for modules are produced. In Plant II, too, capacities are currently being fully expanded in order to serve growing customer demand in the high-end segment.

Ansan The very positive development of the site in Korea continued in the financial year 2020/21, in particular in the medical technology segment for European and American customers. The expansion of the plant was started in the financial year 2020/21 and the new production building was completed in the fourth quarter, with production starting in the first half of 2021/22.

Nanjangud The site was heavily affected by COVID-19 in the first quarter and operated at very limited capacity. The location recovered in the second half of the year and the plant operated at full capacity again, mainly serving customers from the Automotive and Industrial segments. The qualification for HF and HDI products was continued, thus further pursuing the strategy towards higher-quality technologies in the product mix.

Hong Kong 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. The proximity to the customers' CEMs and to suppliers is a locational advantage which is highly valued by business partners.

Sales support companies The sales support companies in America, Germany, Japan and Taiwan continued to ensure good and close contact with customers in the financial year 2020/21.

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 2021, 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 2021, roughly 64.4% of the shares were in free float. With the exception of the shareholdings stated below, no other shareholder held more than 10% of the voting rights in AT&S. No shares with special control rights exist. The exercise of the voting right by employees who hold shares in the Company is not subject to any limitations.

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

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

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

Significant direct and indirect shareholdings

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

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

Furthermore, the Management Board was authorised by the Annual General Meeting until 3 July 2024, subject to the approval of the Supervisory Board, to issue one or several convertible bearer bonds at a total nominal amount of up to € 150,000,000 and to grant to bearers of convertible bonds conversion rights and/or subscription rights for up to 19,425,000 new no-par value bearer shares in the Company in accordance with the convertible bond terms and conditions to be defined by the Management Board. The Management Board was authorised, subject to 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 2021.

Free reserves

At the 26th Annual General Meeting of 9 July 2020 the Management Board was authorised to reallocate an amount of up to € 80,000,000 of the balance sheet profit carried forward to new account – after dividend distribution – to free reserves, subject to the approval of the Supervisory Board.

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

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

For further information, please refer to the notes to the consolidated financial statements (Note 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 2020/21.

4. RESEARCH AND DEVELOPMENT

Structural development of technological opportunities

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

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

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

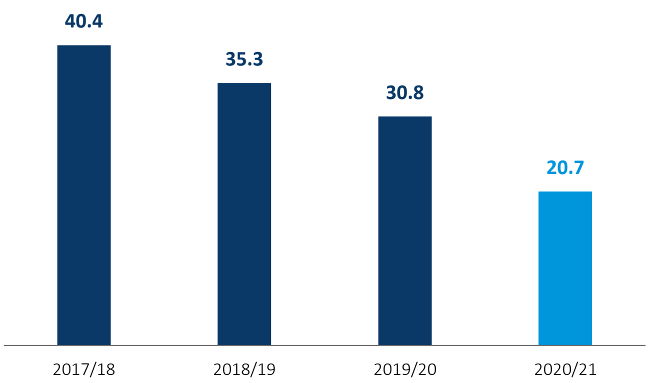
Performance and performance efficiency: In electrification, there is currently a strong trend towards carbon-neutral energy production, new energy source systems and forms of propulsion in view of the sustainability endeavours. To this end, carbon-based solutions are increasingly replaced by energy-saving electronic solutions. AT&S focuses its development activity on systems which enable optimum power supply with the lowest electrical losses from energy production to usage, and can therefore switch, control and transmit high loads.

Manufacturing of the future: Industrial production processes will change fundamentally in the decades to come. The processes will increasingly be organised using artificial intelligence (AI), and sustainability will also play a key role: the manufacturing of products must involve minimum consumption of natural resources, be highly reliable and enable the reuse 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 Vitality Index measures the impact of the innovative strength of a company. It describes the share in revenue AT&S has generated with innovative products launched on the market in the past three years. Generally speaking, the Vitality Index is higher in the years following the successful implementation of new technologies and lower in the development phase of new technologies (i.e. during the phase before their market launch). The latter effect can be observed in the past financial year. AT&S is currently in a very intensive phase of technology development and implementation. AT&S strives for a mean annual Vitality Index of at least 20%. In the past financial year, a Vitality Index of 20.7% was recorded.

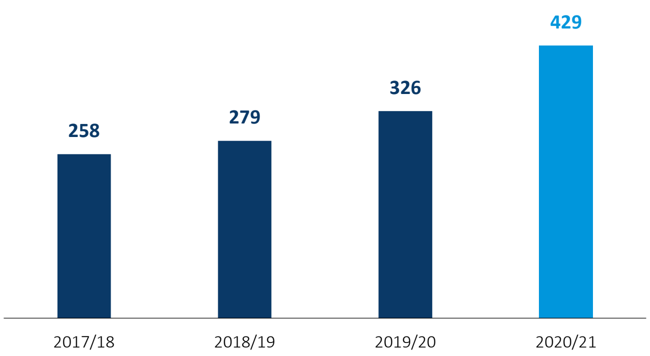
Vitality Index
in %



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 67 new patent applications in the financial year 2019/20. At present, AT&S has 408 patent families, which result in 429 granted patents. The IP portfolio is further strengthened by externally acquired licenses, in particular in the area of embedding technology.

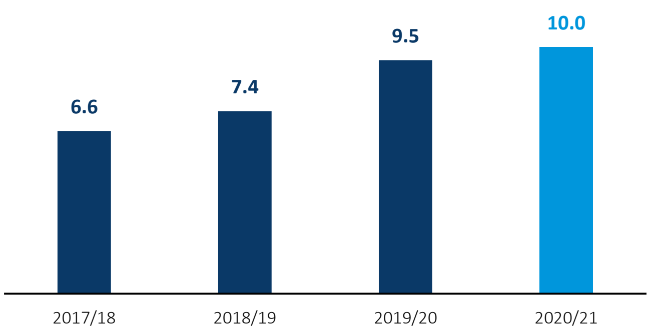
Number of patents granted



R&D expense: 10% of revenue

The costs of research and development projects totalled € 118.9 million in the financial year 2020/21. This corresponds to a research rate (i.e. ratio to revenue) of 10.0% compared with 9.5% in the previous year. Based on the continuously high research rate, AT&S is securing its position as the technology leader for the years to come.

Research rate
in %/ratio to revenue



Two-level development process

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

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

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

These development activities are accompanied by developments in the virtual world. Product properties, reliability behaviour and processes are increasingly supported by simulation. The centre for these developments is based at the location in Leoben.

Key development projects

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

Intensive work on projects for the new 5G mobile communication standard 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 (25-30 GHz). In addition, the first projects exploring the range up to 140 GHz have been launched. Here, entirely new printed circuit board and interconnect systems have to be developed which transmit the signal optimally and keep losses as low as possible. In doing so, AT&S is working with important companies along the value chain as well as with customers.

Developments regarding the use of new digitalisation methods were advanced significantly. Analyses, error detection as well as some developments are increasingly transferred into the virtual world. Due to the complex nature of the printed circuit board/substrate/package system, great efforts are undertaken to be able to provide the basis and develop appropriate methods for this purpose.

Cooperation with research institutions

The national and international collaboration with research institutions was further intensified in the past financial year. Despite the difficult conditions for an intensive exchange with new partners, the Indian Institute of Technology (Delhi and Madras) and the Indian Institute of Science (Bangalore) have been added to the list of our most important research partners. In addition, a Christian Doppler Laboratory was opened at the Graz University of Technology, which deals with exploring new high-frequency systems.

5. OPPORTUNITIES AND RISKS

5.1. Opportunities and risk management

STRUCTURE AND INSTRUMENTS

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

AT&S RISK MANAGEMENT PROCESS

_Risk strategy
defined by the Management Board and process owners.

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

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

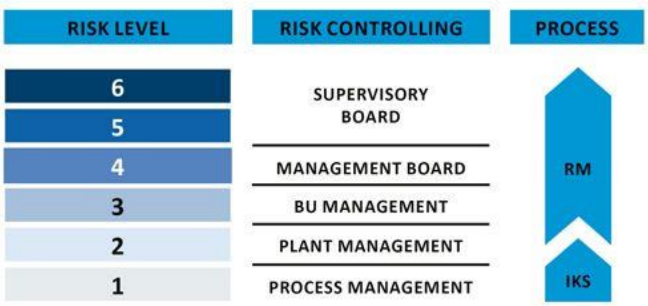
_Aggregation & reporting
aggregation and regular reports on all significant risks (risk level ≥3) to the Management Board and Audit Committee by the Risk Manager.

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

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

Figure 1: AT&S Risk Management Process

AT&S RISK LEVELS AND RISK CONTROLLING



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

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

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

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

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

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

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

RISK MANAGEMENT IN 2020/21

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

5.2. Explanation of individual risks

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

Risk category	Significant risks & opportunities	Trend	Risk mitigation & opportunity realisation
STRATEGY	• Sales price development • Capacity utilisation • Technology development • Investments	↘	• Consistent focus on high-end technologies & target applications • Customer proximity and early customer contact • Technology development projects & technology roadmap • Market analysis, strategy review and adaption
MARKET	• Market and segment development • Development of key customers • Sales strategy and implementation	↘	• Balanced segment portfolios and diversification of the customer portfolio • New customer acquisition & share increases with existing customers • Consistent acquisition of defined target applications
PROCUREMENT	• Development of procurement prices • Single-source risk	→	• 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 is investing in a new plant in Chongqing and expanding existing capacities at the Leoben plant. The investment is based on the growing demand for IC substrates, in particular for the application in high-performance computer modules. Concurrently, AT&S reviews suitable options for future growth opportunities to be prepared for possible market developments.

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

Competition risk

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

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

The demand for ABF substrates, which are produced at the location in Chongqing, China, continues unabated. AT&S is investing in the development of existing areas for the production of ABF substrates in Chongqing to meet this demand. The capacity expansion will continue to support company growth and enables AT&S to establish itself with new customers. However, the market for IC substrates is also 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 such as those in South Korea and China.

In addition, a difficult market environment in the financial year 2021/22 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. Despite the acceleration of digitalisation caused by the pandemic and the resulting increase in demand for high-end interconnect solutions, the uncertain development of the COVID-19 pandemic may still lead to a negative business development. The recovery of the markets weakened by the pandemic leads to different developments in the segments. In the Automotive segment, a bottleneck in chips is currently slowing down the upturn in the market. 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 disproportionately 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 70% of total revenue. Our long-term relationships with these customers also offer excellent opportunities for the future. However, concentration of this kind also poses risks in the event that there is a significant reduction in business volume or profitability from these customers. 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 and availability

Price fluctuations in energy and raw materials (gold, copper and laminates) can have both a positive and a negative impact on achievable margins in the short term. The focus in the financial year 2020/21 was on the availability of raw materials as well as on price development. AT&S was able to reduce the procurement risk based on targeted supplier management. However, the current trend of rising raw material prices is expected to continue in the coming financial year since global production capacities of materials have declined due to the COVID-19 pandemic, while global demand is growing again. The development of prices and the availability of raw materials such as copper can have a massive impact on the business development. Raw material shortages lead to longer lead times in terms of delivery dates. Increasing transport costs, in particular for air and sea freight, as well as scarce transport capacities, confront AT&S with additional challenges. Strong demand for production equipment causes longer delivery times for machinery and can delay planned investments. Capacity shortages of production materials, components and equipment can also occur in the growth markets targeted by AT&S in the future and influence the business development of AT&S.

Suppliers

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

BUSINESS ENVIRONMENT

Location-specific risks

The 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.

Numerous protective measures have been taken aiming to optimally protect employees from the SARS-CoV-2 virus while at the same time keeping up ongoing operations and thus securing jobs. Mandatory face masks were introduced on the company premises, remote working regulations massively extended, canteen operations limited and business travel stopped. 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 still influence the business development. The global effects of the pandemic could lead to weaker demand in some customer segments.

Political risks

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

The 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 with all applicable laws and regulations on the part of its employees. The Governance, Risk & Compliance Committee (GRC Committee) pursues the objective of identifying and mitigating potentially relevant compliance and governance risks. In addition, AT&S introduced the whistleblowing platform “We Care”, which enables employees and external third parties to report potential compliance violations. In the financial year 2020/21, compliance training was revised, updated and put into a modern, interactive form of presentation, which was integrated into the company’s Learning Management System. Based on these measures, the number of people completing the training was increased significantly across the Group.

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 2020/21 was on the roll-out of the Information Security Management System (ISMS) at the locations in China and India. As a result, these locations were certified according to ISO 27001:2013. Alignment with international IT standards ensures safe handling and appropriate access to information, and the availability of reliable systems. Subsequently the roll-out is planned at the production site in Korea.

OPERATIONS

Quality and delivery performance

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

Intellectual property

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

Technology and project development

The establishment and expansion of capacity for IC substrates in Chongqing 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 the installation and qualification of the new plant in Chongqing. The start-up of production is planned for the coming financial year.

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, 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 statement.

Tax risk

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

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

Macroeconomic development

Despite the uncertainty caused by the COVID-19 pandemic, the forecasts[22] for 2021 project a global upswing with an increase in GDP by 5.6%. The general global economic situation will remain volatile even after more than a year of the COVID-19 pandemic. The additional political support measures, especially in the USA and Europe, the continuously improving availability of vaccines and the increasing vaccination rate have a positive impact on the economic development.

Demand is growing for both the communication infrastructure required for data transmission and for processing capacity. Along with the increase in mobile devices, it is above all the increase in usage that drives the demand. Growing data traffic and data volume have a positive impact on demand in this context. Market analyses project further growth of 7% for printed circuit boards and of 23% for IC substrates in the 2021 calendar year.

Structural trends drive growth

In the financial year 2021/22 the global development towards a digital society will continue. The use of increasingly smart devices, i.e. equipped with intelligence, and increasing interconnectedness generate exponentially growing amounts of data. AT&S is ideally positioned with its solutions and services in all the market segments affected by this. AT&S will use the opportunities arising as a result to continue to grow profitably and faster than the market in the future. To expand our performance, we consistently invest large amounts in technology development and capacity expansion. Our long-term corporate goals reflect our clear growth ambitions in profitable market segments and applications.

The positive outlook of the electronics industry is currently dampened by a shortage of semiconductors. The expectations for AT&S's individual segments are currently as follows: the persisting strong demand for IC substrates continues to offer significant growth opportunities in the medium term. The 5G mobile communication standard will continue to drive growth in the area of Mobile Devices. An upturn is expected in the Automotive segment despite the semiconductor shortage. Driven by a boom in industrial robots and the roll-out of the 5G infrastructure, the Industrial segment will continue to see a positive development in the coming year. AT&S expects a positive development in the Medical segment for the current financial year.

Operationally, AT&S will concentrate on the start-up of the new production capacities at Plant III in Chongqing, technology upgrades at other sites and, of course, continuing to drive business performance.

Investments

The Management Board considers the future market trends to be fully intact. Therefore, AT&S will continue its investment programme for new capacities and technologies unimpeded in the current financial year as previously announced. Up to € 100 million is budgeted 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 € 450 million for the financial year 2021/22 depending on the progress of projects, plus another € 80 million due to period shifts between the financial years.

Overall guidance for the financial year 2021/22

Against the background of the expectations for global economic growth, the available capacities and the markets relevant to AT&S as described above, the company expects revenue growth of 13 to 15% in the financial year 2021/22, assuming a euro/US dollar exchange rate of 1.18. Taking into account special effects amounting to approximately € 40 million from the start-up of new production capacities in Chongqing, the adjusted EBITDA margin is expected to range between 21 and 23%.

Leoben-Hinterberg, 17 May 2021

The Management Board

Andreas Gerstenmayer m.p.
Simone Faath m.p.
Heinz Moitzi m.p.
Ingolf Schröder m.p.

[22] OECD "Economic Outlook, Interim Report", März 2021

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS 2020/21

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

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

Opinion

We have audited the consolidated financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, Leoben (the Group), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

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

Basis for Opinion

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

Key Audit Matters

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

The following matters were of most significance to our audit:

1. Deferred tax assets from tax loss carryforwards and other deductible temporary differences
2. Revenue recognition over time according to IFRS 15

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

- Description and Issue

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

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

The Group has recognised deferred tax assets of TEUR 25.113 (prior year: TEUR 25.984). Therein included are deferred tax assets from tax loss carryforwards and taxable goodwill amortization amounting to TEUR 22.527 (prior year: TEUR 19.652) as well as deductible temporary differences amounting to TEUR 2.586 (prior year: TEUR 6.332).

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

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

The valuation of deferred tax assets requires judgement and involves significant estimation uncertainties, and therefore, constitutes a risk of material misstatement in the consolidated financial statements. For this reason, we identified this issue as a key audit matter.

- Our Response

For all material consolidated companies we have

- evaluated the process relating to the calculation of future taxable income as basis for the recognised deferred tax assets,
- challenged the planned figures against our understanding of the planned business performance,
- retraced the changes in tax loss carryforwards on basis of the preliminary tax calculation,
- analysed the assumptions made concerning the usability of the loss carryforwards and the temporary differences as well as critically assessed the underlying planning assumptions, and

audited the presentation and explanations in the notes to the consolidated financial statement.

2. Revenue Recognition over time according to IFRS 15

- Description and Issue

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

Performance obligations that in accordance with over time revenue recognition criteria are already satisfied but the payment is still outstanding, shall be recognised as contract assets in accordance with IFRS 15. As of March 31, 2021, the group states contract assets in the amount of TEUR 92.767 (prior year: TEUR 67.763) after considering impairment according to IFRS 9. The revenue recognised over time in the financial year 2020/21 amounts to TEUR 808.555 (prior year: TEUR 654.121).

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

For the group wide analysis of the contractual and legal basis regarding the relevant accounting criteria for the identification of revenues that need to be recognised over time significant judgment from the management is involved. Furthermore, the group wide calculation of the contract assets to be recognised as of the reporting date can be considered complex.

For this reason, we identified this issue as a key audit matter.

- Our Response

We have

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

Other Matter – Audit of the Consolidated Financial Statements of the Previous Year

The consolidated financial statements of the Group for the year ended on March 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on May 13, 2020.

Other Information

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

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

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

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

Responsibilities of Management Audit Committee for the Consolidated Financial Statements

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

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

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

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

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

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

We also:

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Audit of the Consolidated Management Report

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

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

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

Opinion

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

Statement

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

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

We were appointed as auditors by the annual general meeting on July 9, 2020 and commissioned by the supervisory board on August 17, 2020 to audit the consolidated financial statements for the financial year ending on March 31, 2021.

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

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

Engagement Partner

The engagement partner responsible for the audit is Mr. Gerhard Marterbauer.

Vienna, May 17, 2021

Deloitte Audit Wirtschaftsprüfungs GmbH

Gerhard Marterbauer m.p.	Christof Wolf m.p.
Certified Public Accountant	Certified Public Accountant

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

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft

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Balance Sheet

AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG

BALANCE SHEET AS OF 31 MARCH 2021
(Preceeding year for comparison)

in € ASSETS	31 Mar 2021	31 Mar 2020
A. FIXED ASSETS		
I. Intangible Assets		
1. Industrial property rights and similar rights, and licenses thereto	5.822.714,81	7.076.541,21
	5.822.714,81	**7.076.541,21**
II. Property, plant and equipment		
1. Buildings on third party land	4.690.904,75	4.769.103,30
2. Machinery and technical equipment	60.478.649,36	46.160.216,15
3. Other assets, fixtures and furniture	4.926.791,48	4.049.582,07
4. Prepayments and construction in progress	614.503,41	4.231.959,87
	70.710.849,00	**59.210.861,39**
III. Financial assets		
1. shares in affiliated companies	251.440.490,16	258.680.226,93
2. loans to affiliated companies	850.442.556,87	657.911.339,51
of which due and payable within more than one year	*844.644.980,02*	*652.760.122,90*
3. securities	93.753,81	168.753,81
4. other loans and advances	7.739.932,51	7.139.793,15
of which due and payable within more than one year	*0,00*	*7.139.793,15*
	1.109.716.733,35	**923.900.113,40**
	1.186.250.297,16	**990.187.516,00**
B. CURRENT ASSETS		
I. Inventories		
1. raw materials and supplies	8.663.615,31	7.135.447,19
2. work in progress	8.888.949,35	5.836.532,35
3. finished goods and goods for resale	12.068.148,87	10.458.148,98
	29.620.713,53	**23.430.128,52**
II. Receivables and other assets		
1. trade receivables	35.433.165,82	29.098.372,66
of which due and payable within more than one year	*0,00*	*0,00*
2. receivables from affiliated companies	12.039.809,88	13.308.286,76
of which due and payable within more than one year	*0,00*	*0,00*
3. other receivables and assets	16.385.005,03	12.287.127,81
of which due and payable within more than one year	*0,00*	*0,00*
	63.857.980,73	**54.693.787,23**
III. Securities and shares		
1. other securities and shares	986.000,00	892.500,00
	986.000,00	**892.500,00**
IV. Cash on hand, bank balances	347.424.356,65	277.310.299,63
	441.889.050,91	**356.326.715,38**
C. PREPAYMENTS AND ACCRUED INCOME	**3.333.874,45**	**3.012.610,45**
D. DEFERRED TAX ASSETS	**21.973.500,00**	**23.944.807,00**
TOTAL ASSETS	**1.653.446.722,52**	**1.373.471.648,83**

SHAREHOLDER'S EQUITY AND LIABILITIES	31 Mar 2021	31 Mar 2020
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	**68.547.554,76**	**105.198.064,56**
of which profit/loss brought forward	95.485.564,56	89.666.009,00
	296.332.539,81	**332.983.049,61**
B. GOVERNMENT GRANTS	**1.640.616,40**	**1.259.305,54**
C. PROVISIONS		
1. provisions for severance payments	25.329.836,56	25.533.427,98
2. provisions for pensions	8.820.381,78	8.067.918,73
3. tax provisions	658.641,44	1.982.085,19
4. other provisions	34.730.075,90	23.625.889,01
	69.538.935,68	**59.209.320,91**
D. LIABILITIES		
1. bonds	190.000.000,00	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	*190.000.000,00*	*175.000.000,00*
2. bank loans	309.111.288,72	87.387.176,87
of which due and payable within less than one year	*23.682.720,72*	*24.312.764,87*
of which due and payable within more than one year	*285.428.568,00*	*63.074.412,00*
3. promissory note loans	742.622.224,34	680.366.792,60
of which due and payable within less than one year	53.122.224,34	76.866.792,60
of which due and payable within more than one year	689.500.000,00	603.500.000,00
4. trade payables	15.727.621,85	12.185.329,08
of which due and payable within less than one year	*15.727.621,85*	*12.185.329,08*
of which due and payable within more than one year	*0,00*	*0,00*
5. payables to affiliated companies	18.516.446,96	15.219.135,08
of which due and payable within less than one year	*18.516.446,96*	*15.219.135,08*
of which due and payable within more than one year	*0,00*	*0,00*
6. other liabilities	9.220.498,48	9.409.173,75
of which due and payable within less than one year	*7.219.848,48*	*7.838.232,75*
of which due and payable within more than one year	*2.000.650,00*	*1.570.941,00*
of which tax authorities	*1.558.831,52*	*1.461.444,23*
of which social securit authorities	*1.890.668,60*	*1.720.654,35*
	1.285.198.080,35	**979.567.607,38**
of which due and payable within less than one year	*118.268.862,35*	*136.422.254,38*
of which due and payable within more than one year	*1.166.929.218,00*	*843.145.353,00*
E. ACCRUALS AND DEFERRED INCOME	**736.550,28**	**452.365,39**
TOTAL EQUITY AND LIABILITIES	**1.653.446.722,52**	**1.373.471.648,83**

Profit- and Loss Statement

AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG
PROFIT AND LOSS ACCOUNT FOR THE PERIOD
1 APR 2020 TO 31 MAR 2021
(Preceeding year for comparison)

in €	2020/21	2019/20
1. Sales Revenue	**347.372.910,98**	**356.442.014,34**
2. Variation in stocks of finished goods and in work in progress as well as in services rendered but not ye	**2.880.376,05**	**-239.534,91**
3. Work performed by the undertaking for its own purposes and capitalised	**49.605,51**	**22.390,32**
4. Other operating income	**14.655.511,93**	**12.942.187,42**
a) Income from the disposal of or additions to fixed assets other than financial assets	9.375,00	17.000,00
b) Income from the release of provisions	466.627,90	417.338,10
c) Other	14.179.509,03	12.507.849,32
5. Expenditure for raw materials and consumables and other external expenses for production services	**-216.608.247,94**	**-227.848.669,52**
a) Expenditure for raw materials and consumables	-202.907.553,78	-215.353.615,93
b) Other external expenses for production services	-13.700.694,16	-12.495.053,59
6. Personnel expenses	**-99.744.315,06**	**-80.367.102,76**
a) Wages and salaries		
aa) Wages	-23.532.068,15	-21.851.946,57
bb) Salaries	-53.552.773,42	-39.232.493,61
b) Social security expenses		
aa) of which for retirement benefits	-1.043.388,71	-731.778,38
bb) expenditure for severance payments and contributions to corporate severance and retirement funds	-1.370.253,10	-1.401.181,95
cc) expenditure for statutory social contributions as well as charges and mandatory contributions calculated as a proportion of wages and salaries	-18.704.737,50	-16.274.780,45
dd) other social expenses	-1.541.094,18	-874.921,80
7. Value adjustments	**-19.808.791,88**	**-16.745.141,73**
a) in respect of tangible and intangible fixed assets	-20.128.155,47	-17.072.316,73
b) less amortisation of investment grants from public funds	319.363,59	327.175,00
8. Other operating expenses	**-50.402.951,70**	**-43.336.293,56**
a) Taxes, not to be shown under No. 18	-307.633,11	-252.924,90
b) Other	-50.095.318,59	-43.083.368,66
9. Subtotal of Nos. 1 - 8	**-21.605.902,11**	**869.849,60**
10. Income from participating interest	**21.750.951,60**	**0,00**
thereof from affiliated companies	21.750.951,60	0,00
11. Income from other investments and loans forming part of the fixed assets	**30.447.882,26**	**34.874.426,56**
thereof from affiliated companies	30.447.882,26	34.865.564,56
12. Other interest receivable and similar income	**261.944,65**	**3.250.820,98**
thereof from affiliated companies	8.923,76	0,00
13. Income from the disposal or revaluation of financial assets and securities shown in current assets	**2.724.812,31**	**7.566.712,59**
Income from affiliated companies	1.919.455,01	7.377.487,37
thereof from write-ups	93.500,00	5.207.157,52
14. Expenditure resulting from financial fixed assets and securities shown in current assets	**-33.493.018,43**	**-3.000,00**
thereof from write-offs	-33.493.018,43	-3.000,00
thereof from affiliated companies	33.418.018,43	0,00
15. Interest payable and similar expenses	**-24.614.833,51**	**-25.500.935,24**
16. Subtotal of Nos. 10 - 15	**-2.922.261,12**	**20.188.024,89**
17. Profit or loss before taxation (Subtotal of No. 9 and No. 16)	**-24.528.163,23**	**21.057.874,49**
18. Taxes on income	**-2.409.846,57**	**-5.525.818,93**
of which changes in recognised deffered taxes	-1.971.307,00	-3.853.605,00
19. Profit or loss after taxation	**-26.938.009,80**	**15.532.055,56**
20. Profit or loss brought forward from the preceeding financial year	**95.485.564,56**	**89.666.009,00**
21. Balance sheet profit	**68.547.554,76**	**105.198.064,56**

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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 2021 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 2021, as well as of the results of its operations for the year then ended.

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

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

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

2. GROUP RELATIONS AND RESTRUCTURING OPERATIONS

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

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

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

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

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

A capital reduction of 20 Bn. KRW to 7 Bn. KRW at AT&S Korea Co., Ltd., was carried out in the financial year 2020/21 in August 2020. In the course of this transaction income in the amount of € 1,919,455.01 was recorded in the financial result under “Income from the disposal or revaluation of financial assets and securities shown in current assets”.

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 2020) pursuant to IFRS measurement requirements (IAS 19) based on the “projected unit credit method”, applying a discount rate of 1.10% (prior year: 1.60%) and a pensionable age according to the provisions of the 2003 pension reform as well as on the mortality tables AVÖ 2018-P. Furthermore, the company-specific staff turnover was taken into account by using an adequate turnover rate. As valorization for salaries and wages 2.50% were scheduled (prior year: 3.00%). The defined benefit obligation (DBO) amounts to € 25,329,836.56 (prior year: € 25,533,427.98) at the balance sheet date.

The change in the financial assumptions lead to an expense of € 73,682.77 (prior year: expense of € 842,991.12), which is reported in the financial result.

The calculation of **provisions for pensions** is based on the AFRAC-statement 27 “provisions for pensions, severance payments, anniversary money and comparable long-term due liabilities to the provisions of the Austrian commercial Code “ (December 2020) pursuant to IFRS measurement requirements (IAS 19) based on the “projected unit credit method”, applying a discount rate of 1.30% (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. 1.50% as a value adjustment for pension were recognised. (prior year: 2.25%).

The defined benefit obligation (DBO) of unfunded benefit obligations amounts to € 1,346,062.20 (prior year: € 1,353,462.36) at the balance sheet date. The change in the financial assumptions of unfunded benefit obligations results in an expense of € 29,910.58 (prior year: expense of € 134,439.99), 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 € 7,474,319.59 (prior year: € 6,714,456.37) at the balance sheet date. The change in the financial assumptions of the funded obligations results in an income of € 285,030.59 (prior year: income of € 1,050,552.34), which is reported in the financial result.

The calculation of **provision for anniversary bonuses** is based on the AFRAC-statement 27 "provisions for pensions, severance payments, anniversary money and comparable long-term due liabilities to the provisions of the Austrian commercial Code " (December 2020) pursuant to IFRS measurement requirements (IAS 19) applying the "projected unit credit method" based on entitlements pursuant to collective agreements, applying a discount rate of 1.00% (prior year: 1,60%) as well as taking into account internal fluctuation by using an adequate turnover rate. As valorization for salaries and wages 2.50% were scheduled (prior year: 3.00%).

Expenses for anniversary bonuses in the amount of € 63,303.61 (prior year: € 14,538.10) are included in wages. Expenses for anniversary bonuses in salaries amounted to € 400,055.05 (prior year: € 138,974.11).

The change in the financial assumptions results in an expense of € 171,375,42 (prior year: expense of € 146,003.22), 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

The COVID-19 pandemic and the short-time work at the Fehring plant – due to temporarily lack of utilization in the second quarter – were taken as a reason to carry out an imparment test for the Fehring plant. There was no need for an impairment loss.

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

AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG

Non-Current Assets movements statement for the year ended 31 March 2021

in €	Acquisition/Production cost					Accumulated amortization/depreciation					book value	
	as of 1 Apr 2020	Additions	Disposals	Transfers	as of 31 Mar 2021	as of 1 Apr 2020	Additions	Disposals	write-ups	as of 31 Mar 2020	as of 31 Mar 2021	as of 31 Mar 2020
I. Intangible assets												
1. industrial property rights and similar rights,												
and licences thereto	33.264.417,23	2.811.794,30	330.835,63	0,00	35.745.375,90	26.187.876,02	4.065.620,70	330.835,63	0,00	29.922.661,09	5.822.714,81	7.076.541,21
thereof low-value assets	*0,00*	*310.071,56*	*310.071,56*	*0,00*	*0,00*	*0,00*	*310.071,56*	*310.071,56*	*0,00*	*0,00*	*0,00*	*0,00*
	33.264.417,23	2.811.794,30	330.835,63	0,00	35.745.375,90	26.187.876,02	4.065.620,70	330.835,63	0,00	29.922.661,09	5.822.714,81	7.076.541,21
II. Property, plant and equipment												
1. buildings on third party land	7.946.497,36	1.391.309,82	161.713,62	0,00	9.176.093,56	3.177.394,06	1.386.148,16	78.353,41	0,00	4.485.188,81	4.690.904,75	4.769.103,30
2. machinery and technical equipment	232.220.830,83	23.195.989,59	8.376.350,21	3.982.593,74	251.023.063,95	186.060.614,68	12.816.155,00	8.332.355,09	0,00	190.544.414,59	60.478.649,36	46.160.216,15
3. other assets, fixtures and furnitures	17.777.536,79	2.733.103,86	966.229,85	5.703,35	19.550.114,15	13.727.954,72	1.860.231,61	964.863,66	0,00	14.623.322,67	4.926.791,48	4.049.582,07
thereof low-value assets	*0,00*	*462.702,86*	*462.702,86*	*0,00*	*0,00*	*0,00*	*462.702,86*	*462.702,86*	*0,00*	*0,00*	0,00	*0,00*
4. prepayments and construction in progress	4.231.959,87	2.047.402,65	1.676.562,02	-3.988.297,09	614.503,41	0,00	0,00	0,00	0,00	0,00	614.503,41	4.231.959,87
	262.176.824,85	29.367.805,92	11.180.855,70	0,00	280.363.775,07	202.965.963,46	16.062.534,77	9.375.572,16	0,00	209.652.926,07	70.710.849,00	59.210.861,39
III. Financial assets												
1. shares in affiliated companies	281.242.732,08	0,00	7.239.736,77	0,00	274.002.995,31	22.562.505,15	0,00	0,00	0,00	22.562.505,15	251.440.490,16	258.680.226,93
2. loans to affiliated companies	659.481.598,87	259.002.407,72	33.053.171,93	0,00	885.430.834,66	1.570.259,36	33.418.018,43	0,00	0,00	34.988.277,79	850.442.556,87	657.911.339,51
3. securities	168.753,81	0,00	0,00	0,00	168.753,81	0,00	75.000,00	0,00	0,00	75.000,00	93.753,81	168.753,81
4. other loans and advances	7.139.793,15	600.139,36	0,00	0,00	7.739.932,51	0,00	0,00	0,00	0,00	0,00	7.739.932,51	7.139.793,15
	948.032.877,91	259.602.547,08	40.292.908,70	0,00	1.167.342.516,29	24.132.764,51	33.493.018,43	0,00	0,00	57.625.782,94	1.109.716.733,35	923.900.113,40
	1.243.474.119,99	**291.782.147,30**	**51.804.600,03**	**0,00**	**1.483.451.667,26**	**253.286.603,99**	**53.621.173,90**	**9.706.407,79**	**0,00**	**297.201.370,10**	**1.186.250.297,16**	**990.187.516,00**

4.2. Shares in affiliated companies

Shares in affiliated companies
in €

	Book value 31 Mar 2021	Share %	Shareholders' equity according to IFRS	Result of the past financial year according to IFRS	Book value 31 Mar 2020
AT&S Deutschland GmbH, Düren, Germany	1,053,000.00	100	1,055,255.32	78,030.48	1,053,000.00
AT&S India Private Limited, Nanjangud, India	16,898,516.89	100	13,987,714.97	-1,577,584.82	16,898,516.89
AT&S Asia Pacific Limited, Hongkong, China	229,768,865.92	100	662,105,209.82	148,366,444.39	229,768,865.92
AT&S Korea Co., Ltd., Ansan-City, South Korea	3,713,663.01	100	37,038,801.46	10,555,192.15	10,953,399.78
AT&S Americas LLC, San José, California, USA	6,444.34	100	1,143,302.57	177,080.51	6,444.34
Total	**251,440,490.16**				**258,680,226.93**

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

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

The item „Loans to affiliated companies" includes an amount of € 5,797,576.85 (prior year: € 5,151,216.61) which falls due within one year. In connection with the loans, write-offs in the amount of € 33,418,018.43 (prior year: write-ups in the amount of € 5,207,157.52) were recorded in the financial year.

The item "other loans" includes an amount of € 7,739,932.51 (prior year: € 0,00) which falls due within one year.

4.4. Receivables and other assets

ADDITIONAL DISCLOSURE TO RECEIVABLES

Trade receivables were assigned to banks to the amount 100% of the nominal value and are fully derecognised on the basis of the cessions of the essential opportunities and risks and on the basis of the transfer of the right to use to the acquiring party. As of 31 March 2021 trade receivables in total of € 8,566,389.36 (prior year: € 9,471,515.20) 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 € 856,639.46 as of balance sheet date (prior year: € 947,151.84) 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 € 12,039,809.88 (prior year: € 13,308,286.76).

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 2021	31 Mar 2020
Tax-free premiums	9,906,401.28	5,000,025.00
Energy tax reimbursements	2,413,250.83	2,082,674.57
Supplies rebates	614,992.89	770,931.99
COVID-19 refunds	846,332.53	0.00
Total	**13,780,977.53**	**7,853,631.56**

4.5. Deferred tax assets

The company has recognised deferred taxes for tax loss carryforwards amounting to € 64,379 thousand (prior year: € 74,328 thousand), which can be offset against future positive taxable income in line with the current tax planning. No deferred tax assets were recognised for tax loss carryforwards in amount of € 55,240 thousand (prior year: € 0 thousand) as it cannot be assumed that this will be feasible in the foreseeable future.

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

Deferred tax assets
in €

	Fixed assets	Loss carryforwards	Provisions	Liabilities	Total
As of 31 Mar 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**
Recognised in profit or loss of the financial year	16,071.00	-2,487,282.00	432,129.00	67,775.00	**-1,971,307.00**
As of 31 Mar 2021	**16,071.00**	**16,094,673.00**	**5,562,454.00**	**300,302.00**	**21,973,500.00**

4.6. Shareholders' equity

SHARE CAPITAL

The ordinary shares of the Company as of 31 March 2021 amount to € 42,735,000.00 (prior year: € 42,735,000.00) and are made up of 38,850,000 (prior year: 38,850,000) no-par value bearer shares with a notional value of € 1.10 each.

APPROVED CAPITAL AND CONDITIONAL CAPITAL INCREASE

By resolution passed at the 25th Annual General Meeting on 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 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. In this regard, the management Board was also authorised to fully or partially exclude the shareholders' subscription right to convertible bonds.

Furthermore, in doing so, the Company's ordinary shares were conditionally increased by up to € 21,367,500.00 by way of issuance of up to 19,425,000 new no-par value bearer shares in accordance with section 159 (2) No. 1 Austrian Stock Corporation Act (AktG). This conditional capital increase is only carried out insofar as the bearers of convertible bonds issued based on the authorisation resolution passed at the 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).

FREE RESERVES

By resolution of the 26th Annual General Meeting on 9 July 2020, the Management Board was authorised, subject to the approval of the Supervisory Board, to rededicate an amount of up to € 80,000,000.00 of the – after distribution of a dividend –retained earnings carried forward into free reserves.

APPROVED TREASURY SHARES

By a resolution passed at the 25th Annual General Meeting on 4 July 2019, the Management Board was authorised (pursuant to section 65 (1) No. 8 of the Austrian Stock Corporation Act (AktG)) to acquire - within 30 months as from the resolution date - treasury shares to the maximum extent of up to 10% of the ordinary shares of the Company at a lowest price that may be no more than 30% lower than the average unweighted closing rate of the last 10 trading days and at a highest price per share of a maximum of up to 30% above the average unweighted closing rate of the last 10 trading days. The acquisition may be carried out via the stock exchange, by means of a public offering or in any other legal way and for any legal purpose. The Management Board was also authorised to withdraw repurchased treasury shares as well as treasury shares already held by the Company without any other resolution of the Annual General Meeting.

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

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

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

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.

RESTRICTION OF THE DISTRIBUTION

There is a distribution restriction for deferred tax assets of € 21,973,500.00 (prior year: € 23,944,807.00), as there are no reserves available at any time in accordance with section 235 (2) UGB. For this reason a distribution restriction for € 4,467,717.45 (prior year: € 6,439,024.45) exists at the balance sheet date.

PROPOSAL FOR THE DISTRIBUTION OF THE RESULT

The Management Board and the Supervisory Board of AT&S Austria Technologie & Systemtechnik AG propose to allocate the balance sheet profit of the Company as of 31 March 2021 in an amount of € 68,547,554.76, as follows: Distribution of a dividend in an amount of € 0.39 per outstanding no-par value share entitled on the payment day and carry forward the residual amount of € 53,396,054.76.

4.7. Provisions

„Other Provisions“ include the following items:

in €	31 Mar 2021	31 Mar 2020
Impending losses arising from derivative financial instruments	6,598,848.85	7,423,213.94
Anniversary bonuses	5,902,019.55	5,560,234.95
Other personal expenses	5,481,577.29	83,949.85
Holidays not yet consumed	4,442,876.42	3,662,217.94
Stock appreciation rights	3,586,793.00	198,373.00
Holiday bonus/Christmas bonus	3,140,430.30	2,934,654.92
Pending losses	1,911,331.62	1,046,571.29
Compensatory time off	908,613.74	715,708.04
Customer bonuses	713,292.25	404,437.97
Legal and advisory expenses	660,846.00	386,917.26
Remuneration to the Supervisory Board	439,521.00	337,160.00
Warranty and claims	148,609.71	373,589.37
Debtors’ discounts	137,406.32	155,959.90
var. other provisions	657,909.85	342,900.58
Total	**34,730,075.90**	**23,625,889.01**

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.

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

Exercise period:

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

Requirements to exercise:

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

- The beneficiary's employment contract with a company pertaining to the AT&S Group remains valid. Subject to certain conditions, rights may also be exercised within a year after expiry of the three year waiting period.
- The required personal investment in the amount of 20% of the first amount granted (in SAR) in AT&S shares is held. If the personal investment is not fully established by the end of the three-year waiting period, the previously granted SAR of the "SAR 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	Heinz Moitzi	Monika Stoisser-Göhring[1)]	Karl Asamer[2)]	Executive employees	Total
1 Apr 2014	40,000	30,000	5,000	30,000	125,000	230,000
thereof expired	-40,000	-30,000	-5,000	-30,000	-125,000	-230,000
1 Apr 2015	40,000	30,000	5,000	30,000	135,000	240,000
thereof expired	-6,134	-30,000	-766	-4,601	-118,064	-159,565
thereof exercised	-33,866	0	-4,234	-25,399	-16,936	-80,435
1 Apr 2016	50,000	30,000	5,000	30,000	135,000	250,000
thereof expired	-6,666	-30,000	-666	-30,000	-113,330	-180,662
thereof exercised	-43,334	0	-4,334	0	-21,670	-69,338
Summe	**0**	**0**	**0**	**0**	**0**	**0**

[1)] The allocation occured before appointment to the member of the management board, termination as a member of the management board as of 15 May 2020.
[2)] Former member of the management board.

The SAR exercised during the financial year had a value of € 133,682.23 when these SAR were exercised.

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.

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

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

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

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

Number and allocation of SAR granted to the management board:

in numbers	Andreas Gerstenmayer	Heinz Moitzi	Monika Stoisser-Göhring[1)]	Karl Asamer[2)]	Executive employees	Total
1 Apr 2017	50,000	30,000	30,000	30,000	157,500	297,500
thereof expired	-50,000	-30,000	-30,000	-30,000	-157,500	-297,500
1 Apr 2018	50,000	30,000	30,000	0	160,000	270,000
thereof expired	0	0	0	0	-72,500	-72,500
1 Apr 2019	50,000	30,000	30,000	0	157,500	267,500
therof expired	0	0	0	0	-57,500	-57,500
Total	**100,000**	**60,000**	**60,000**	**0**	**187,500**	**407,500**

1) Termination as a member of the management board as of 15 May 2020.
2) Former member of the management board.

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

Fair value of SAR granted:

in € Granted on	1 Apr 2018	1 Apr 2019
Fair values as of 31 Mar 2021	1,451,625.00	1,139,880.00

STOCK APPRECIATION RIGHTS PLAN (2020)

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

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

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

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

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

Requirements to exercise:

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

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

Number and allocation of SAR granted to the management board:

in numbers	Andreas Gerstenmayer	Heinz Moitzi	Monika Stoisser-Göhring[1)]	Executive employees	Total
1 Apr 2020	50,000	30,000	30,000	180,000	290,000
therof expired	0	0	0	-12,500	-12,500
Total	**50,000**	**30,000**	**30,000**	**167,500**	**277,500**

[1)] Termination as a member of the management board as of 15 May 2020.

Valuation of SAR at the balance sheet date:

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

Fair value of SAR granted:

in €	Granted on 1 Apr 2020
Fair values as of 31 Mar 2021	3,399,264.00

4.8. Liabilities

ADDITIONAL DISCLOSURE TO LIABILITIES

in €	Balance sheet value as of 31 Mar 2021	Remaining maturity of more than five years	thereof secured by collaterals
Bonds	190,000,000.00	15,000,000.00	0.00
Bank loans	309,111,288.72	20,072,000.00	10,000,000.00
Promissory note loans	742,622,224.34	23,500,000.00	0.00
Trade payables	15,727,621.85	0.00	0.00
Payables to affiliated companies	18,516,446.96	0.00	0.00
Other liabilities	9,220,498.48	0.00	0.00
Total	**1,285,198,080.35**	**58,572,000.00**	**10,000,000.00**

in €	Balance sheet value as of 31 Mar 2020	Remaining maturity of more than five years	thereof secured by collaterals
Bonds	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**

The item “Bonds” contains a, on 17 November 2017, issued hybrid bond with an issuing volume of € 175,000,000 and an interest of 4.75%. 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 € 18,516,446.96 (prior year: € 15,219,135.08). Assigned receivables are provided as collaterals to banks.

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

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

in €	31 Mar 2021	31 Mar 2020
Interest with regard to bonds	2,908,044.52	2,892,294.52
Regional health insurance	1,890,668.60	1,720,654.35
Tax authority	1,099,000.83	959,601.03
Wages and salaries	152,814.82	148,173.25
Communities	149,382.91	135,633.90
Total	**6,199,911.68**	**5,856,357.05**

4.9. Contingent liabilities pursuant to Section 199 UGB

There were no contingent liabilities of guarantees at the balance sheet date (prior year: € 0.00). With regard to contingent liabilities in amount of default risk of the factoring, reference is made to item 4.4. Receivables and other assets.

4.10. Obligations from the use of tangible assets not recognised in the balance sheet

in €	In the following financial year	In the next five financial years
Obligations from sale and lease back transactions	1,424,324.40	7,126,104.96
Prior year:	1,405,650.36	2,459,888.13
Obligations from rental agreements	952,449.48	4,709,357.40
Prior year:	230,810.52	447,301.35
Total	**2,376,773.88**	**11,835,462.36**
Prior year:	1,636.460.88	2,907,189.48

4.11. Other financial obligations

At the balance sheet date, orders in the amount of € 12,907,947.00 (prior year: € 16,274,988.39) were outstanding for replacement and expansion investments.

4.12. Derivative financial instruments

Derivative financial instruments are used to hedge against possible interest rate and currency fluctuations. Hedged items are primarily payments related to loans and promissory notes.

	Nominal value 31 Mar 2021	Fair value 31 Mar 2021 in €	Book value 31 Mar 2021 in €
Interest related products			
Swaps	€ 258,000,000.00	-6,598,848.85	-6,598,848.85

	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

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 2021	31 Mar 2020
Currency related products: Swaps	0	2
Interest related products: Swaps	25 - 52	11 – 64

5. COMMENTS ON INCOME STATEMENT ITEMS

5.1. Revenue

in €	2020/21	2019/20
Abroad	317,823,193.64	329,308,423.52
Domestic	29,549,717.34	27,133,590.82
Total	**347,372,910.98**	**356,442,014.34**

5.2. Other operating income

in €	2020/21	2019/20
Income of taxfree premium	4,906,376.28	3,210,118.38
Income of exchange differences	2,988,523.55	5,170,276.89
Income of non-taxable funds R&D	1,719,822.50	1,521,408.94
Energy tax reimbursements	1,341,854.80	688,913.00
COVID-19 refunds	691,221.88	0.00
Residual of other operating result	2,531,650.02	1,917,132.11
Total	**14,179,509.03**	**12,507,849.32**

5.3. Personnel expenes

a) Expenses for severance payments and contribution to staff provision funds

in €	2020/21	2019/20
Members of the Management Board and executive employees	66,434.25	168,111.10
Other employees	1,303,818.85	1,233,070.85
Total	**1,370,253.10**	**1,401,181.95**

The Expenses of severance payments and contributions to staff provision funds include severance payments in the amount of € 792,593.93 (prior year: € 886,285.57).

b) Expenses for pensions

in €	2020/21	2019/20
Members of the Management Board and executive employees	418,503.89	321,697.86
Other employees	624,884.82	410,080.52
Total	**1,043,388.71**	**731,778.38**

5.4. Other operating expenses

in €	2020/21	2019/20
Third party services	17,297,418.42	15,319,600.44
Rental and leasing expenses	6,675,021.48	4,976,925.47
Costs of exchange differences	5,900,101.12	2,284,539.66
Legal and consulting fees	5,635,667.28	4,084,868.49
Maintenance of factory building and equipment	4,152,486.13	4,066,482.19
Freight outward customers	1,885,246.92	1,795,045.91
Loss of accounts receivable	1,255,316.67	1,558,083.83
Insurance expenses	1,213,992.48	890,685.89
Cost of cleaning of buildings	852,585.70	797,419.96
Marketing costs and commissions for sales agents	808,250.63	1,171,112.54
Travel expenses	210,515.98	2,254,798,41
Expenses for company car	175,404.72	200,518.53
Residual of other operating expenses	4,033,311.06	3,683,287.34
Total other operating expenses	**50,095,318.59**	**43,083,368.66**

5.5. Expenses for the auditor

The expenses for the auditor are disclosed in the consolidated financial statements of AT&S Austria Technologie & Systemtechnik AG, 8700 Leoben-Hinterberg.

6. ADDITIONAL DISCLOSURES PURSUANT TO THE AUSTRIAN COMMERCIAL CODE (UGB)

6.1. Board members, employees

In the financial year the **average number of staff** was:

	2020/21	2019/20
Waged workers	637	633
Salaried employees	674	609
Total	**1,311**	**1,242**

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)
- Simone Faath (since 1 November 2020)
- Ingolf Schröder (since 1 September 2020)
- Heinz Moitzi
- Monika Stoisser-Göhring (Deputy chairwoman until 15 May 2020)

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

- Hannes Androsch (Chairman)
- Willibald Dörflinger (First deputy chairman until 9 July 2020)
- Regina Prehofer (Second deputy chairwoman until 9 July 2020; First deputy chairwoman since 9 July 2020)
- Georg Riedl (Second deputy chairman since 9 July 2020)
- Hermann Eul (since 9 July 2020)
- Karl Fink (until 9 July 2020)
- Georg Hansis (since 9 July 2020)
- Albert Hochleitner (until 9 July 2020)
- Robert Lasshofer (since 9 July 2020)
- Lars Reger (since 9 July 2020)
- Karin Schaupp
- Gertrude Tumpel-Gugerell

Delegated by the **Works Council**:

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

TOTAL REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD:

€ in thousands	2020/21			2019/20		
	fixed	variable	total	fixed	variable	total
Andreas Gerstenmayer	562	331	893	532	284	816
Simone Faath	196	83	279	0	0	0
Ingolf Schröder	329	116	445	0	0	0
Heinz Moitzi	456	240	696	429	0	429
Monika Stoisser-Göhring[1)]	54	26	80	423	0	423
Total members of the Management Board	**1.597**	**796**	**2.393**	**1,384**	**284**	**1,668**
Monika Stoisser-Göhring[1)]	378	184	562	0	0	0
Total	**1.975**	**980**	**2.955**	**1,384**	**284**	**1,668**

[1)] Termination as a member of the management board as of 15 May 2020.

The variable portion of the remuneration of Andreas Gerstenmayer includes no remuneration with regard to SAR in the amount of (prior year: € 284 thousand).

In addition to the above-mentioned remuneration, € 55 thousand (prior year: € 52 thousand) for Andreas Gerstenmayer, € 15 thousand (prior year: € 0 thousand) for Simone Faath, € 22 thousand (prior year: € 0 thousand) for Ingolf Schröder and € 42 thousand (prior year: € 41 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 2021	31 Mar 2020
Andreas Gerstenmayer	150,000	150,000
Heinz Moitzi	90,000	90,000
Monika Stoisser-Göhring[1)]	90,000	90,000
Total members of the Management Board	**330,000**	**330,000**
Karl Asamer[2)]	0	30,000
Total	**330,000**	**360,000**

[1)] Termination as a member of the management board as of 15 May 2020.
[2)] Former member of the management board.

By 31 March 2021, the exercise price of € 21.94 (110,000 pieces) as of 1 April 2018, of € 17.25 (110,000 pieces) as of 1 April 2019, and of € 17.56 (110,000 pieces) as of 1 April 2020 is less than the current price of the shares as of the balance sheet date (€ 30.60).

With regard to members of **the Supervisory Board**, remuneration in the amount of € 439,521.00 (prior year: € 337,160.00) was recognised as expenses and is proposed to the Annual General Meeting.

6.2. Significant events after the reporting period

Until 17 May 2021 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 2021.

Leoben-Hinterberg, 17 May 2021

The Management Board:

Andreas Gerstenmayer m.p. Simone Faath m.p. Heinz Moitzi m.p. Ingolf Schröder m.p.

MANAGEMENT REPORT 2020/21

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MANGEMENT REPORT 2020/21

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

A year with COVID-19

The COVID-19 pandemic caused uncertainty across the globe in 2020 as well as direct and indirect limitations on demand and production. Plant closures, lockdowns and logistical problems imposed major restrictions on trade and led to an economic downturn. Global economic output (GDP) decreased by 3.4% in the past year.[23] The impact of the pandemic on Europe was disproportionately high: in the euro area, GDP fell by 6.8%. In contrast, the economy in China grew by 2.3%. Projections for the current year[23] predict a global upswing with an increase in GDP by 5.6%. The general global economic situation remains volatile even after more than a year of the COVID-19 pandemic. On the one hand, production facilities have adjusted to the circumstances and the vaccines that have been developed show promising results. On the other hand, the rapid spread of variants and varying vaccination progress still cause great uncertainty among the populations.

Further uncertainty emanates from the geopolitical situation, above all from the persisting tensions between the USA and China. Over the past years, the situation between the two countries has repeatedly escalated, resulting in trade restrictions, which also affected the 5G technology via restrictions in the areas of goods transfer and software. Even though only certain - and usually special - products have been affected, uncertainty is caused by the lack of predictability of the situation and the far-reaching indirect consequences. Countries such as the USA, Japan, and the European Union responded by setting up programmes with the objective of bringing back supply chains into their countries, especially in the electronics sector. As delivery routes partially collapsed at the beginning of the pandemic, these initiatives continued to gain relevance. As a result, major semiconductor manufacturers in particular have announced significant investments over the past months.

1.3.Industry environment

Industry trends: digitalisation boost due to the effects of the pandemic – sharp increase in notebooks, sustainable growth in IT infrastructure, and stronger trend towards electric cars

Under the influence of the COVID-19 pandemic, the electronics industry saw a volatile development: the general economic downturn initially hit the electronics industry directly and hard. As opposed to previous downturns, however, this one was only short-lived. During the 2008 financial crisis, demand for durable goods (in use for longer than one year) fell on a sustained basis and recovered only slowly. After three months, demand for durable goods already recorded an increase again.[24][25] Money saved from reduced spending on transportation, holidays, and recreation due to work from home and lockdowns allowed higher spending on these durable goods. Consequently, the very rapid and massive slump in demand in all segments, especially in the electronics sector, was followed by a genuine boom in the second half of the year. Depending on the segment, it varied in strength and overall only partially compensated for the preceding downturn. Actual revenues were further limited by the fact that production had been cut during the first lockdowns and the "reboot" caused disturbances in the supply chains. This is reflected in particular in the current shortage of

[23] OECD "Economic Outlook, Interim Report", March 2021
[24] Prismark "The Printed Circuit Report, Fourth Quarter 2020", February 2021
[25] US BAE "US personal income and consumption", January 2021

semiconductors, which are required above all in the automotive industry, but also in smartphone production. Despite a strong upturn in the second half of 2020, only the computer and notebook segment picked up considerably compared with the previous year.

Everyday life changed significantly for most people in the past year: they have been spending a much larger part of their work, studies and free time at home. As a result, many of them invested in electronics in order to make their restricted surroundings and their daily life more pleasant. Laptop sales, for example, soared both as new purchases and upgrades (+29% YoY).[26] Gaming consoles also recorded strong growth (+32% value YoY),[27] which was additionally boosted by the launch of new models. The sale of TV sets (+4% value YoY)[28] and consumer electronics also saw an unexpected upturn. As mobility in everyday life was restricted and fitness studios were closed, individual sports such as jogging and cycling became increasingly popular. This was directly reflected in increased sales figures for smartwatches (+11% YoY)[29] and headsets, in particular true wireless stereo – two separate headphones without cable – (+73% YoY).

Due to these trends, the printed circuit board market for consumer electronics contracted by only 1%[30] to US$ 7.95 billion in 2020. Annual growth of 5% is projected for the period 2020 to 2026. The market for printed circuit boards for computers grew by 13.4% to US$ 16.4 billion in the past year. Experts expect annual growth of 4% up to 2026.

The smartphone market collapsed at the beginning of 2020 and, following a recovery, stagnated at the pre-crisis level (-7% YoY).[31] The development was influenced by the uncertain overall situation, the postponement of the release of flagship models and sanctions. Nonetheless, 5G was booming (+1491% YoY).[31] The share of 5G-capable smartphones in the overall market increased rapidly. This trend was particularly strong in China. Since June 2020, more than 60% of new smartphones sold have been 5G-capable in China.[32] In Europe and the USA, the trend towards 5G set in much later because of the delayed market launch of flagship models and slower infrastructure development.

This multifaceted growth in demand of different types of end devices ultimately leads to a greater and sustainable increase in demand in the area of communication infrastructure. First of all, 5G-capable end devices need a suitable base station to unfold their full performance. Although the development was delayed as a result of political decisions to exclude individual suppliers in some regions, it nonetheless proceeded rapidly even during the year of the pandemic. The share of the world's population with access to 5G infrastructure consequently rose from 2% in 2019 to 15% in 2020.[33] In the past year, the printed circuit board market for communication technology – end devices and infrastructure – grew by 4.3% to US$ 17.96 billion[30], with annual growth of 6% expected through to 2026.

The data management required in the course of digitalisation comprises the generation, transmission, analysis and storage of data. This interrelation resulted in a rapid increase in demand not only for communication infrastructure, which is necessary for data transmission, but also for server infrastructure for analysis and storage. This is another area where the COVID-19 pandemic acted as a catalyst. Along with the growth in end devices, it is primarily the increased use in time, variety and data volume that drives demand here. While professional computer gamers were often derided in Europe only a few years ago, the e-sports industry has turned into a billion-euro business with a steadily growing number of users.[34] Digitalisation is increasingly also entering broad sections of the population. The number of users of video-on-demand platforms for example recently rose by about 7% annually.[35] This growth is expected to accelerate further to nearly 9% in the wake of the COVID-19 pandemic.[35] This leap is even more impressive in digitalisation in retail. In the

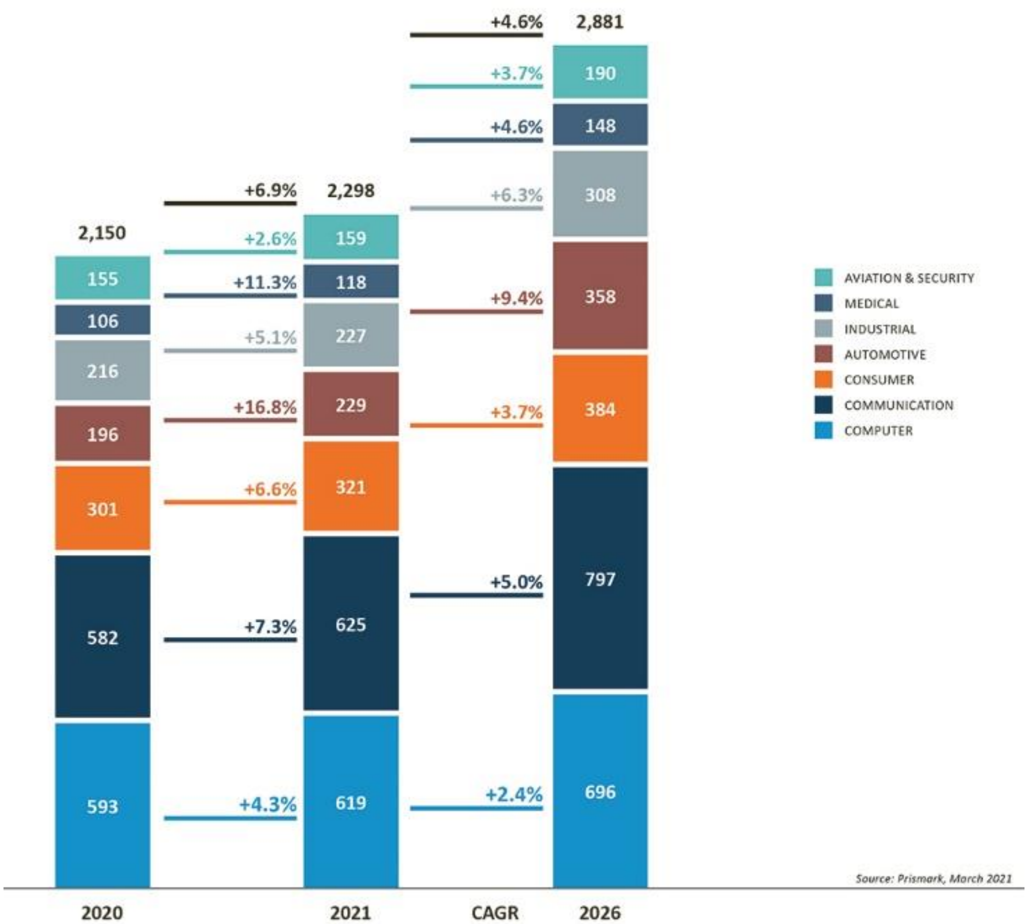
[26] IDC "PCD Tracker Q4 2020", February 2021
[27] Prismark "Electronics Supply Chain Reporter, Q4 2020", December 2020
[28] Prismark "Electronics Supply Chain Reporter, Q1 2021", March 2021
[29] IDC "Wearables Tracker Q4 2020", February 2021
[30] Prismark Partners LLC "Application Forecast", March 2021
[31] IDC "Mobile Phone Tracker 2021Q1", March 2021
[32] Bernstein "Global Semiconductors: Asian Semis, QCOM - China Smartphone Tracker (Feb)", March 2021
[33] Ericsson "Ericsson Mobility Visualizer", January 2021
[34] Newzoo "Global Esports Market Report", March 2021
[35] Yole Development "Computing for Datacenter Servers – Market and Technology Report 2020", December 2020

USA, for example, the share of online trading soared from 17% to 33% within two months.[36]

Trends such as those towards more e-sports, video-on-demand and online trading accelerate the need for more IT infrastructure – even if the number of end devices remains constant. The number of servers in data centres is projected at 5% stable growth.[37] As complexity is steadily increasing, the growth of semiconductors in servers is forecast at 11% annually.[35]

The COVID-19 pandemic had a massively negative impact on the automotive industry. Global automobile production fell from 89 million in 2019 to 75 million in 2020.[38] The lockdown-related production stops in many countries hit a stagnating automotive market. After a sharp drop in production by more than 40%[38] year-on-year in the first quarter, a rapid recovery followed in

Electronics market by segment
US$ in billions



Source: Prismark, March 2021

[36] McKinsey & Company, Accelerating digital capabilities to recover from the COVID-19 crisis, July 2020

[37] Gartner, “Semiconductor Forecast Database, Worldwide, 4Q20 Update”, December 2020

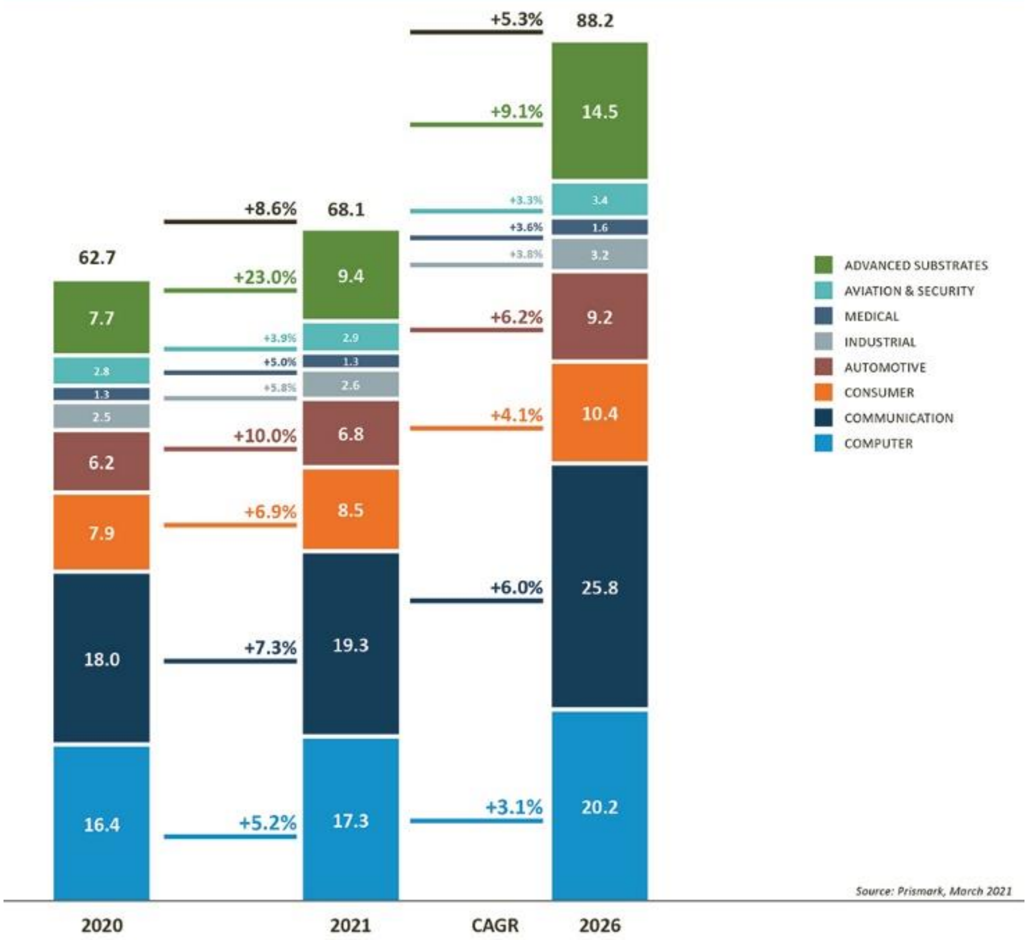
[38] LMC Automotive “Global Light Vehicle Forecast Q4 2020”, January 2021

the second quarter. Nevertheless, the automotive market has so far not been able to return to the pre-crisis level. The continued global bottlenecks in semiconductors massively and sustainably restrict production. The situation is expected to ease at the earliest in the second half of 2021 and a production level of more than 90 million vehicles will only be achieved in the course of 2022.[39]

trend towards e-mobility. In 2020, global sales of battery electric vehicles (BEV) rose by 27% despite the crisis.[39] Western Europe stands out in particular, with growth of 105%.[39]

Along with the increase in the number of electric vehicles, it was primarily driver assistance systems that pushed the demand for electronics in the automotive industry. Nonetheless, demand

Substrates and PCB market
US$ in billions



A variety of measures were initiated worldwide to support the automotive industry during the crisis. In many cases, especially in Europe, the subsidies were linked to environmental protection goals, thus additionally speeding up the current

was down 11.4% on the previous year and totalled US$ 202 billion.[30] In parallel, the demand for printed circuit boards in this segment also decreased by 9.7% to US$ 6.2 billon. Growth is expected at 7% annually for the period 2020 to 2026

[39] LMC Automotive “Impact Report 15.2.21”, February 2021

and will be driven by driver assistance systems: radar, lidar and camera sensors require state-of-the-art printed circuit board technology and are increasingly designed as modules. The central processing units, which analyse the sensor data and translate them into driver decisions, are technologically ever more sophisticated and increasingly comparable to small servers. This development will generate a new market for reliable high-end printed circuit boards and IC substrates.

In the industrial segment, the effects of the crisis varied: the expansion of the key technology 5G infrastructure was temporarily slowed down. However, driven by relevant support measures it is now running again. The engineering sector stagnated. Leading-edge segments such as the construction of industry robots, connectivity, sensors and industrial cameras for image recognition experienced a particular boom and are expected to continue their steady growth. Camera modules for industrial applications, for example, are projected to grow by 12% annually[40] and collaborative industry robots, so-called cobots, by 28%[41] annually. The market for printed circuit boards for industrial applications declined by 5.4% to US$ 2.5 billion in 2020.[30] For the years up until 2026, annual growth of 4% is expected.

The medical electronics segment was also hit hard by the crisis. Initially, demand declined overall as treatments were suspended. However, due to the rapid refocusing on COVID-19 treatments, demand for ventilators skyrocketed. Similar to other industries, the crisis served as a catalyst for the digitalisation trend.[42] As a result, telemedicine was utilised more intensively, the use of health wearables as part of therapy strategies increase and the application of AI in diagnostics was also expanded. The market for printed circuit boards for medical electronics decreased by 1% compared with 2019 to US$ 1.25 billion.[30] Annual growth of 4% is expected through to 2026.

Technology: Modularisation and chiplets

The product portfolio of AT&S comprises not only printed circuit boards for system applications (motherboards), but also state-of-the-art printed circuit boards for modules, which in turn are assembled on a motherboard as components, and IC substrates, which form the basis of the housing of an IC. AT&S thus participates in the innovation at all three levels.

Generally speaking, technological trends towards miniaturisation continued in wearables (smartwatches, headphones), smartphones and notebooks: The increased functionality of smartwatches requires more sensors and processing power, which needs to be accommodated in a small package. This trend is even more clearly visible in true wireless stereo headsets. In comparison with conventional radio headsets, the space available is significantly smaller. Moreover, radio modules and antennas require additional space due the two separate units. In the smartphone segment, the trend towards larger batteries and consequently smaller, more complex and more powerful printed circuit boards also continues.

In addition to this trend which is driven by system design, growing functionality leads to greater demand for increasingly more complex modules. 5G is the key here: on the one hand, antennas are increasingly integrated into the modules (mmWave antenna-in-package – AIP); on the other hand, backward compatibility with older mobile standards requires ever more complex radio modules. In addition, 5G radio modules are not only used in smartphones but are also applied in the automotive sector (V2X) and industrial production (M2X).

Along with the need for modules, the demand for IC substrates is also increasing. High-power semiconductors used in IT infrastructure are among the key drivers. Growth is accelerated not only because of the increasing overall demand for IT infrastructure but also through changed requirements: There are more and more applications that are subsumed under the concept of artificial intelligence (AI). They include above all voice and image recognition, but also other specialised algorithms for data analysis or to predict user behaviour. In order to be able to execute such programs and algorithms in the cloud (i.e., a processing centre) rather than on an end device, increased use is made of specialised microchips. These are

[40] Yole "Machine Vision for Industry and Automation 2021, Market and Technology Report 2021", January 2021
[41] Statzon "2021 Global Collaborative Robot Industry Report", March 2021
[42] Roland Berger "COVID-19: Konsolidierungsturbo für die MedTech-Branche", November 2020

graphic cores (GPU), programmable logic (e.g., FPGAs) or special developments. These types of chips are assembled additionally onto so-called AI accelerator cards in servers. In addition to general electronics requirements for the IT infrastructure, this increases the need for high-end semiconductors.[3543]

To account for this steady rise in processing requirements, the number of semiconductors is increased. At the same time, semiconductors themselves are also becoming faster and more efficient. In the past, improved performance of semiconductors, especially high-performance semiconductors, was achieved on the basis of improved silicon processes. These optimisation possibilities have reached physical and process limits for several years now. Therefore, semiconductor manufacturers began to implement multiple cores in a semiconductor computing simultaneously. Today, a CPU has multiple cores as a standard. However, there are also limitations: the size of a chip limits the number of cores as well as the storage space, which can be integrated directly. The latest possibility to further enhance performance within an assembly is referred to as heterogeneous integration. In this process, multiple chips (called chiplets), which contain computing cores, storage, or even special functions, are connected within a package.

Heterogeneous integration is a way to revive the growth of processing speed based on Moore's Law. The physical proximity of the cores to each other allows both very low latency and very high bandwidth. For IC substrates this means a significant increase in size and complexity. In order to further enhance performance, silicon bridges which can be integrated into the substrate by embedding are used. This allows a further increase in connection density and, consequently, in the bandwidth between the chiplets. As a result, the need for large and complex IC substrates increases – with direct effects on the system level since the rising number of ICs and connections also places ever higher demands on the motherboard and modular printed circuit boards.

Additional demand for IC substrates is expected from automotive applications driver assistance systems and infotainment. To ensure the targeted performance for semi-autonomous driving and a modern infotainment system, chip technology is also progressing at very high speed in the automotive segment. This causes demand for IC substrates to increase additionally.

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

2. BUSINESS DEVELOPMENT

2.1.Financial performance

In the financial year 2020/21, AT&S's revenue decreased by € 9.1 million, or 2.5%, to € 347.4 million. This decrease results mainly from lower merchandise sales.

The EBIT margin decreased by -6.4% to -6.2% (previous year: 0.2%) in the financial year under review. The main reasons of the decrease were exchange rate losses, the adjustment of the variable premium to the degree of target achievement, costs from the SAR program and depreciations.

The Financial result amounted to € -2.9 million (previous year: € 20.2 million). The change resulted from expenses from financial fixed assets and marketable securities of € 33.5 million due to valuation losses of the weaker US dollar (previous year: € 0.0 million). The income from the disposal or revaluation of financial assets and marketable securities of € 2.7 million (previous year: € 7.6 million) includes € 1.9 million resulting of a capital repayment of an affiliated company. Investment income of € 21.8 million (previous year: € 0.0 million) as well as a reduced interest expenses of € 24.6 million (previous year: € 25.5 million) had a positive effect. Lower income of loans of € 30.4 million (previous year: € 34.9 million) and the decreased other interest and similar income of € 0.3 million (previous year: € 3.3 million) had an impact on the financial result.

Income taxes are impacted by the reduction of deferred taxes resulting in deferred tax expenses of € 2.0 million (previous year: € 3.9 million). The current tax expense decreased by € 1.2 million to € 0.4 million.

Due to the described effects on the operating result and the financial result, the Net income for the year amounts to € -26.9 million (previous year: € 15.5 million).

2.2.Financial position

The book value of Property, Plant and Equipment increased from € 59.2 million to € 70.7 million due to investments in technology upgrades. The book value of Intangible assets decreased from € 7.1 million to € 5.8 million due to a higher depreciation in the financial year under review.

The Shares in affiliated companies decreased from € 258.7 million to € 251.4 million due to a capital repayment at the AT&S Korea Co., Ltd. The book value of loans to affiliated companies increased from € 657.9 million to € 850.4 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 increased from € 23.4 million to € 29.6 million. Receivables and other assets have gone up from € 54.7 million to € 63.9 million. The increase of trade receivables and other receivables is partly offset by a decrease in receivables from affiliated companies. Liquid funds increased from € 277.3 million to € 347.4 million due to cash and cash equivalents received from bank loans and promissory notes.

In the current financial year Deferred tax assets decreased from € 23.9 million to € 21.9 million. This is mainly caused by a decrease in the recognized deferred taxes on tax loss carry forward.

At the balance sheet date 31 March 2021, the Shareholders' equity decreased from € 333.0 million to € 296.3 million. The decrease was caused by the annual net income for the year of € -26.9 million and the dividend payment of € 9.7 million. At the balance sheet date, the equity ratio decreased from 24.3% to 17.9% due to the higher total assets and a lower equity.

In the financial year 2020/21, AT&S's Net debt increased from € 663.6 million to currently € 892.6 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 199.3% to 301.2%.

2.3.Cash flow statement

The Cash flow statement subtotals were calculated in accordance with expert opinion AFRAC 36 "Geldflussrechnung UGB (June 2020). The comparative figures have been adjusted to the expert opinion.

The net cash flow from operating activities shows a decline in the financial year 2020/21. The lower cash flow from operating activities of € 2.4 million (previous year: € 16.0 million) is mainly caused by an increase of the stock, as well as by deviations at trade receivables and other receivables.

With respect to investing activities, AT&S invested a total of € 32.2 million (previous year: € 27.4 million) in intangible and tangible assets in the financial year 2020/21. These payments and higher loans to affiliated companies resulted in a net cash flow from investing activities in an amount of € -196.9 million (previous year: € -130.8 million).

From the taking up of bank loans, promissory note loans and registered bonds in the amount of € 386.0 million (previous year: € 80.0 million), which were partially used for the optimisation and the repayment of financial liabilities with higher interest rates, resulted a cash flow from financing activities of € 264.7 million (previous year: € 7.8 million).

Cash flow statement (short version)

€ in millions	2020/21	2019/20	2018/19
Net cash flow from operating activities	2.4	16.0	20.1
Net cash flow from investing activities	-196.9	-130.8	-15.6
Net cash flow from financing activities	264.7	7.8	121.3

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, special applications and customer proximity are particularly important. Based on the production and technology diversity, the flexibility in manufacturing and the broad customer spectrum, 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 2020/21 and are about to enter mass production. In addition, investments were made in the expansion of the IC core line in order to provide capacities for the Chongqing plant. The plant in Fehring serves all Industrial, Medical and Automotive segments. Due to a lack of utilisation in the second quarter, short-time work had to be implemented at the Fehring plant, which has, however, been running at good capacity again since the fourth quarter of 2020/21.

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 2020/21; these were produced for the Automotive, Industrial, Medical segment.

Chongqing The location in Chongqing currently comprises two operating plants and one plant under construction for high-end products. The full expansion of the plant Chongqing I for IC substrates (Integrated Circuit Substrates) is in its final stage and additional manufacturing capacity was increased as planned and placed on the market in the course of the year. The plant operated at capacity throughout the year. The construction of the second, new plant for IC substrates (Chongqing III) proceeded as scheduled and the installation of machinery began in the last quarter. The first additional capacity from the new plant can be expected in the second half of the financial year 2021/22. At the plant Chongqing II for mobile applications, high-end mSAP printed circuit boards and printed circuit boards for modules are produced. In Plant II, too, capacities are currently being fully expanded in order to serve growing customer demand in the high-end segment.

Ansan The very positive development of the site in Korea continued in the financial year 2020/21, in particular in the medical technology segment for European and American customers. The expansion of the plant was started in the financial year 2020/21 and the new production building was completed in the fourth quarter, with production starting in the first half of 2021/22

Nanjangud The site was heavily affected by COVID-19 in the first quarter and operated at very limited capacity. The location recovered in the second half of the year and the plant operated at full capacity again, mainly serving customers from the Automotive and Industrial segments. The qualification for HF and HDI products was continued, thus further pursuing the strategy towards higher-quality technologies in the product mix.

Hong Kong 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. The proximity to the customers' CEMs and to suppliers is a locational advantage which is highly valued by business partners.

Sales support companies The sales support companies in America, Germany, Japan and Taiwan continued to ensure good and close contact with customers in the financial year 2020/21.

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 2021, 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 2021, roughly 64.4% of the shares were in free float. With the exception of the shareholdings stated below, no other shareholder held more than 10% of the voting rights in AT&S. No shares with special control rights exist. The exercise of the voting right by employees who hold shares in the Company is not subject to any limitations.

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

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

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

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%

Association resulting from the issuance of shares from the approved capital.

Furthermore, the Management Board was authorised by the Annual General Meeting until 3 July 2024, subject to the approval of the Supervisory Board, to issue one or several convertible bearer bonds at a total nominal amount of up to € 150,000,000 and to grant to bearers of convertible bonds conversion rights and/or subscription rights for up to 19,425,000 new no-par value bearer shares in the Company in accordance with the convertible bond terms and conditions to be defined by the Management Board. The Management Board was authorised, subject to 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 2021.

Free reserves

At the 26th Annual General Meeting of 9 July 2020 the Management Board was authorised to reallocate an amount of up to € 80,000,000 of the balance sheet profit carried forward to new account – after dividend distribution – to free reserves, subject to the approval of the Supervisory Board.

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

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

For further information, please refer to the notes to the consolidated financial statements (Note 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 2020/21.

4. RESEARCH AND DEVELOPMENT

Structural development of technological opportunities

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

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

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

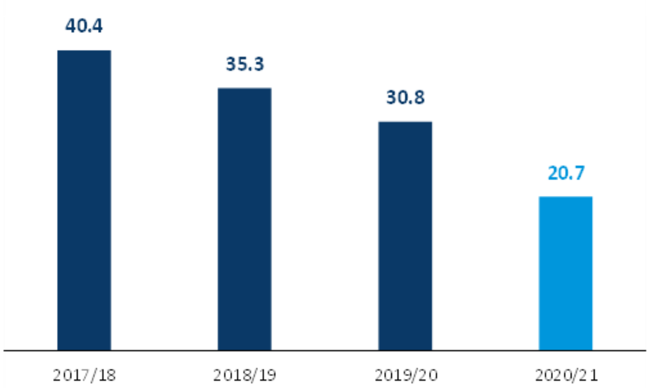
Performance and performance efficiency: In electrification, there is currently a strong trend towards carbon-neutral energy production, new energy source systems and forms of propulsion in view of the sustainability endeavours. To this end, carbon-based solutions are increasingly replaced by energy-saving electronic solutions. AT&S focuses its development activity on systems which enable optimum power supply with the lowest electrical losses from energy production to usage, and can therefore switch, control and transmit high loads.

Manufacturing of the future: Industrial production processes will change fundamentally in the decades to come. The processes will increasingly be organised using artificial intelligence (AI), and sustainability will also play a key role: the manufacturing of products must involve minimum consumption of natural resources, be highly reliable and enable the reuse 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.

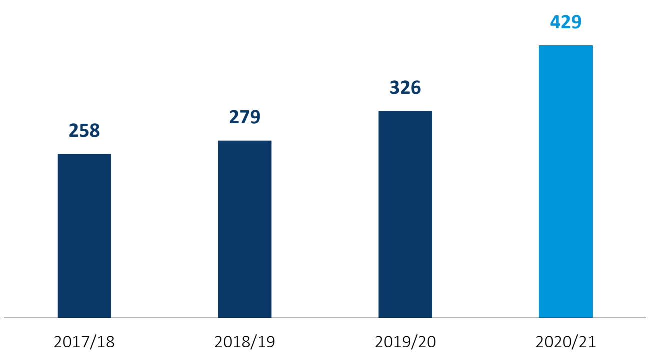
Innovation rate still high

The Vitality Index measures the impact of the innovative strength of a company. It describes the share in revenue AT&S has generated with innovative products launched on the market in the past three years. Generally speaking, the Vitality Index is higher in the years following the successful implementation of new technologies and lower in the development phase of new technologies (i.e. during the phase before their market launch). The latter effect can be observed in the past financial year. AT&S is currently in a very intensive phase of technology development and implementation. AT&S strives for a mean annual Vitality Index of at least 20%. In the past financial year, a Vitality Index of 20.7% was recorded.

Vitality Index
in %



Number of patents granted



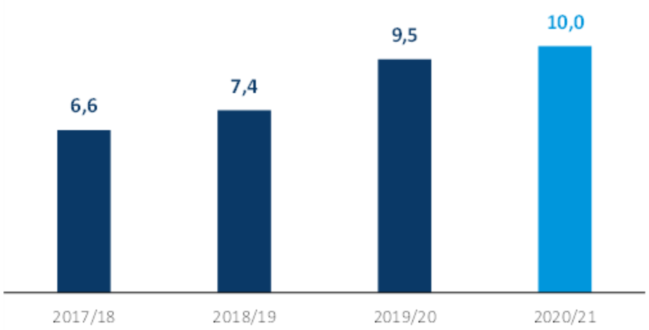
AT&S is currently concentrating on new technologies for the production of more powerful and energy-efficient substrates for computer processors. Another focus is on technologies for the production of modules (electronic units for specific tasks connecting several components with each other) and new solutions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

The innovative strength and long-term competitiveness of a company are also reflected in the number and quality of its patents: AT&S submitted a total of 67 new patent applications in the financial year 2019/20. At present, AT&S has 408 patent families, which result in 429 granted patents. The IP portfolio is further strengthened by externally acquired licenses, in particular in the area of embedding technology.

R&D expense: 10% of revenue

The costs of research and development projects totalled € 118.9 million in the financial year 2020/21. This corresponds to a research rate (i.e. ratio to revenue) of 10.0% compared with 9.5% in the previous year. Based on the continuously high research rate, AT&S is securing its position as the technology leader for the years to come.

Research rate
in %/ratio to revenue



Two-level development process

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

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

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

These development activities are accompanied by developments in the virtual world. Product properties, reliability behaviour and processes are increasingly supported by simulation. The centre for these developments is based at the location in Leoben.

Key development projects

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

Intensive work on projects for the new 5G mobile communication standard 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 (25-30 GHz). In addition, the first projects exploring the range up to 140 GHz have been launched. Here, entirely new printed circuit board and interconnect systems have to be developed which transmit the signal optimally and keep losses as low as possible. In doing so, AT&S is working with important companies along the value chain as well as with customers.

Developments regarding the use of new digitalisation methods were advanced significantly. Analyses, error detection as well as some developments are increasingly transferred into the virtual world. Due to the complex nature of the printed circuit board/substrate/package system, great efforts are undertaken to be able to provide the basis and develop appropriate methods for this purpose.

Cooperation with research institutions

The national and international collaboration with research institutions was further intensified in the past financial year. Despite the difficult conditions for an intensive exchange with new partners, the Indian Institute of Technology (Delhi and Madras) and the Indian Institute of Science (Bangalore) have been added to the list of our most important research partners. In addition, a Christian Doppler Laboratory was opened at the Graz University of Technology, which deals with exploring new high-frequency systems.

5. OPPORTUNITIES AND RISKS

5.1. Opportunities and risk management

STRUCTURE AND INSTRUMENTS

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

AT&S RISK MANAGEMENT PROCESS

_Risk strategy
defined by the Management Board and process owners.

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

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

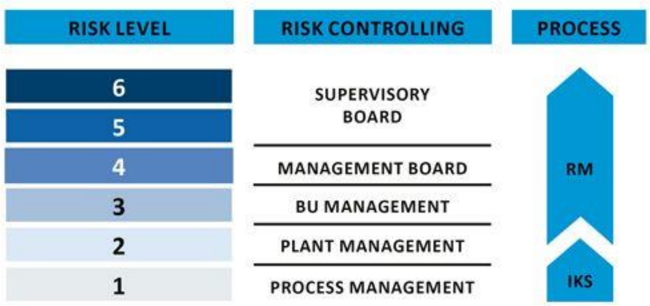
_Aggregation & reporting
aggregation and regular reports on all significant risks (risk level ≥3) to the Management Board and Audit Committee by the Risk Manager.

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

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

Figure 1: AT&S Risk Management Process

AT&S RISK LEVELS AND RISK CONTROLLING



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

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

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

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

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

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

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

RISK MANAGEMENT IN 2020/21

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

5.2. Explanation of individual risks

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

Risk category	Significant risks & opportunities	Trend	Risk mitigation & opportunity realisation
STRATEGY	• Sales price development • Capacity utilisation • Technology development • Investments	↘	• Consistent focus on high-end technologies & target applications • Customer proximity and early customer contact • Technology development projects & technology roadmap • Market analysis, strategy review and adaption
MARKET	• Market and segment development • Development of key customers • Sales strategy and implementation	↘	• Balanced segment portfolios and diversification of the customer portfolio • New customer acquisition & share increases with existing customers • Consistent acquisition of defined target applications
PROCUREMENT	• Development of procurement prices • Single-source risk	→	• 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 is investing in a new plant in Chongqing and expanding existing capacities at the Leoben plant. The investment is based on the growing demand for IC substrates, in particular for the application in high-performance computer modules. Concurrently, AT&S reviews suitable options for future growth opportunities to be prepared for possible market developments.

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

Competition risk

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

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

The demand for ABF substrates, which are produced at the location in Chongqing, China, continues unabated. AT&S is investing in the development of existing areas for the production of ABF substrates in Chongqing to meet this demand. The capacity expansion will continue to support company growth and enables AT&S to establish itself with new customers. However, the market for IC substrates is also 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 such as those in South Korea and China.

In addition, a difficult market environment in the financial year 2021/22 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. Despite the acceleration of digitalisation caused by the pandemic and the resulting increase in demand for high-end interconnect solutions, the uncertain development of the COVID-19 pandemic may still lead to a negative business development. The recovery of the markets weakened by the pandemic leads to different developments in the segments. In the Automotive segment, a bottleneck in chips is currently slowing down the upturn in the market. 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 disproportionately 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 70% of total revenue. Our long-term relationships with these customers also offer excellent opportunities for the future. However, concentration of this kind also poses risks in the event that there is a significant reduction in business volume or profitability from these customers. 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 and availability

Price fluctuations in energy and raw materials (gold, copper and laminates) can have both a positive and a negative impact on achievable margins in the short term. The focus in the financial year 2020/21 was on the availability of raw materials as well as on price development. AT&S was able to reduce the procurement risk based on targeted supplier management. However, the current trend of rising raw material prices is expected to continue in the coming financial year since global production capacities of materials have declined due to the COVID-19 pandemic, while global demand is growing again. The development of prices and the availability of raw materials such as copper can have a massive impact on the business development. Raw material shortages lead to longer lead times in terms of delivery dates. Increasing transport costs, in particular for air and sea freight, as well as scarce transport capacities, confront AT&S with additional challenges. Strong demand for production equipment causes longer delivery times for machinery and can delay planned investments. Capacity shortages of production materials, components and equipment can also occur in the growth markets targeted by AT&S in the future and influence the business development of AT&S.

Suppliers

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

BUSINESS ENVIRONMENT

Location-specific risks

The 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.

Numerous protective measures have been taken aiming to optimally protect employees from the SARS-CoV-2 virus while at the same time keeping up ongoing operations and thus securing jobs. Mandatory face masks were introduced on the company premises, remote working regulations massively extended, canteen operations limited and business travel stopped. 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 still influence the business development. The global effects of the pandemic could lead to weaker demand in some customer segments.

Political risks

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

The 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 with all applicable laws and regulations on the part of its employees. The Governance, Risk & Compliance Committee (GRC Committee) pursues the objective of identifying and mitigating potentially relevant compliance and governance risks. In addition, AT&S introduced the whistleblowing platform “We Care”, which enables employees and external third parties to report potential compliance violations. In the financial year 2020/21, compliance training was revised, updated and put into a modern, interactive form of presentation, which was integrated into the company’s Learning Management System. Based on these measures, the number of people completing the training was increased significantly across the Group.

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 2020/21 was on the roll-out of the Information Security Management System (ISMS) at the locations in China and India. As a result, these locations were certified according to ISO 27001:2013. Alignment with international IT standards ensures safe handling and appropriate access to information, and the availability of reliable systems. Subsequently the roll-out is planned at the production site in Korea.

OPERATIONS

Quality and delivery performance

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

Intellectual property

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

Technology and project development

The establishment and expansion of capacity for IC substrates in Chongqing 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 the installation and qualification of the new plant in Chongqing. The start-up of production is planned for the coming financial year.

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, 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 statement.

Tax risk

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

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

Macroeconomic development

Despite the uncertainty caused by the COVID-19 pandemic, the forecasts[44] for 2021 project a global upswing with an increase in GDP by 5.6%. The general global economic situation will remain volatile even after more than a year of the COVID-19 pandemic. The additional political support measures, especially in the USA and Europe, the continuously improving availability of vaccines and the increasing vaccination rate have a positive impact on the economic development.

Demand is growing for both the communication infrastructure required for data transmission and for processing capacity. Along with the increase in mobile devices, it is above all the increase in usage that drives the demand. Growing data traffic and data volume have a positive impact on demand in this context. Market analyses project further growth of 7% for printed circuit boards and of 23% for IC substrates in the 2021 calendar year.

Structural trends drive growth

In the financial year 2021/22 the global development towards a digital society will continue. The use of increasingly smart devices, i.e. equipped with intelligence, and increasing interconnectedness generate exponentially growing amounts of data. AT&S is ideally positioned with its solutions and services in all the market segments affected by this. AT&S will use the opportunities arising as a result to continue to grow faster than the market in the future. To expand our performance, we consistently invest large amounts in technology development and capacity expansion. Our long-term corporate goals reflect our clear growth ambitions in profitable market segments and applications.

The positive outlook of the electronics industry is currently dampened by a shortage of semiconductors. The expectations for AT&S's individual segments are currently as follows: the persisting strong demand for IC substrates continues to offer significant growth opportunities in the medium term. The 5G mobile communication standard will continue to drive growth in the area of Mobile Devices. An upturn is expected in the Automotive segment despite the semiconductor shortage. Driven by a boom in industrial robots and the roll-out of the 5G infrastructure, the Industrial segment will continue to see a positive development in the coming year. AT&S expects a positive development in the Medical segment for the current financial year.

Operationally, AT&S will concentrate on the start-up of the new production capacities at Plant III in Chongqing, technology upgrades at other sites and, of course, continuing to drive business performance.

Investments

The Management Board considers the market trends to be fully intact. Therefore, AT&S will continue its investment programme for new capacities and technologies unimpeded in the current financial year as previously announced. Up to € 100 million is budgeted 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 € 450 million for the financial year 2021/22 depending on the progress of projects, plus another € 80 million due to period shifts between the financial years.

Overall guidance for the financial year 2021/22

Against the background of the expectations for global economic growth, the available capacities and the markets relevant to AT&S as described above, the company expects revenue growth of 13 to 15% in the financial year 2021/22, assuming a euro/US dollar exchange rate of 1.18. Taking into account special effects amounting to approximately € 40 million from the start-up of new production capacities in Chongqing, the adjusted EBITDA margin is expected to range between 21 and 23%.

Leoben-Hinterberg, 17 May 2021

The Management Board

Andreas Gerstenmayer m.p.
Simone Faath m.p.
Heinz Moitzi m.p.
Ingolf Schröder m.p.

[44] OECD "Economic Outlook, Interim Report", März 2021

AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2020/21

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

Auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, Leoben (the Company), which comprise the balance sheet as at March 31, 2021, and profit and loss account for the financial year then ended as well as the notes to the financial statements.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion

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

Key Audit Matters

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

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

- Description and Issue

According to section 198(9) UGB, medium-sized and large companies shall recognise future tax deductions resulting from temporary differences between amounts valued according to commercial law and tax law as deferred tax assets. For future tax claims resulting from tax loss carryforwards deferred assets may be recognised to the extent that sufficient deferred tax liabilities are available or persuasive evidence exists which suggests that sufficient taxable income will be available in the future.

In the balance sheet as of March 31, 2021, the company reports deferred tax assets of TEUR 21.974 (prior year: TEUR 23.945). This amount comprises deferred tax assets from deductible temporary differences amounting to TEUR 5.879 and deferred tax assets from tax loss carryforwards amounting to TEUR 16.095. The current tax rate of 25% was used for the valuation. Based on the current tax planning as of March 31, 2021, deferred tax assets were recognised for the portion of tax loss carryforwards amounting TEUR 64.379 (prior year: TEUR 74.328). For tax loss carryforwards amounting to TEUR 55.240 (prior year: TEUR 0) no deferred tax assets were recognised, since it is not sufficiently probable that these can be used in the foreseeable future.

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

The valuation of deferred tax assets requires judgement and involves significant estimation uncertainties, and therefore, constitutes a risk of material misstatement in the financial statement. For this reason, we identified this issue as a key audit matter.

- Our Response

We have

- evaluated the process of calculating the current and deferred taxes,
- verified if the current and deferred tax calculations are mathematically correct and reconciled the calculation of the temporary differences with the underlying data,
- retraced the changes in tax losses carryforward on basis of the preliminary tax calculation,
- analysed the assumptions made relating to the usability of the tax loss carryforwards and the deductible temporary differences as well as challenged the underlying planning assumption, and
- audited the presentation and explanations in the notes to the financial statement.

Other Matter – Audit of the Financial Statements of the Previous Year

The financial statements of the Company for the year ended March 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on May 13, 2020.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Austrian Generally Accepted Accounting Principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We also:

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

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

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

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

Report on the Audit of the Management Report

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

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

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

Opinion

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

Statement

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

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

We were appointed as auditors by the annual general meeting on July 9, 2020 and commissioned by the supervisory board on August 17, 2020 to audit the financial statements for the financial year ending March 31, 2021.

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

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

Engagement Partner

The engagement partner responsible for the audit is Mr. Gerhard Marterbauer.

Vienna, May 17, 2021

Deloitte Audit Wirtschaftsprüfungs GmbH

Gerhard Marterbauer m.p.
Certified Public Accountant

Christof Wolf m.p.
Certified Public Accountant

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

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group Management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Leoben-Hinterberg, 17 May 2021

The Management Board

Andreas Gerstenmayer m.p. Simone Faath m.p. Heinz Moitzi m.p. Ingolf Schröder m.p.

ats.net

Consistency in Change