

# UNIQUE GLOBAL COMPETENCE FROM EUROPE



**AT&S**

# AT & S Austria Technologie & Systemtechnik Aktiengesellschaft

## Annual Financial Report as of 31 March 2023

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

# CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

€ in thousands	Note	2022/23	2021/22
Revenue	1	1,791,344	1,589,867
Cost of sales	2	(1,516,604)	(1,336,950)
<b>Gross profit</b>		<b>274,740</b>	<b>252,917</b>
Distribution costs	2	(52,911)	(44,743)
General and administrative costs	2	(72,341)	(78,747)
Other operating income	4	48,661	44,726
Other operating costs	4	(51,906)	(47,693)
Other operating result		(3,245)	(2,967)
<b>Operating result</b>		<b>146,243</b>	<b>126,460</b>
Finance income	5	58,314	18,257
Finance costs	5	(36,716)	(22,608)
<b>Finance costs - net</b>		<b>21,598</b>	<b>(4,351)</b>
<b>Profit before tax</b>		<b>167,841</b>	<b>122,109</b>
Income taxes	6	(31,197)	(18,819)
<b>Profit for the year</b>		<b>136,644</b>	<b>103,290</b>
Attributable to owners of hybrid capital		18,782	10,452
Attributable to owners of the parent company		117,862	92,838
Earnings per share attributable to equity holders of the parent company (in € per share):	26		
- basic		3.03	2.39
- diluted		3.03	2.39

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in thousands	2022/23	2021/22
<b>Profit for the year</b>	<b>136,644</b>	<b>103,290</b>
Items to be reclassified:		
Currency translation differences, net of tax	(143,188)	158,732
Losses from the fair value measurement of available-for-sale financial assets, net of tax	–	(1)
Gains from the fair value measurement of hedging instruments for cash flow hedges, net of tax	4,572	2,746
Items not to be reclassified:		
Remeasurement of post-employment obligations, net of tax	3,028	(647)
<b>Other comprehensive income for the year</b>	<b>(135,588)</b>	<b>160,830</b>
<b>Total comprehensive income for the year</b>	<b>1,056</b>	<b>264,120</b>
Attributable to owners of hybrid capital	18,782	10,452
Attributable to owners of the parent company	(17,726)	253,668

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in thousands	Note	31 Mar 2023	31 Mar 2022
<b>ASSETS</b>			
Property, plant and equipment	7	2,679,293	1,950,185
Intangible assets	8	24,794	31,807
Financial assets	12	27,694	4,580
Deferred tax assets	6	19,911	24,698
Other non-current assets	9	48,559	11,742
<b>Non-current assets</b>		<b>2,800,251</b>	<b>2,023,012</b>
Inventories	10	145,383	193,236
Trade and other receivables and contract assets	11	394,381	390,266
Financial assets	12	25,141	18,833
Current income tax receivables		4,970	1,056
Cash and cash equivalents	13	791,738	1,119,921
<b>Current assets</b>		<b>1,361,613</b>	<b>1,723,312</b>
<b>Total assets</b>		<b>4,161,864</b>	<b>3,746,324</b>
<b>EQUITY</b>			
Share capital	22	141,846	141,846
Other reserves	23	52,321	187,909
Hybrid capital	24	347,956	388,849
Retained earnings		615,402	533,689
<b>Equity attributable to owners of the parent company</b>		<b>1,157,525</b>	<b>1,252,293</b>
<b>Total equity</b>		<b>1,157,525</b>	<b>1,252,293</b>
<b>LIABILITIES</b>			
Financial liabilities	15	1,033,346	1,276,578
Contract liabilities	16	607,243	446,410
Provisions for employee benefits	17	50,923	55,232
Deferred tax liabilities	6	4,763	2,167
Other liabilities	14	66,278	69,604
<b>Non-current liabilities</b>		<b>1,762,553</b>	<b>1,849,991</b>
Trade and other payables	14	558,545	549,679
Financial liabilities	15	662,433	78,402
Current income tax payables		4,315	9,570
Other provisions	18	16,493	6,389
<b>Current liabilities</b>		<b>1,241,786</b>	<b>644,040</b>
<b>Total liabilities</b>		<b>3,004,339</b>	<b>2,494,031</b>
<b>Total equity and liabilities</b>		<b>4,161,864</b>	<b>3,746,324</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

€ in thousands	2022/23	2021/22
<b>Operating result</b>	<b>146,243</b>	<b>126,460</b>
Depreciation, appreciation, amortisation and impairment of property, plant and equipment and intangible assets	270,473	223,073
Gains/losses from the sale of fixed assets	2,542	1,774
Changes in non-current provisions	(3,356)	1,267
Changes in non-current contract liabilities	136,944	446,374
Non-cash expense/(income), net	(34,627)	5,950
Interest paid	(23,023)	(19,331)
Interest received	12,311	2,432
Income taxes paid	(35,498)	(11,709)
<b>Cash flow from operating activities before changes in working capital</b>	<b>472,009</b>	<b>776,290</b>
Inventories	41,076	(27,661)
Trade and other receivables and contract assets	4,476	(109,500)
Trade and other payables	(51,774)	72,246
Other provisions	10,583	1,817
<b>Cash flow from operating activities</b>	<b>476,370</b>	<b>713,192</b>
Capital expenditure for property, plant and equipment and intangible assets	(1,100,973)	(605,571)
Proceeds from the sale of property, plant and equipment and intangible assets	104,811	3,698
Capital expenditure for financial assets	(61,323)	(17,481)
Proceeds from the sale of financial assets	12,624	39,661
<b>Cash flow from investing activities</b>	<b>(1,044,861)</b>	<b>(579,693)</b>
Proceeds from borrowings	340,085	255,484
Repayments of borrowings	(54,696)	(70,943)
Proceeds from issuing of hybrid capital	–	347,324
Repayments of hybrid capital	(41,393)	(138,584)
Proceeds from government grants	21,404	28,045
Dividends paid	(34,965)	(15,152)
Hybrid coupon paid	(19,466)	(9,304)
<b>Cash flow from financing activities</b>	<b>210,969</b>	<b>396,870</b>
<b>Change in cash and cash equivalents</b>	<b>(357,522)</b>	<b>530,369</b>
Cash and cash equivalents at beginning of the year	1,119,921	552,850
Exchange gains on cash and cash equivalents	29,339	36,702
<b>Cash and cash equivalents at the end of the year</b>	<b>791,738</b>	<b>1,119,921</b>

# 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
<b>31 Mar 2021</b>	<b>141,846</b>	<b>27,079</b>	<b>172,887</b>	<b>460,201</b>	<b>802,013</b>	–	<b>802,013</b>
Profit for the year	–	–	–	103,290	103,290	–	103,290
Other comprehensive income for the year	–	160,830	–	–	160,830	–	160,830
<i>thereof currency translation differences, net of taxes</i>	–	158,732	–	–	158,732	–	158,732
<i>thereof remeasurement of post-employment obligations, net of tax</i>	–	(647)	–	–	(647)	–	(647)
<i>thereof change in available-for-sale financial assets, net of tax</i>	–	(1)	–	–	(1)	–	(1)
<i>thereof change in hedging instruments for cash flow hedges, net of tax</i>	–	2,746	–	–	2,746	–	2,746
<b>Total comprehensive income for the year 2021/22</b>	–	<b>160,830</b>	–	<b>103,290</b>	<b>264,120</b>	–	<b>264,120</b>
Dividends paid relating to 2020/21	–	–	–	(15,152)	(15,152)	–	(15,152)
Proceeds hybrid capital	–	–	347,955	–	347,955	–	347,955
Repayment hybrid capital	–	–	(131,993)	(6,590)	(138,583)	–	(138,583)
Hybrid coupon paid	–	–	–	(9,304)	(9,304)	–	(9,304)
Tax effect hybrid coupon	–	–	–	1,244	1,244	–	1,244
<b>31 Mar 2021</b>	<b>141,846</b>	<b>187,909</b>	<b>388,849</b>	<b>533,689</b>	<b>1,252,293</b>	–	<b>1,252,293</b>
Profit for the year	–	–	–	136,644	136,644	–	136,644
Other comprehensive income for the year	–	(135,588)	–	–	(135,588)	–	(135,588)
<i>thereof currency translation differences, net of tax</i>	–	(143,188)	–	–	(143,188)	–	(143,188)
<i>thereof remeasurement of post-employment obligations, net of tax</i>	–	3,028	–	–	3,028	–	3,028
<i>thereof change in hedging instruments for cash flow hedges, net of tax</i>	–	4,572	–	–	4,572	–	4,572
<b>Total comprehensive income for the year 2022/23</b>	–	<b>(135,588)</b>	–	<b>136,644</b>	<b>1,056</b>	–	<b>1,056</b>
Dividends paid relating to 2021/22	–	–	–	(34,965)	(34,965)	–	(34,965)
Repayment hybrid capital	–	–	(40,893)	(500)	(41,393)	–	(41,393)
Hybrid coupon paid	–	–	–	(19,466)	(19,466)	–	(19,466)
<b>31 Mar 2023</b>	<b>141,846</b>	<b>52,321</b>	<b>347,956</b>	<b>615,402</b>	<b>1,157,525</b>	–	<b>1,157,525</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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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 of Mobile Devices & Substrates, Automotive, Industrial, Medical and Others. The products are manufactured in the European and Asian markets and are directly distributed to original equipment manufacturers (OEM) as well as to contract electronic manufacturers (CEM).

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

### B. Accounting and measurement policies

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

#### a. Consolidation principles

The balance sheet date for all consolidated companies is 31 March 2023, 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 2022), meaning that they were consolidated on the basis of the interim financial statements as of 31 March 2023.

The consolidated financial statements were approved by the Management Board on 15 May 2023. 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 31 May 2023. The separate financial statements of the Company can be modified by the Supervisory Board and, in case of presentation to the Annual General Meeting, by the Company’s shareholders in a way that might also affect the presentation of the consolidated financial statements.

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

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

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

In the financial year 2022/23, a new company was established in Sweden. The effects of the initial consolidation of this company on the consolidated financial statements are immaterial.

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

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

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

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

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

## b. Segment reporting

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

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

- Mobile Devices & Substrates
- Automotive, Industrial, Medical

- Others

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

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

The business unit Others covers corporate and holding activities.

### c. Foreign currencies

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

*Foreign subsidiaries* With the exception of equity positions (historical exchange rate), the balance sheets of AT&S India, AT&S China, AT&S Asia Pacific, AT&S Japan, AT&S Korea, AT&S Americas, AT&S Chongqing, AT&S Malaysia, AT&S Taiwan and AT&S Sweden 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 2023	31 Mar 2022	Change in %	01 Apr 2022 - 31 Mar 2023	01 Apr 2021 - 31 Mar 2022	Change in %
	Chinese yuan renminbi	7.4738	7.0420	6.1%	7.1498	7.4579
Hong Kong dollar	8.5378	8.6853	(1.7%)	8.1995	9.0419	(9.3%)
Malaysian ringgit	4.7917	4.6643	2.7%	4.6329	4.8392	(4.3%)
Indian rupee	89.2900	83.9684	6.3%	83.8214	86.2440	(2.8%)
Japanese yen	145.0400	134.9800	7.5%	140.8161	130.8508	7.6%
South Korean won	1,417.9600	1,345.7967	5.4%	1,361.4682	1,351.7529	0.7%
Swedish Krone	11.2582	10.3360	8.9%	10.8021	n.a.	n.a.
Taiwan dollar	33.1537	31.8146	4.2%	31.6838	32.4252	(2.3%)
US dollar	1.0875	1.1093	(2.0%)	1.0465	1.1613	(9.9%)

### 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 to IFRS 15.35 c. Some of the AT&S Group's customers meet these criteria; therefore revenue is recognised over time in such cases. Progress is measured based on the cost incurred to date in relation to total cost.

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

#### e. Income taxes

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

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

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

Deferred taxes on not yet realised profits/losses of equity instruments, post-employment obligations 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 an 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 (up to € 5 thousand) and for short-term leases (up to 12 months or less) the practical expedients are used and payments are recognised on a straight-line basis as an expense in the statement of profit or loss. In addition, the provisions are not applied to leases of intangible assets.

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

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

### h. Intangible assets

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

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

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits is verifiable.

- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to reliably measure the expenditure attributable to the intangible asset during its development.

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

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

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

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

#### **j. Inventories**

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

#### **k. Trade and other receivables and contract assets**

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

#### **l. Financial assets**

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

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

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

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

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

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

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

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

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

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

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

The first-time recognition at the conclusion of the contract and the subsequent measurement of derivative financial instruments are made at their fair values. AT&S continues to apply the provisions of IAS 39 with respect to hedge accounting. "Hedge accounting" in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", according to which changes in fair values of hedging instruments are recognised in equity, is applied when there is an effective hedging relationship pursuant to IAS 39 for hedging instruments for cash flow hedges. The assessment of whether the derivative financial instruments used in the hedging relationship are highly effective in offsetting the changes in cash flows of the hedged item is



documented at the inception of the hedging relationship and on an ongoing basis. When “hedge accounting” in equity is not applicable, unrealised gains and losses from derivative financial instruments are recognised in profit or loss in “Finance costs - net”.

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

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

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

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

#### **m. Cash and cash equivalents**

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

#### **n. Non-controlling interests**

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

#### **o. Provisions**

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

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

#### **p. Provisions for employee benefits**

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

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

For individual members of the Management Board and certain executive employees, the Group has defined benefit plans that are valued by qualified and independent actuaries at each balance sheet date. The Group’s obligation is to meet the benefits committed to current and former members of the Management Board and executive employees as well as their dependents.

The pension obligation calculated according to the projected unit credit method is reduced by the plan assets of the fund in the case of a funded pension scheme. The present value of the future pension benefit is determined on the basis of years of service, expected remuneration and pension adjustments.

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

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

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

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

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

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

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

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

#### q. Stock appreciation rights

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

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

#### r. Liabilities

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

#### s. Contract liabilities

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

#### t. Government grants

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

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

#### u. Contingent liabilities, contingent assets and other financial obligations

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

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

#### v. First-time adoption of accounting standards

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

- IAS 16: Proceeds before intended use
- IAS 37: Cost of fulfilling a contract
- Annual improvements to IFRS 2018-2020

No material effects resulted from the amended standards.

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

The IASB and IFRIC issued additional standards and interpretations not yet effective in the financial year 2022/23.

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 <sup>1)</sup>	EU <sup>2)</sup>	Expected impacts on the consolidated financial statements
IFRS 14	Regulatory Deferral Accounts	Waiting for final standard	No	No major changes are expected
IFRS 17	Insurance Contracts	01/01/2023	Yes	No major changes are expected
IAS 1	Classification of Liabilities as Current or Non-current	01/01/2024	No	No major changes are expected
IAS 1	Long term liabilities with constraints	01/01/2024	Yes	No major changes are expected
IAS 12	Deferred tax related to leases and decommissioning obligations	01/01/2023	Yes	No major changes are expected
IAS 28, IFRS 10	Investments in Associates: Sales or contributions of assets between an investor and its associate/joint venture	Postponed indefinitely	No	No major changes are expected
IAS 1, IAS 8	Disclosure of Accounting policies and Accounting Estimates	01/01/2023	Yes	No major changes are expected
IFRS 16	Lease liabilities in a sale and lease back transaction	01/01/2024	No	No major changes are expected

<sup>1)</sup> The Group intends to apply the new regulations for the first time in the fiscal year beginning subsequent to the effective date.

<sup>2)</sup> Status of adoption by the EU.

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

The Group uses estimates and assumptions to determine the reported amounts of assets, liabilities, revenue and expenses, as well as other financial liabilities and contingent assets and liabilities. All estimates and assumptions are reviewed on a regular basis and are based on past experiences and additional factors, including expectations regarding future events that seem reasonable under the given circumstances. As part of strategic business planning, the current overall economic conditions, the economic environment and the most recent estimates regarding market developments are considered 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 for the Chongqing project. This technology has been available for use from March 2016 onwards and amortisation has begun. In the financial year 2021/22 costs of € 5,539 thousand were capitalised for the development of the new substrate generation started in 2020/21. The use of this new production method began in the first half of the financial year 2021/22. No development costs were capitalised in the financial year 2022/23.

**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 2023:

€ in thousands	Interest rate	Increase in remuneration	Increase in pensions
	+0.50%	+0.25%	+0.25%
Pension obligation	(1,040)	45	518
Severance payments	(957)	482	–

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 2023:

€ in thousands	Interest rate	Increase in remuneration	Increase in pensions
Pension obligation	-0.50%	-0.25%	-0.25%
Severance payments	1,153	(44)	(496)
	1,029	(468)	–

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

**Impairment tests** Due to the occurrence of a triggering event in the cash-generating units “Hinterberg” and “Substrates-Chongqing”, the corresponding impairment tests were performed.

A change in critical assumptions would have the following effects on the impairment tests as at 31 March 2023 for the cash-generating units “Hinterberg” and “Substrates-Chongqing”:

	Pre-tax discount Interest rate	EBIT margin
	+1.0 pp	-10.0%
CGU Hinterberg and Substrates-Chongqing	no impairment required	no impairment required

Reference is made to Note 7 “Property, plant and equipment”.

**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 € 80,833 thousand were not recognised for income tax loss carryforwards in the Group of € 538,885 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, provisions, the measurement of derivative financial instruments, allowances for doubtful accounts receivable and measurements of inventory. Reference is particularly made to Note 4 “Other operating result”, Note 7 “Property, plant and equipment”, Note 8 “Intangible assets” and Note 18 “Other provisions”.

## D. Effects of COVID-19

The global spread of the coronavirus (SARS-Cov-2) since January 2020 led to worldwide measures to contain the pandemic. The situation eased significantly in the course of the second half of the year and the majority of the measures have since been lifted. The Chinese government also moved away from its zero-Covid strategy and likewise terminated a large part of the measures so that no further lockdowns are to be expected. Despite the positive development, the situation is still being observed.

## E. Effect of geopolitical tensions

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

In addition, the Ukraine-Russia conflict has a negative impact on the development of the Automotive segment. Nevertheless, revenue in AT&S's Automotive segment recorded an increase in 2022/23 compared to the previous year. The temporary shutdown of production facilities and the difficulties regarding the availability of materials confronts car manufacturers with challenges which could also affect AT&S. Along with a direct impact on material supplies and the demand by individual markets, significant secondary effects are also expected. The disruption of food and energy supply as well as transport routes has severe implications. Depending on the duration of the conflict, the effects on the economy as a whole could be immense. The sharp increase in energy prices leads to an increased recession risk, particularly in Europe. Developments in the supply chain and the energy market are continuously monitored in order to be able to respond quickly when necessary. Based on continuous monitoring of the market development, an attempt is made to counter any weakness in demand as early as possible.

A potential aggravation of the trade conflict between the USA and China could lead to an increase in punitive tariffs on imports of certain goods in both countries as well as trade restrictions for technology companies. From the current perspective, the trade conflict only has an insignificant influence on AT&S. Nevertheless, ongoing monitoring of the affected goods is necessary. Moreover, an escalation of the Korea conflict or a war in East Asia (e.g. China and Taiwan) could have a negative effect on operating activities. However, the long-term geo-economic consequences cannot be estimated.

## F. Effects of the climate crisis

Climate risks are also assessed within the framework of risk management. The risk of global warming is considered to be material. To counter this risk, AT&S has chosen a climate-resilient business model and obtains the energy required for production processes from renewable sources where possible. The AT&S energy strategy and the associated decarbonisation goals are effective measures to mitigate climate risks. This energy strategy pursues the target to cover at least 80% of the Group's energy consumption by using renewable energy sources by 2025. Another target is to replace all fossil fuels within the Company's own production sites by 2030 in order to prevent the direct emission of environmentally harmful gases in the Company. Moreover, AT&S focuses on efficient energy management and on increasing the share of green energy when purchasing energy. In addition to the annual definition of energy targets for the individual production sites, efforts are made to increase the share of renewable energy through different measures and to reduce energy consumption. Based on all of these measures, the effects of the climate crisis on the AT&S Group are kept to a minimum. If risk management leads to measures which have an effect on accounting (change in useful lives, additional provision requirements), they are recognised in the financial statements. This may be the case if facilities can no longer be used as a result of legal measures because emissions are too high and therefore have to be replaced by more modern equipment.

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

As part of ESG (Environmental, Social, Governance) opportunities and risk management, material ESG risks are also identified. This also includes climate risks. These risks were considered for an additional scenario in the impairment tests performed and did not give rise to a need for impairment. For further information on the material ESG risks, reference is made to the Non-financial Report 2022/23, section “Anchoring sustainability”.

## G. Investment projects

In order to use growth potential, AT&S has undertaken substantial investments in new technologies (IC substrates) as well as in the further development and capacity expansion of existing technologies in Kulim, Malaysia and Chongqing, China (SLP, mSap, HDI). They are carried out in cooperation with two leading manufacturers of high-performance computing semiconductors. One of the two plants in Kulim is currently being finalised and the first machines have already been delivered. Production is expected to start in 2024. The building envelope of the second plant will be completed. The timing of the procurement and installation of the infrastructure and production equipment for the completion of the second plant depends on the development of the market and the situation of a key customer. Part of the investments in Chongqing in the amount of € 198,161 thousand was financed by customers and recognised as liabilities to financing partners (see Note 15 “Financial Liabilities”). Should there be no need for AT&S to use these facilities in the future due to low demand, AT&S can retain the funds received for investments made.

In addition, the Company is investing in a new R&D centre for substrate and packaging solutions for the global semiconductor industry at its site in Leoben-Hinterberg. As part of the current diversification strategy, new customers were won for the IC substrate segment. As a result of this development, the R&D centre will be expanded to include series production, supported by financing contributions from the new customers.

Unexpected technological developments, changes in demand, restrictions through third-party patents, negative price developments, 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 impact 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.

A triggering event analysis was performed. Reference is made to Note 7 “Property, plant and equipment”.

## 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	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Segment revenue	1,489,697	1,312,580	513,720	457,864	-	-	(212,073)	(180,577)	1,791,344	1,589,867
Internal revenue	(157,613)	(122,015)	(54,460)	(58,562)	-	-	212,073	180,577	-	-
External revenue	1,332,084	1,190,565	459,260	399,302	-	-	-	-	1,791,344	1,589,867
<b>Operating result before depreciation/amortisation</b>	<b>408,846</b>	<b>306,667</b>	<b>16,437</b>	<b>57,473</b>	<b>(8,567)</b>	<b>(14,606)</b>	<b>-</b>	<b>-</b>	<b>416,716</b>	<b>349,534</b>
Depreciation/amortisation incl. appreciation	(233,127)	(190,045)	(30,697)	(28,253)	(6,649)	(4,775)	-	-	(270,473)	(223,073)
<b>Operating result</b>	<b>175,719</b>	<b>116,622</b>	<b>(14,260)</b>	<b>29,219</b>	<b>(15,216)</b>	<b>(19,381)</b>	<b>-</b>	<b>-</b>	<b>146,243</b>	<b>126,460</b>
Finance costs - net									21,598	(4,351)
<b>Profit before tax</b>									<b>167,841</b>	<b>122,109</b>
Income taxes									(31,197)	(18,819)
<b>Profit for the year</b>									<b>136,644</b>	<b>103,290</b>
Property, plant and equipment and intangible assets	2,387,291	1,721,795	263,187	246,492	53,609	13,705	-	-	2,704,087	1,981,992
Additions to property, plant and equipment and intangible assets	1,031,494	619,678	146,193	107,919	56,398	6,665	-	-	1,234,085	734,262



## Information by geographic region

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

€ in thousands	2022/23	2021/22
Austria	27,256	21,612
Germany	186,999	159,793
Other European countries	100,631	97,115
China	4,348	9,513
Other Asian countries	95,584	87,037
Americas	1,376,526	1,214,797
<b>Revenue</b>	<b>1,791,344</b>	<b>1,589,867</b>

75.1% of total revenue (previous year: 70.2%) is attributable to the five largest customers in terms of revenue, where the range is between 2% and 37% (previous year: 1% and 41%).

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

€ in thousands	31 Mar 2023	31 Mar 2022
Austria	248,094	186,579
China	1,853,501	1,646,725
Others	602,492	148,688
<b>Total</b>	<b>2,704,087</b>	<b>1,981,992</b>

# III. NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## 1. Revenue

€ in thousands	2022/23	2021/22
Main revenue	1,791,327	1,589,836
Incidental revenue	17	31
<b>Revenue</b>	<b>1,791,344</b>	<b>1,589,867</b>

The main revenue is generated 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:

€ in thousands	Mobile Devices & Substrates		Automotive, Industrial, Medical		Group	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Segment revenue	1,332,084	1,190,565	459,260	399,302	1,791,344	1,589,867
Type of revenue recognition						
Point in time	709,572	451,858	66,507	52,974	776,079	504,832
Over time	622,512	738,707	392,753	346,328	1,015,265	1,085,035

## 2. Types of expenses

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

€ in thousands	2022/23	2021/22
Cost of materials	660,925	670,963
Staff costs	419,579	370,876
Depreciation/amortisation	268,662	199,826
Purchased services incl. leased personnel	29,455	22,639
Energy	89,031	66,362
Maintenance (incl. spare parts)	90,371	92,683
Transportation costs	27,873	24,916
Rental and leasing expenses	15,564	10,795
Change in inventories	(29,290)	(66,774)
Legal and consulting fees	21,179	12,517
IT service, third parties	16,532	10,951
Administration services third parties	15,399	17,784
Other	16,576	26,902
<b>Total</b>	<b>1,641,856</b>	<b>1,460,440</b>

In the financial years 2022/23 and 2021/22, the item "Other" mainly relates to insurance expenses, cleaning costs and waste disposal with corresponding recycling revenues.

## 3. Research and development costs

In the financial year 2022/23, the Group incurred research and development costs in the amount of € 183,441 thousand (previous year: € 181,464 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 € 0 thousand (previous year: € 5,539 thousand) were capitalised. Reference is made to Note 8 "Intangible assets".

#### 4. Other operating result

€ in thousands	2022/23	2021/22
Income from the reversal of government grants	9,612	6,037
Government grants for expenses	31,043	35,629
Income from exchange differences	11,749	–
Miscellaneous other income	8,005	3,060
<b>Other operating income</b>	<b>60,409</b>	<b>44,726</b>
Expenses from exchange differences	–	(1,961)
Start-up losses	(54,689)	(43,479)
Losses from the disposal of non-current assets	(2,515)	(1,740)
Other costs	(6,450)	(513)
<b>Other operating costs</b>	<b>(63,654)</b>	<b>(47,693)</b>
<b>Other operating result</b>	<b>(3,245)</b>	<b>(2,967)</b>

In the financial years 2022/23 and 2021/22, government grants for expenses mainly relate to export refunds, research and development grants as well as funding for industry and employment development. The item “Miscellaneous other income” in the financial year 2022/23 mainly relates to income from compensation payments and penalty rewards received in 2021/22. As in the previous year, it also includes grants for employees, and services in kind for miscellaneous projects. The financial year 2021/22 includes grants for COVID-19 testing expenses.

As in the financial year 2021/22, start-up losses resulted from the expansion at the plants in Leoben, Austria, Chongqing, China and in Kulim, Malaysia in the financial year 2022/23. The item “other costs” includes, among other things, impending cancellation costs from onerous contracts in the financial year 2022/23.

#### 5. Finance costs – net

€ in thousands	2022/23	2021/22
Interest income from financial assets at fair value through profit or loss and financial assets at amortised cost	26	16
Other interest income	12,285	2,416
Realised gains from derivative financial instruments, net	1,723	–
Gains from the measurement of derivative financial instruments at fair value, net	6,012	6,987
Foreign exchange gains, net	38,268	8,838
<b>Finance income</b>	<b>58,314</b>	<b>18,257</b>
Interest expense on bank borrowings and bonds	(23,935)	(15,690)
Net interest expense on personnel-related liabilities	(432)	(567)
Realised losses from derivative financial instruments, net	–	(2,503)
Losses from the measurement of derivative financial instruments at fair value, net	–	–
Other financial expenses	(12,349)	(3,848)
<b>Finance costs</b>	<b>(36,716)</b>	<b>(22,608)</b>
<b>Finance costs - net</b>	<b>21,598</b>	<b>(4,351)</b>

In accordance with IAS 23, the item “Interest expense on bank borrowings and bonds” includes capitalised borrowing costs in the amount of € 7,211 thousand (previous year: € 2,694 thousand), net.

## 6. Income taxes

Income tax expenses are broken down as follows:

€ in thousands	2022/23	2021/22
Current income taxes	26,088	17,385
Deferred taxes	5,109	1,434
<b>Total tax expense</b>	<b>31,197</b>	<b>18,819</b>

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	2022/23	2021/22
Expected tax expense at Austrian tax rate	41,542	30,527
Effect of different tax rates in foreign countries	(11,419)	(3,763)
Non-creditable foreign withholding taxes	8,785	3,615
Effect of change in valuation allowance of deferred income tax assets	16,592	(4,140)
Effect of the change in tax rate	701	2,247
Effect of permanent differences	(24,845)	(9,453)
Effect of taxes from prior periods	(159)	(214)
<b>Total tax expense</b>	<b>31,197</b>	<b>18,819</b>

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

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

€ in thousands	31 Mar 2023		31 Mar 2022	
	Assets	Liabilities	Assets	Liabilities
Non-current assets	5,291	(36,911)	1,712	(15,485)
Provisions for employee benefits	5,882	–	7,683	–
Financial liabilities	18,985	–	12,060	–
Income tax loss carryforwards	108,740	–	79,837	–
<b>Deferred income tax from long-term assets/liabilities</b>	<b>138,898</b>	<b>(36,911)</b>	<b>101,292</b>	<b>(15,485)</b>
Inventories	25,681	–	26,518	–
Trade and other receivables and contract assets	15	(23,722)	15	(29,941)
Trade and other payables	12,941	–	13,156	–
Others	1,302	(4,351)	926	(1,205)
Contract liabilities	–	(3,905)	–	(2,267)
Temporary differences arising from shares in subsidiaries	–	(1,657)	–	(2,167)
<b>Deferred income tax from short-term assets/liabilities</b>	<b>39,939</b>	<b>(33,635)</b>	<b>40,615</b>	<b>(35,580)</b>
<b>Deferred income tax assets/liabilities</b>	<b>178,837</b>	<b>(70,546)</b>	<b>141,907</b>	<b>(51,065)</b>
Unrecognised deferred taxes	(93,143)	–	(68,311)	–
Deferred income tax assets/liabilities, offsetting against the same taxation authority	(65,783)	65,783	(48,898)	48,898
<b>Deferred income tax assets/liabilities, net</b>	<b>19,911</b>	<b>(4,763)</b>	<b>24,698</b>	<b>(2,167)</b>

As of 31 March 2023, the Group has income tax loss carryforwards amounting to a total of € 660,165 thousand (previous year: € 471,178 thousand). For loss carryforwards amounting to € 538,885 thousand (previous year: € 357,924 thousand) included in this figure, deferred income tax assets in the amount of € 80,833 thousand (previous year: € 53,689 thousand) were not recognised since it is unlikely that they will be realised in the foreseeable future. In addition, for temporary differences amounting to € 82,067 thousand (previous year: € 97,480 thousand) included in this figure, deferred income tax assets in the

amount of € 12,310 thousand (previous year: € 14,622 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 € 18,673 thousand (previous year: € 21,883 thousand) are capitalised although the companies concerned reported losses in the current financial year or in the previous year. Based on present tax plannings, AT&S assumes the future taxable income of the companies will be sufficient to realise these deferred tax assets.

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

€ in thousands	2022/23	2021/22
Carried forward up to 5 years	140,676	127,624
Carried forward between 6 and 10 years	398,209	221,202
Carried forward more than 10 years	–	9,098
<b>Total unrecognised tax loss carryforwards</b>	<b>538,885</b>	<b>357,924</b>

Deferred income taxes (net) changed as follows:

€ in thousands	2022/23	2021/22
Carrying amount at the beginning of the financial year	22,531	23,178
Currency translation differences	21	(160)
Expense recognised in profit or loss	(5,109)	(1,434)
Income taxes recognised in equity	(2,295)	947
<b>Carrying amount at the end of the financial year</b>	<b>15,148</b>	<b>22,531</b>

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

€ in thousands	2022/23			2021/22		
	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	(143,188)	–	(143,188)	158,732	–	158,732
Gains/(losses) from the fair value measurement of available-for-sale financial assets	–	–	–	–	(1)	(1)
Gains/(losses) on the measurement of hedging instruments for cash flow hedges	5,954	(1,382)	4,572	3,566	(820)	2,746
Remeasurements of post-employment obligations	3,941	(913)	3,028	(537)	(110)	(647)
<b>Other comprehensive income</b>	<b>(133,293)</b>	<b>(2,295)</b>	<b>(135,588)</b>	<b>161,761</b>	<b>(931)</b>	<b>160,830</b>

# 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
<b>Carrying amount 1 Apr 2021</b>	<b>122,729</b>	<b>732,468</b>	<b>15,368</b>	<b>430,835</b>	<b>1,301,400</b>
Exchange differences	15,186	81,276	645	34,493	131,600
Additions	93,670	280,594	8,267	343,664	726,195
Disposals	(3,567)	(4,065)	(91)	43	(7,680)
Transfers	66,297	296,963	(7)	(363,785)	(532)
Depreciation, current	(20,639)	(173,051)	(7,108)	–	(200,798)
<b>Carrying amount 31 Mar 2022</b>	<b>273,676</b>	<b>1,214,185</b>	<b>17,074</b>	<b>445,250</b>	<b>1,950,185</b>
<i>Thereof</i>					
Acquisition cost	383,338	2,544,226	48,593	445,250	3,421,407
Accumulated depreciation	(109,662)	(1,330,041)	(31,519)	–	(1,471,222)
<b>Carrying amount 31 Mar 2022</b>	<b>273,676</b>	<b>1,214,185</b>	<b>17,074</b>	<b>445,250</b>	<b>1,950,185</b>
Exchange differences	(12,931)	(72,601)	(668)	(43,052)	(129,252)
Additions	47,685	209,370	19,092	954,535	1,230,682
Disposals	(2,404)	(5,712)	(227)	(102,626)	(110,969)
Transfers	6,135	256,960	2,797	(266,050)	(158)
Depreciation, current	(25,979)	(224,948)	(10,268)	–	(261,195)
<b>Carrying amount 31 Mar 2023</b>	<b>286,182</b>	<b>1,377,254</b>	<b>27,800</b>	<b>988,057</b>	<b>2,679,293</b>
<i>Thereof</i>					
Acquisition cost	413,704	2,830,829	65,369	988,057	4,297,959
Accumulated depreciation	(127,522)	(1,453,575)	(37,569)	–	(1,618,666)

The value of the land included in “Land, plants and buildings” amounts to € 5,670 thousand (previous year: € 5,976 thousand).

The item “Prepayments and construction in progress” mainly includes additions related to the investment project in Kulim, Malaysia, as well as equipment for the plants in Chongqing, China. It also includes additions of € 67,663 thousand (previous year: € 34,589 thousand) and disposals of € 102,252 thousand, which are related to advances in connection with the construction of the research centre and production facility in Leoben-Hinterberg. The advances made for this purpose were transferred to the lease company after finalising the type of financing in the form of a lease.

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 2023:

€ in thousands	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Acquisition cost	132,768	107	8,845	–	141,720
<i>Thereof additions</i>	43,366	–	3,222	–	46,588
Accumulated depreciation	(17,819)	(80)	(6,328)	–	(23,227)
<b>Carrying amount 31 Mar 2023</b>	<b>114,949</b>	<b>27</b>	<b>3,517</b>	<b>–</b>	<b>118,493</b>

In the financial year 2022/23, the following lease expenses were shown in the income statement:

€ in thousands	2022/23	2021/22
Lease expenses from short-term lease agreements	2,832	1,943
Lease expenses from low-value lease agreements	371	316
Depreciation of rights of use	11,544	7,397
Interest expenses from lease liabilities	3,188	1,622

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 2022/23, borrowing costs on qualifying assets of € 7,211 thousand were capitalised (previous year: € 2,694 thousand). Interest rates between 2.06% and 3.85% were applied (previous year: 1.00% and 3.44%).

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

*Impairment/Reversal of impairment* In the financial year 2022/23 no impairment/reversal of impairment was recognised.

Property, plant and equipment is regularly reviewed for indications of impairment. Impairment tests are conducted for cash-generating units. A key criterion for the qualification as a cash-generating unit is their technical and economic independence to generate income. Triggering event analyses are conducted for all cash-generating units, which consider both internal and external factors to determine the existence of a triggering event in accordance with IAS 36. If there are any indications of impairment, an impairment test is conducted immediately.

The impairment tests are based on calculations of the value in use. The value in use is determined using a DCF method. In doing so, the value in use is determined as the present value of future estimated cash flows before tax in the next five to eight years based on the data of medium-term business planning.

The medium-term business plan is drawn up annually. The plausibility of the underlying assumptions is therefore checked annually and these assumptions are updated; based on the result, the estimated cash flows are adapted. The assumptions on the development of the economic environment and customer demand in the respective markets included in business planning are incorporated in the annual, updated medium-term planning. After the detailed planning period, a perpetual annuity is used for calculation based on the assumptions of the past year.

The discount rate is derived from a standard weighted cost of capital after tax adapted to the specific risks using recognised financial mathematics methods from external sources. The value in use is translated at the closing rate of the date when the impairment test is performed. All weighted cost of capital rates were reconciled to a pre-tax WACC for disclosure in accordance with the requirements of IAS 36.

The triggering event analysis showed the need to conduct an impairment test for two cash-generating units in the financial year 2022/23, mainly due to market uncertainties and the related variances from planning. Impairment tests were conducted for the cash-generating units "Hinterberg" and "Substrates – Chongqing".

The impairment tests were performed on the basis of the following assumptions.

The main valuation assumptions for the cash-generating unit "Hinterberg" were:

- Long-term growth rate: 0%
- (Pre-tax) discount rate: 12.16%

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

The main valuation assumptions for the cash-generating unit "Substrates Chongqing" were:

- Long-term growth rate: 0%
- (Pre-tax) discount rate: 11.22%

The cash-generating unit "Substrate-Chongqing" operates in an industry sector in which the collaboration between customers and suppliers is very long-term in nature. This results in development, qualification and preparation phases of many years until new products are launched on the market. Due to this long-term nature of the project and in order to adequately consider inflows and outflows from the substrate business expected in future period, the calculation of the value in use was based on the cash flows for the next eight years. An observation over a shorter period of time would lead to a disproportionately high weighting of cash outflows. For the period thereafter, the present value of a perpetual annuity was used. The calculations did not reveal a 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 financial year 2021/22, and a waiver of termination is thus in place until 2032. The intention is to subsequently acquire the properties at the residual value.



## 8. Intangible assets

€ in thousands	Industrial property and similar rights and assets, and licenses in such rights and assets	Capitalised development costs	Goodwill	Prepayments	Other intangible assets	Total
<b>Carrying amount 31 Mar 2021</b>	<b>9,075</b>	<b>33,731</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>42,813</b>
Exchange differences	199	2,472	-	-	-	2,671
Additions	2,425	5,539	-	54	49	8,067
Transfers	592	-	-	(61)	-	531
Amortisation, current	(4,832)	(17,394)	-	-	(49)	(22,275)
<b>Carrying amount 31 Mar 2022</b>	<b>7,459</b>	<b>24,348</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,807</b>
<i>Thereof</i>						
Acquisition cost	44,303	127,947	6,877	-	-	179,127
Accumulated amortisation	(36,844)	(103,599)	(6,877)	-	-	(147,320)
<b>Carrying amount 31 Mar 2022</b>	<b>7,459</b>	<b>24,348</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,807</b>
Exchange differences	(133)	(1,163)	-	-	-	(1,296)
Additions	3,011	-	-	312	80	3,403
Transfers	470	-	-	(312)	-	158
Amortisation, current	(3,589)	(5,609)	-	-	(80)	(9,278)
<b>Carrying amount 31 Mar 2023</b>	<b>7,218</b>	<b>17,576</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,794</b>
<i>Thereof</i>						
Acquisition cost	46,950	120,875	6,527	-	-	174,352
Accumulated amortisation	(39,732)	(103,299)	(6,527)	-	-	(149,558)

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 € 0 (previous year: € 5,539 thousand) were capitalised in the financial year 2022/23.

## 9. Other non-current assets

€ in thousands	31 Mar 2023	31 Mar 2022
Prepayments	10,298	5,424
Deposits made	33,601	733
Other prepaid expenses	518	1,425
Other non-current receivables	4,142	4,160
<b>Carrying amount</b>	<b>48,559</b>	<b>11,742</b>

Prepayments relate to factory premises in China. Other prepaid expenses are mainly related to accrued insurance premiums. Other non-current receivables include COVID-19 investment premiums for the Austrian locations. Deposits given in the financial year 2022/23 primarily include collateral in connection with the investment project in Hinterberg, which had to be provided for the first time in the current financial year.

## 10. Inventories

€ in thousands	31 Mar 2023	31 Mar 2022
Raw materials and supplies	86,324	108,225
Work in progress	25,873	48,343
Finished goods	33,186	36,668
<b>Carrying amount</b>	<b>145,383</b>	<b>193,236</b>

The balance of inventory write-downs recognised as an expense amounts to € 54,238 thousand as of 31 March 2023 (previous year: € 54,451 thousand). The write-downs amounting to € 2,285 thousand (previous year: € 1,336 thousand) resulted from the measurement of inventories at net realisable value in the financial year 2022/23. 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 2023	31 Mar 2022
Trade receivables	141,178	97,569
Impairments of trade receivables	(672)	(737)
Contract assets	135,427	177,605
Impairments of contract assets	(251)	(277)
VAT receivables	18,017	78,530
Other receivables from authorities	16,699	11,655
Prepayments	15,319	13,297
Energy tax refunds	1,105	2,633
Deposits	31,634	2,222
Insurance reimbursements	–	888
Other receivables	35,925	6,881
<b>Total</b>	<b>394,381</b>	<b>390,266</b>

Other receivables as of 31 March 2023 mainly include receivables from grants not yet paid as well as contract liabilities which have not been paid out yet. Deposits paid mainly include collateral for custom duties and taxes in connection with the investment project in Kulim, Malaysia.

Trade receivables amounting to € 10,000 thousand (previous year: € 10,000 thousand) serve 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 2023 and 31 March 2022 have remaining maturities of less than one year.

*Factoring* As of 31 March 2023, trade receivables totalling € 131,837 thousand (previous year: € 193,267 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 € 13,184 thousand as of 31 March 2023 (previous year: € 19,327 thousand) less coverage of the credit insurance applied. Claims of existing credit insurances were transferred to the

purchaser. The part of the purchasing price not yet paid by the acquiring party is shown under the item "Financial assets". Payments from customers of assigned trade receivables are presented in the current financial liabilities.

*Contract assets* Contract assets have developed as follows:

€ in thousands	2022/23	2021/22
Contract assets at the beginning of the financial year	177,328	93,113
Utilisation	(177,328)	(93,113)
Addition	135,427	177,605
Impairment according to IFRS 9	(251)	(277)
<b>Contract assets at the end of the financial year</b>	<b>135,176</b>	<b>177,328</b>

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

€ in thousands	31 Mar 2023		
	Gross receivables	Impairments	Carrying amount
not due	135,971	(507)	135,464
1 - 15 days overdue	3,517	(61)	3,456
16 - 30 days overdue	690	(34)	656
31 - 60 days overdue	876	(33)	843
61 - 90 days overdue	52	(17)	35
more than 90 days overdue	72	(20)	52
<b>Trade receivables</b>	<b>141,178</b>	<b>(672)</b>	<b>140,506</b>

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

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. In the financial year 2022/23, no trade receivables were derecognised (previous year: € 46 thousand).

Impairments of trade receivables have developed as follows:

€ in thousands	2022/23	2021/22
Impairments at the beginning of the financial year	737	977
Utilisation	–	(46)
Reversal	(535)	(597)
Addition	474	389
Currency translation differences	(4)	14
<b>Impairments at the end of the financial year</b>	<b>672</b>	<b>737</b>

Expected credit losses in accordance with the expected credit loss model according to IFRS 9 account for € 616 thousand of the impairments of the financial year (previous year: € 672 thousand).

## 12. Financial assets

The carrying amounts of the financial assets are as follows:

€ in thousands	31 Mar 2023	thereof non-current	thereof current
Financial assets at fair value through profit or loss	877	–	877
Financial assets at fair value through OCI	118	118	–
Financial assets at amortised cost	34,439	13,624	20,815
Derivatives	17,401	13,952	3,449
<b>Total</b>	<b>52,835</b>	<b>27,694</b>	<b>25,141</b>

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

### Financial assets at fair value through profit or loss

€ in thousands	31 Mar 2023	31 Mar 2022
Bonds	877	849
<b>Total</b>	<b>877</b>	<b>849</b>

All bonds are denominated in euros (nominal currency).

### Financial assets at fair value through OCI

€ in thousands	2022/23	2021/22
Carrying amount at the beginning of the year	117	117
Additions/(Disposals)	1	–
Unrealised gains/(losses) from the current period, recognised in equity	–	–
Realised gains/(losses) from the current period, removed from equity	–	–
Exchange differences	–	–
<b>Carrying amount at the end of the year</b>	<b>118</b>	<b>117</b>

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, Chinese yuan renminbi and Japanese yen (nominal currencies). They mainly consist of notice deposits with a maturity of more than three months and factored receivables against banks from assignment agreements, as well as a loan granted to a third party. This loan results in an expected credit loss of € 196 thousand.

### Derivative financial instruments

€ in thousands	31 Mar 2023	31 Mar 2022
Derivative financial instruments	17,401	4,463
<b>Total</b>	<b>17,401</b>	<b>4,463</b>

### 13. Cash and cash equivalents

€ in thousands	31 Mar 2023	31 Mar 2022
Bank balances and cash on hand	791,738	1,119,921
<b>Carrying amount</b>	<b>791,738</b>	<b>1,119,921</b>

The reported carrying amounts correspond to the respective fair values.

### 14. Trade and other payables

€ in thousands	31 Mar 2023	Remaining maturity		
		Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	457,897	457,897	–	–
Government grants	74,752	8,479	36,547	29,726
Liabilities to fiscal authorities and other state authorities	8,759	8,759	–	–
Liabilities to social security authorities	11,085	11,085	–	–
Liabilities from unconsumed leave	9,962	9,962	–	–
Liabilities from stock appreciation rights	2,204	2,204	–	–
Liabilities to employees	43,179	43,179	–	–
Other liabilities	16,985	16,980	5	–
<b>Carrying amount</b>	<b>624,823</b>	<b>558,545</b>	<b>36,552</b>	<b>29,726</b>

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

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** At the 81<sup>st</sup> Supervisory Board meeting on 3 July 2014 passed a resolution to introduce a long-term incentive programme based on stock appreciation rights (SARs). SARs relate to the value increase in share prices based on the development of the share price. SARs were granted in the period between 1 April 2014 and 1 April 2016. Due to the expiry of the stock appreciation rights plan (2014 to 2016), the 91<sup>st</sup> 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 112<sup>th</sup> 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 were or will be assigned in the period between 1 April 2020 and 1 April 2022.

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

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

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

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

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

Number and allocation of granted SARs:

	Date of grant				
	1 April 2021	1 April 2020	1 April 2019	1 April 2018	1 April 2017
Exercise price (in €)	42.81	22.92	17.56	17.25	21.94
31 Mar 2021	–	342,500	277,500	210,000	197,500
Number of stock appreciation rights exercised	–	–	–	–	125,598
Number of stock appreciation rights expired	–	30,000	7,500	5,000	27,014
<b>31 Mar 2022</b>	–	<b>312,500</b>	<b>270,000</b>	<b>205,000</b>	<b>44,888</b>
Number of stock appreciation rights granted	381,500	10,000	–	–	–
Number of stock appreciation rights exercised	–	–	–	200,000	40,572
Number of stock appreciation rights expired	12,500	17,500	42,500	–	4,316
<b>31 Mar 2023</b>	<b>369,000</b>	<b>305,000</b>	<b>227,500</b>	<b>5,000</b>	–
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)	–	8,297	7,431	6,796	–
<b>31 Mar 2022</b>	–	<b>8,297</b>	<b>7,431</b>	<b>6,796</b>	–
<b>31 Mar 2023</b>	–	–	2,010	56	–

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	2.39 to 2.72%
Volatility	46.00 to 47.00%
Dividend per share	0.39

Volatility is calculated based on the daily share prices from 1 April 2020 until the balance sheet date.

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

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

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

## 15. Financial liabilities

€ in thousands	31 Mar 2023	Remaining maturity			Nominal interest rate in %
		Less than 1 year	Between 1 and 5 years	More than 5 years	
Registered bonds	14,995	16	14,979	–	1.80
Export loans	10,000	10,000	–	–	2.98
Loans from state authorities	2,232	1,163	1,069	–	0.75
Other bank borrowings	1,371,788	533,408	790,955	47,425	1.04 – 5.00
Other financial liabilities due to financial partners	198,161	108,506	89,655	–	–
Liabilities from finance leases IFRS 16	98,603	9,340	29,693	59,570	–
Derivative financial instruments <sup>1)</sup>	–	–	–	–	–
<b>Carrying amount</b>	<b>1,695,779</b>	<b>662,433</b>	<b>926,351</b>	<b>106,995</b>	

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

<sup>1)</sup> Reference is made to Note 19 "Derivative financial instruments"

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

Other bank borrowings mainly include the following contracts:

- Promissory note loan in FY 2013/14

- Promissory note loan in FY 2016/17
- OeKB equity financing programme in FY 2016/17
- OeKB equity financing programme in FY 2018/19
- Promissory note loan in FY 2018/19
- Promissory note loan in FY 2019/20
- OeKB equity financing programme in FY 2019/20
- Promissory note loan and registered bonds in FY 2019/20
- Term loans in FY 2020/21
- Promissory note loan in FY 2021/22
- Term loans in FY 2021/22

Financial contracts in FY 2022/23:

- OeKB financing of € 300 million
- EIB (European Investment Bank) financing of € 250 million

Other liabilities to financing partners are related to financing from investment projects in Chongqing, China.

The contractually agreed (undiscounted) interest and redemption payments of the financial liabilities as at 31 March 2023, 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	Other financial liabilities due to financial partners	Liabilities from finance lease IFRS 16	Derivative financial instruments
2023/24							
Redemption	16	10,000	1,163	520,427	108,506	9,341	–
Fixed interest	270	–	16	1,838	–	–	–
Variable interest	–	298	–	42,487	–	3,827	–
2024/25							
Redemption	–	–	1,069	255,177	89,655	8,284	–
Fixed interest	270	–	8	1,027	–	–	–
Variable interest	–	–	–	32,358	–	3,477	–
2025/26							
Redemption	–	–	–	389,177	–	7,719	–
Fixed interest	270	–	–	948	–	–	–
Variable interest	–	–	–	18,147	–	3,150	–
2026/27							
Redemption	–	–	–	141,790	–	6,947	–
Fixed interest	270	–	–	292	–	–	–
Variable interest	–	–	–	6,113	–	2,841	–
2027/28							
Redemption	–	–	–	6,000	–	6,743	–
Fixed interest	270	–	–	272	–	–	–
Variable interest	–	–	–	1,956	–	2,541	–
after 2026/27							
Redemption	15,000	–	–	47,500	–	59,569	–
Fixed interest	270	–	–	272	–	–	–
Variable interest	–	–	–	2,600	–	7,816	–

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

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.

€ in thousands	Carrying amounts		Fair values	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
Registered bonds	14,995	14,990	15,000	15,000
Export loans	10,000	10,000	10,000	10,000
Loans from state authorities	2,232	2,477	2,236	2,482
Other bank borrowings	1,371,788	1,248,547	1,374,875	1,250,345
Other financial liabilities due to financial partners	198,161	–	198,161	–
Liabilities from finance leases IFRS 16	98,603	78,458	98,603	78,459
Derivative financial instruments	–	508	–	508
<b>Total</b>	<b>1,695,779</b>	<b>1,354,980</b>	<b>1,698,875</b>	<b>1,356,794</b>

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 2023	31 Mar 2022
Euros	1,497,618	1,354,980
US dollars	198,161	–
<b>Total</b>	<b>1,695,779</b>	<b>1,354,980</b>

The Group's unused credit lines are as follows:

€ in thousands	31 Mar 2023	31 Mar 2022
Export credit	22,000	22,000
Other credit	703,626	296,172
<b>Total</b>	<b>725,626</b>	<b>318,172</b>

## 16. Contract liabilities

Contract liabilities of € 607,243 thousand (previous year: € 446,410 thousand) include payments from bilateral agreements for the financing of new production facilities. Due to a significant financing component, interest totalling € 6,628 thousand is recognised as a liability in the financial year 2022/23 (previous year: € 1,209 thousand).

## 17. Provisions for employee benefits

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

**Defined contribution plans** The majority of the Group's employees in Austria and some of its employees in India are covered by defined contribution pension plans that have been outsourced to a pension fund. For employees in Austria, the pension plans are supplemented by death and endowment insurance policies. Employer contributions are determined on the basis of a certain percentage of current remuneration. Employer contributions under these plans amounted to € 800 thousand in the financial year 2022/23 and to € 739 thousand in the financial year 2021/22.

**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 2022/23 amounted to € 1,328 thousand and for the financial year 2021/22 to € 894 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:

€ in thousands	Retirement benefits		Severance payments		Other employee benefits	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Current service cost	–	53	2,483	2,300	3,868	3,342
Interest expense	194	115	653	480	250	223
Remeasurement of obligations from other employee benefits	–	–	–	–	719	474
<b>Expenses recognised in profit for the period</b>	<b>194</b>	<b>168</b>	<b>3,136</b>	<b>2,780</b>	<b>4,837</b>	<b>4,039</b>
Remeasurement of obligations from post-employment benefits	(1,430)	1,299	(2,511)	(762)	–	–
<b>Expenses/(Income) recognised in other comprehensive income</b>	<b>(1,430)</b>	<b>1,299</b>	<b>(2,511)</b>	<b>(762)</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>(1,236)</b>	<b>1,467</b>	<b>625</b>	<b>2,018</b>	<b>4,837</b>	<b>4,039</b>

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 2023	31 Mar 2022
Funded pension benefits	7,670	8,894
Unfunded pension benefits	1,241	1,323
<b>Total pension benefits</b>	<b>8,911</b>	<b>10,217</b>
Unfunded severance payments	27,221	30,557
Funded severance payments	34	143
<b>Total severance payments</b>	<b>27,255</b>	<b>30,700</b>
Other employee benefits	14,757	14,315
<b>Provisions for employee benefits</b>	<b>50,923</b>	<b>55,232</b>

Pension obligations and severance payments are as follows:

€ in thousands	Retirement benefits		Severance payments	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
Present value of funded obligations	15,800	17,807	2,073	2,056
Fair value of plan assets	(8,130)	(8,913)	(2,039)	(1,913)
<b>Funded status of funded obligations</b>	<b>7,670</b>	<b>8,894</b>	<b>34</b>	<b>143</b>
Present value of unfunded obligations	1,241	1,323	27,221	30,557
<b>Provisions recognised in the statement of financial position</b>	<b>8,911</b>	<b>10,217</b>	<b>27,255</b>	<b>30,700</b>

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

€ in thousands	Funded retirement benefits		Unfunded retirement benefits	
	2022/23	2021/22	2022/23	2021/22
<b>Present value of pension obligation</b>				
Present value at the beginning of the financial year	17,807	17,568	1,323	1,346
Current service cost	–	53	–	–
Interest expense	338	228	25	17
Remeasurement from the change in demographic assumptions	–	–	–	–
Remeasurement from the change in financial assumptions	(2,309)	3	(131)	–
Remeasurement from adjustments based on past experience	688	575	95	29
Benefits paid	(724)	(620)	(71)	(69)
<b>Present value at the end of the financial year</b>	<b>15,800</b>	<b>17,807</b>	<b>1,241</b>	<b>1,323</b>
<b>Fair value of plan assets</b>				
Fair value at the beginning of the financial year	8,913	10,094		
Investment result	(228)	(692)		
Interest income	169	131		
Benefits paid	(724)	(620)		
<b>Fair value at the end of the financial year</b>	<b>8,130</b>	<b>8,913</b>		
<b>Funded status of funded pension benefits</b>	<b>7,670</b>	<b>8,894</b>		

As at 31 March 2023, the average maturity of funded pension benefits is 14 years and unfunded pension benefits eleven years.

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

in %	31 Mar 2023	31 Mar 2022
Debt securities	28%	30%
Equity securities	55%	57%
Real estate	10%	7%
Cash and cash equivalents	7%	6%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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

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

€ in thousands	Funded severance payments		Unfunded severance payments	
	2022/23	2021/22	2022/23	2021/22
<b>Present value of severance payment obligation</b>				
Present value at the beginning of the financial year	2,056	1,879	30,557	31,313
Exchange differences	(132)	44	(363)	(86)
Service cost	142	129	2,341	2,171
Interest cost	143	120	646	457
Remeasurement from the change in demographic assumptions	–	–	(392)	(184)
Remeasurement from the change in financial assumptions	(67)	(87)	(2,323)	(1,940)
Remeasurement from adjustments based on past experience	51	22	224	1,449
Reclassification to other liabilities	–	–	(518)	–
Benefits paid	(120)	(51)	(2,951)	(2,623)
<b>Present value at the end of the financial year</b>	<b>2,073</b>	<b>2,056</b>	<b>27,221</b>	<b>30,557</b>
<b>Fair value of plan assets</b>				
Fair value at the beginning of the financial year	1,913	1,490		
Exchange differences	(130)	43		
Contributions	236	313		
Investment result	4	22		
Interest income	136	96		
Benefits paid	(120)	(51)		
<b>Fair value at the end of the financial year</b>	<b>2,039</b>	<b>1,913</b>		
<b>Funded status of funded severance payments</b>	<b>34</b>	<b>143</b>		

As at 31 March 2023, the average maturity of unfunded severance payments is ten years.

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

€ in thousands	2022/23	2021/22
Present value at the beginning of the financial year	14,315	12,809
Exchange differences	(589)	719
Service cost	3,868	3,342
Interest expense	250	223
Remeasurement from the change in demographic assumptions	(489)	(218)
Remeasurement from the change in financial assumptions	(665)	(251)
Remeasurement from adjustments based on past experience	1,873	944
Benefits paid	(3,806)	(3,253)
<b>Present value at the end of the financial year</b>	<b>14,757</b>	<b>14,315</b>

As at 31 March 2022, the average maturity of other employee benefits is nine 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 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
Discount rate	4.10 %	1.90 %	4.26 %	2.21 %	2.90 %	2.06 %
Expected rate of remuneration increase	–	–	4.29 %	3.35 %	6.22 %	5.40 %
Expected rate of pension increase	3.30 %	2.10 %	–	–	–	–
Retirement age	65	65	<sup>1)</sup>	<sup>1)</sup>	–	–

<sup>1)</sup> Individual according to respective local legislation

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

## 18. Other provisions

€ in thousands	Total	Warranty	Others
Carrying amount 31 Mar 2022	6,389	2,169	4,220
Utilisation	(2,777)	(702)	(2,075)
Reversal	(2,206)	(1,618)	(588)
Addition	15,565	4,144	11,421
Exchange differences	(478)	(185)	(293)
<b>Carrying amount 31 Mar 2023</b>	<b>16,493</b>	<b>3,808</b>	<b>12,685</b>

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

€ in thousands	31 Mar 2023	31 Mar 2022
thereof non-current	–	–
thereof current	16,493	6,389
<b>Carrying amount</b>	<b>16,493</b>	<b>6,389</b>

**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 in the amount of € 6,014 thousand (previous year: € 0 thousand) and to provisions relating to pension scheme contributions and tax matters in Asia amounting to € 5,436 thousand (previous year: € 1,542 thousand) resulting from the uncertain legal situation there. As in the previous year, the other risks are risks from pending transactions.

## 19. Derivative financial instruments

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

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

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

€ in thousands	31 Mar 2023		31 Mar 2022	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps at fair value	17,401	–	4,463	508
<b>Total market values</b>	<b>17,401</b>	<b>–</b>	<b>4,463</b>	<b>508</b>
<b>Non-current portion</b>	<b>17,401</b>	<b>–</b>	<b>4,463</b>	<b>508</b>

As of 31 March 2023, the fixed interest rates for interest rate swaps range between -0.03% and 0.5450%. The variable interest rate is based on the six-month EURIBOR.

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

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

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

€ in thousands, in months, in %	Nominal volume	Maturity	Average hedged interest rate during the period
Interest rate swaps	408,000	1 - 36 months	-0.03 % - 0.5450 %

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

€ in thousands	Carrying amount of the hedging instrument <sup>1)</sup>		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
	Assets	Liabilities		
as per 31 Mar 2023	17,401	–	7,493	5,953
as per 31 Mar 2022	4,463	508	6,987	3,566

<sup>1)</sup> Interest rate swaps are reported under financial receivables and financial liabilities.

## 20. Additional disclosures on financial instruments

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

31 Mar 2023				
€ in thousands	Measurement categories in accordance with IFRS 9 or measurement in accord. with other IFRSs <sup>1)</sup>	Level	Carrying amount	Fair value
<b>Assets</b>				
Non-current assets				
Derivative financial instruments	DHI	2	13,952	13,952
Other financial assets	FAAFVOCI	2	118	118
Other financial assets	FAAC		13,624	
<b>Financial assets</b>			<b>27,694</b>	<b>14,070</b>
Current assets				
Trade receivables less impairments	FAAC		132,890	
Trade receivables	FAAFVOCI	3	7,616	
Contract assets less impairments	-		135,176	
Other receivables	FAAC		35,925	
Other receivables	-		82,774	
<b>Trade and other receivables</b>			<b>394,381</b>	
Derivative financial instruments	DHI	2	3,449	3,449
Financial assets	FAAFVPL	1	877	877
Financial assets	FAAC		20,815	
<b>Financial assets</b>			<b>25,141</b>	<b>877</b>
Cash and cash equivalents	FAAC		791,738	
<b>Cash and cash equivalents</b>			<b>791,738</b>	<b>791,738</b>
<b>Liabilities</b>				
Other financial liabilities	FLAAC	2	1,695,779	1,698,875
<b>Non-current and current financial liabilities</b>			<b>1,695,779</b>	<b>1,698,875</b>
Trade payables	FLAAC		457,897	
Other payables	FLAAC		43,179	
Other payables	-		123,747	
<b>Trade and other non-current and current payables</b>			<b>624,823</b>	
<b>Aggregated by measurement categories</b>				
<b>Assets</b>				
At amortised cost	FAAC		994,992	-
Financial assets at fair value through OCI	FAAFVOCI		7,734	-
Financial assets at fair value through profit or loss	FAAFVPL		877	-
Derivatives as hedging instruments	DHI		17,401	-
<b>Liabilities</b>				
Financial liabilities at amortised cost	FLAAC		2,196,855	-

<sup>1)</sup> 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



€ in thousands	31 Mar 2022			
	Measurement categories in accordance with IAS 39 or measurement in accord. with other IFRSs <sup>1)</sup>	Level	Carrying amount	Fair value
<b>Assets</b>				
Non-current assets				
Derivative financial instruments	DHI	2	4,463	4,463
Other financial assets	FAAFVOCI	2	117	117
Other financial assets	FAAC		-	-
<b>Financial assets</b>			<b>4,580</b>	<b>4,580</b>
Current assets				
Trade receivables less impairments	FAAC		91,155	
Trade receivables	FAAFVOCI	3	5,677	
Contract assets less impairments	-		177,328	
Other receivables	FAAC		7,769	
Other receivables	-		108,337	
<b>Trade and other receivables</b>			<b>390,266</b>	
Financial assets	FAAFVPL	1	849	849
Financial assets	FAAC		17,984	38,760
<b>Financial assets</b>			<b>18,833</b>	<b>849</b>
Cash and cash equivalents	FAAC		1,119,921	
<b>Cash and cash equivalents</b>			<b>1,119,921</b>	
<b>Liabilities</b>				
Other financial liabilities	FLAAC	2	1,354,472	1,356,286
Derivative financial instruments	DHI	2	508	508
<b>Non-current and current financial liabilities</b>			<b>1,354,980</b>	<b>1,356,794</b>
Trade payables	FLAAC		442,205	
Other payables	FLAAC		49,435	
Other payables	-		127,643	
<b>Trade and other non-current and current payables</b>			<b>619,283</b>	
<b>Aggregated by measurement categories</b>				
<b>Assets</b>				
At amortised cost			1,236,829	-
Financial assets at fair value through OCI			5,794	-
Financial assets at fair value through profit or loss			5,312	-
Derivatives as hedging instruments			4,463	-
<b>Liabilities</b>				
Financial liabilities at amortised cost			1,846,112	-
Derivatives as hedging instruments			508	-

<sup>1)</sup> 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	2022/23	2021/22
Amortised cost	58,502	1,992
Fair value through other comprehensive income	5	9
Fair value through profit or loss	7,784	4,353
Financial liabilities at amortised cost	(25,229)	(8,861)
<b>Total</b>	<b>41,062</b>	<b>(2,507)</b>

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.

€ 12,100 thousand in net profit (previous year: € 1,921 thousand in net expenses) of the total net result from financial instruments is included in the operating result and contains mainly foreign exchange effects, and € 28,962 thousand in net profit (previous year: € 586 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, 44.0% (previous year: 43.8%) 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. If defined KPI thresholds are exceeded, lenders have a right to a step-up on the existing interest rate agreement. Rights of notice have not been agreed in this context.

*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 2023, the Group has liquidity reserves of € 1,542.5 million (previous year: € 1,457.0 million). This comprises € 816.9 million (previous year: € 1,138.8 million) in cash and cash equivalents, held-to-maturity investments, securities held for trading and available-for-sale, and € 725.6 million (previous year: € 318.2 million) in available unused credit facilities. Thus,

the liquidity reserves increased by € 85.5 million year-on-year and include € 20.3 million (previous year: € 21.6 million) in current reserves, which relate to AT&S in China and are subject to specific liquidity requirements.

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

The credit risk is kept to a minimum by means of a comprehensive process. Customers are subject to regular credit assessments and their receivables are covered by insurance to a large extent. Non-insured receivables are continuously monitored and, if any risks are identified, the deliveries are made only against advance payments or bank guarantees. In the financial year 2022/23, € 0.7 million (previous year: € 0.7 million) or 0.5% (previous year: 0.8%) 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 a maximum reduction of the FX exposure (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: Financial assets: Derivative financial instruments” and in Note 19 “Derivative financial instruments”. The Group uses derivative financial instruments, such as forward contracts, options and swaps, exclusively for hedging purposes.

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

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

31 Mar 2023						
€ in thousands	EUR	USD	Others	Total	In %	
<b>Before Hedging</b>						
Fixed interest rate	139,653	198,161	–	337,814	19.9%	
Variable interest rate	1,357,966	–	–	1,357,966	80.1%	
<b>Total</b>	<b>1,497,618</b>	<b>198,161</b>	<b>–</b>	<b>1,695,779</b>	<b>100.0%</b>	
In %	88.3%	11.7%	–	100.0%		
<b>After Hedging</b>						
Fixed interest rate	547,653	198,161	–	745,814	44.0%	
Variable interest rate	949,966	–	–	949,966	56.0%	
<b>Total</b>	<b>1,497,618</b>	<b>198,161</b>	<b>–</b>	<b>1,695,779</b>	<b>100.0%</b>	
In %	88.3%	11.7%	–	100.0%		

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

If the EUR interest rates at the balance sheet date had been 100 basis points higher resp. lower, based on the financing structure at the balance sheet date, the profit for the year would have been € 7.1 million lower (previous year: € 3.6 million) resp. € 7.1 million higher (previous year: € 1.4 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 5.0% (previous year: 7.0%). An increase in the US dollar exchange rate of 5.0% against the euro would have had a positive impact on the profit for the year in the amount of € 21.2 million (previous year: € 20.9 million). Devaluation of the US dollar exchange rate against the euro would have reduced the profit for the year by € 21.2 million (previous year: € 20.9 million). A decrease in the US dollar exchange rate against the euro by the same percentage would have reduced the profit for the year by € 21.2 million (previous year: € 20.9 million). On a closing date basis, the USD increased by 2.0% against the EUR.

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

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

The Group's strategy is to sustain an equity ratio above 30% and not to exceed a theoretical payback period for debts of 3.0 years. Deviations are possible depending on the market environment and due to investment projects and may occur in a volatile environment

At the balance sheet date, the equity ratio was 27.8% and thus below the previous year's figure of 33.4% and below the target of more than 30.0%. This is mainly due to the increase in total assets as a result of investments and securing the financing of the future investment programme. At 2.0 years, the theoretical payback period for debts was above the previous year's figure of 0.6 years.

## 21. Contingent liabilities and other financial commitments

As of 31 March 2023, the Group has other financial commitments amounting to € 979,500 thousand (previous year: € 498,942 thousand) in connection with contractually binding investment projects. As of 31 March 2023, the maximum risk associated with liability for default was € 13,183 thousand (previous year: € 19,327 thousand) less coverage of the credit insurance applied. The liability for default corresponds to the theoretical maximum loss if a default of all transferred receivables incurs. The probability of needing to fall back on this liability is extremely low. The fair value of this risk is not material. At the balance sheet date, the Group has contingent liabilities from bank guarantees in an amount of € 197 thousand (previous year: € 151 thousand). There were no contingent liabilities from guarantees at the balance sheet date (previous year: € 0 thousand).

## 22. Share capital

	Outstanding shares in thousand shares	Ordinary shares € in thousands	Share premium € in thousands	Share capital € in thousands
31 Mar 2021	38,850	42,735	99,112	141,847
31 Mar 2022	38,850	42,735	99,112	141,847
31 Mar 2023	38,850	42,735	99,112	141,847

**Ordinary shares** The ordinary shares of the Company as of 31 March 2023 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** The Management Board was authorised at the 25<sup>th</sup> Annual General Meeting on 4 July 2019, 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 was authorised to determine, subject to the approval of the Supervisory Board, 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 was 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 at the 25<sup>th</sup> Annual General Meeting on 4 July 2019 to issue, subject to the approval of the Supervisory Board, one or several convertible bearer bonds at a total amount of up to € 150,000,000 until 3 July 2024, 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. In this regard, the Management Board was also authorised to fully or partially exclude shareholders' subscription rights. In this context, 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 also authorised to determine, subject to approval of 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 25<sup>th</sup> 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 27<sup>th</sup> Annual General Meeting on 8 July 2021 the Management Board was authorised to reallocate an amount of up to € 50,000,000 of the balance sheet profit carried forward to new account – after dividend distribution – to free reserves, subject to the approval of the Supervisory Board.

*Outstanding shares* The number of shares issued amounts to 38,850,000 at 31 March 2023 (previous year: 38,850,000).

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

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

As at 31 March 2023, the Group held no treasury shares.

*Dividend per share* In the financial year 2022/23, a dividend of € 0.90 was paid per share (previous year: € 0.39).

### 23. Other reserves

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

€ in thousands	Currency translation differences	Financial assets at fair value through OCI	Hedging instruments for cash flow hedges	Remeasurement of obligations from post-employment benefits	Other reserves
<b>Carrying amount 31 Mar 2021</b>	<b>36,519</b>	<b>(38)</b>	<b>–</b>	<b>(9,402)</b>	<b>27,079</b>
Balance of unrealised changes before reclassification, net of tax	158,732	–	2,746	–	161,478
Transfer of realised changes recognised in the profit for the year, net of tax	–	–	–	–	–
Remeasurement of obligations from post-employment benefits	–	–	–	(647)	(647)
Available for sale financial assets, net of tax	–	(1)	–	–	(1)
<b>Carrying amount 31 Mar 2022</b>	<b>195,251</b>	<b>(39)</b>	<b>2,746</b>	<b>(10,049)</b>	<b>187,909</b>
Balance of unrealised changes before reclassification, net of tax	(143,188)	–	4,572	–	(138,616)
Transfer of realised changes recognised in the profit for the year, net of tax	–	–	–	–	–
Remeasurement of obligations from post-employment benefits, net of tax	–	–	–	3,028	3,028
Unrealised gains/losses on available-for-sale financial assets, net of tax	–	–	–	–	–
<b>Carrying amount 31 Mar 2023</b>	<b>52,063</b>	<b>(39)</b>	<b>7,318</b>	<b>(7,021)</b>	<b>52,321</b>

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

### 24. Hybrid capital

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

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

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

Based on a resolution by the Management Board of 8 November 2022, the remaining part of the hybrid bond of a nominal value of € 41.393 thousand was repaid on 24 November 2022 so that it has now been fully redeemed. The proportional transaction costs for the part amounted to € 500 thousand.

Another hybrid bond with an issue volume of € 350,000 thousand and a coupon of 5.0% was placed in January 2022. This hybrid bond has a perpetual maturity and can be called and redeemed after five years by AT & S Austria Technologie &

Systemtechnik Aktiengesellschaft, but not by the creditors. The proceeds of this hybrid bond will be reported as part of equity as this instrument satisfies the IAS 32 criteria for equity. Accordingly, coupon payments are also presented as part of the appropriation of profit. The issue costs of the hybrid bond amounted to € 2,676 thousand.

## 25. Cash flow

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

Cash flow from operating activities before changes in working capital in the financial year 2022/23 was € 472,009 thousand (previous year: € 776,290 thousand), and cash flow from operating activities amounted to € 476,370 thousand (previous year: € 713,192 thousand). This decline is mainly due to a decrease is a € 309,430 thousand lower amount from payments received as part of bilateral agreements of € 136,944 thousand (previous year: € 446,374 thousand) (reference is made to Note 16 "Contract liabilities").

Cash flow from investing activities in the financial year 2022/23 amounts to € -1,044,861 thousand (previous year: € -579,693 thousand) and comprises predominantly investments in the new plants in Chongqing, Kulim and Hinterberg (€ -1,100,973 thousand) as well as cash outflows from the investments of liquid funds (€ -48,699 thousand). As of 31 March 2023, liabilities due to investments amount to € 313,952 thousand (previous year: € 244,026 thousand).

Cash flow from financing activities in the financial year 2022/23 amounts to € 210,969 thousand. The decrease compared to the previous year's figure of € 396,870 thousand was mainly due to the payments made in the previous year from a hybrid capital transaction, while no such transaction took place in the reporting period.

€ in thousands	2022/23	2021/22
Cash flow from operating activities before changes in working capital	472,009	776,290
Cash flow from operating activities	476,370	713,192
Cash flow from investing activities	(1,044,861)	(579,693)
Free cash flow	(568,491)	133,499
Cash flow from financing activities	210,969	396,870
Change in cash and cash equivalents	(357,522)	530,369
Currency effects on cash and cash equivalents	29,339	36,702
<b>Cash and cash equivalents at the end of the year</b>	<b>791,738</b>	<b>1,119,921</b>

The balance of cash and cash equivalents at the end of the financial year 2022/23 was € 791,738 thousand (previous year: € 1,119,921 thousand). These are mainly used to ensure the financing of the future investment program.

The non-cash expense/income is as follows:

€ in thousands	2022/23	2021/22
Release of government grants	(10,516)	(7,118)
Other non-cash expense/(income), net	(24,111)	13,068
<b>Non-cash expense/(income), net</b>	<b>(34,627)</b>	<b>5,950</b>



## Net debt reconciliation:

€ in thousands	2022/23	2021/22
Cash and cash equivalents	791,738	1,119,921
Financial assets	52,835	23,413
Financial liabilities, current	(662,433)	(78,402)
Financial liabilities, non-current	(1,033,346)	(1,276,579)
<b>Net debt</b>	<b>(851,207)</b>	<b>(211,647)</b>

€ in thousands	Other assets		Financial liabilities	Total
	Cash	Financial assets		
Net debt 31 Mar 2021	552,850	39,863	(1,101,243)	(508,530)
Cash flows	530,369	(21,538)	(256,502)	252,329
Foreign exchange adjustments	36,702	763	(3,326)	34,139
Other non-cash movements	–	4,325	6,090	10,415
<b>Net debt 31 Mar 2022</b>	<b>1,119,921</b>	<b>23,413</b>	<b>(1,354,981)</b>	<b>(211,647)</b>
Cash flows	(357,522)	2,630	(344,052)	(698,944)
Foreign exchange adjustments	29,339	201	2,744	32,284
Other non-cash movements	–	26,591	508	27,099
<b>Net debt 31 Mar 2023</b>	<b>791,738</b>	<b>52,835</b>	<b>(1,695,779)</b>	<b>(851,207)</b>

## V. OTHER DISCLOSURES

### 26. Earnings per share

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

*Weighted average of outstanding shares* The number of shares issued is 38,850,000. As of 31 March 2023, 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 2022/23 and to 38,850 thousand in the financial year 2021/22.

The weighted average number of outstanding shares for the diluted earnings per share calculation amounts to 38,850 thousand in the financial year 2022/23 and to 38,850 thousand in the financial year 2021/22.

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

in thousands	2022/23	2021/22
Weighted average number of shares outstanding – basic	38,850	38,850
Diluting effect	–	–
<b>Weighted average number of shares outstanding – diluted</b>	<b>38,850</b>	<b>38,850</b>

*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.

	2022/23	2021/22
Profit for the year attributable to owners of the parent company (€ in thousands)	117,862	92,838
Weighted average number of shares outstanding – basic (in thousands)	38,850	38,850
<b>Basic earnings per share (in €)</b>	<b>3.03</b>	<b>2.39</b>

*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.

	2022/23	2021/22
Profit for the year attributable to owners of the parent company (€ in thousands)	117,862	92,838
Weighted average number of shares outstanding – diluted (in thousands)	38,850	38,850
<b>Diluted earnings per share (in €)</b>	<b>3.03</b>	<b>2.39</b>

### 27. Material events after the balance sheet date

With effect from 1 April 2023, the Supervisory Board of AT&S appointed Peter Griehsnig to the Management Board as CTO for a period of five years. He will be responsible for the areas Research & Development, Innovation Management, Advanced Interconnect Solution Services (AISS), Quality, ESG and Industrial Planning.

## 28. Related party transactions

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

€ in thousands	2022/23	2021/22
AIC Androsch International Management Consulting GmbH	363	363
<b>Total</b>	<b>363</b>	<b>363</b>

## Members of the Management Board and the Supervisory Board

In the financial year 2022/23 and until the issue date of these consolidated financial statements, the following persons served on the *Management Board*:

- Andreas Gerstenmayer (Chairman)
- Peter Schneider (Deputy Chairman since 7 July 2022)
- Ingolf Schröder
- Petra Preining (since 1 October 2022)
- Peter Griehsnig (since 1 April 2023)

In the financial year 2022/23, the following persons were appointed members of the *Supervisory Board*:

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

Delegated by the Works Council:

- Bianca Ernhardt
- Wolfgang Fleck
- Günter Pint
- Siegfried Trauch
- 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 2023	31 Mar 2022	2022/23	2021/22
Andreas Gerstenmayer	150,000	150,000	(948)	3,410
Peter Schneider	60,000	30,000	(293)	293
Petra Preining	30,000	–	–	–
Ingolf Schröder	60,000	30,000	(293)	293
Heinz Moitzi <sup>1)</sup>	–	77,949	–	1,993
<b>Total Management Board members</b>	<b>300,000</b>	<b>287,949</b>	<b>(1,534)</b>	<b>5,989</b>
Heinz Moitzi <sup>1)</sup>	35,000	–	(586)	–
Monika Stoisser-Göhring <sup>1)</sup>	–	60,000	(586)	1,607
<b>Total</b>	<b>335,000</b>	<b>347,949</b>	<b>(2,706)</b>	<b>7,596</b>

<sup>1)</sup> Former member of the Management Board

The share price performance led to a reduction in staff costs in the financial year 2022/23, which is indicated by negative signs in the table.

For further details in this context, 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 in the financial year in accordance with IAS 24:

€ in thousands	2022/23			2021/22		
	Fixed	Variable	Total	Fixed	Variable	Total
<b>Fixed and expected variable payments</b>						
Andreas Gerstenmayer	647	2,366	3,013	585	1,552	2,137
Peter Schneider	449	176	625	327	330	657
Petra Preining	225	216	441	–	–	–
Ingolf Schröder	449	176	625	409	344	753
Simone Faath <sup>1)</sup>	–	–	–	238	178	416
Heinz Moitzi <sup>2)</sup>	–	–	–	256	72	328
<b>Total Management Board members</b>	<b>1,770</b>	<b>2,934</b>	<b>4,704</b>	<b>1,815</b>	<b>2,476</b>	<b>4,291</b>
Simone Faath <sup>1)</sup>	5	100	105	599	125	724
Heinz Moitzi <sup>2)</sup>	–	1,166	1,166	–	308	308
Monika Stoisser-Göhring <sup>3)</sup>	–	1,016	1,016	87	436	523
<b>Total former Management Board members</b>	<b>5</b>	<b>2,282</b>	<b>2,287</b>	<b>686</b>	<b>869</b>	<b>1,555</b>
<b>Total fixed and expected variable payments</b>	<b>1,775</b>	<b>5,216</b>	<b>6,991</b>	<b>2,501</b>	<b>3,345</b>	<b>5,846</b>
Reconciliation to the expense recognized in the financial statements	–	569	569	–	–	–
<b>Total</b>	<b>1,775</b>	<b>5,785</b>	<b>7,560</b>	<b>2,501</b>	<b>3,345</b>	<b>5,846</b>

<sup>1)</sup> Termination of Management Board mandate as of 25 October 2021

<sup>2)</sup> Termination of Management Board mandate as of 31 May 2021

<sup>3)</sup> Former member of the Management Board

Based on provisionally calculation, a provision of € 5,785 thousand for variable remuneration is recognised. The effective payment for variable remuneration of the Management Board will amount to € 5,216 thousand.

In the financial year 2022/23, the group of executive employees was adapted and now only comprises members of the Management Board. In the financial year 2021/22, additional compensation of € 12,530 thousand was recognised for executive employees in the table of total compensation.

The variable compensation of Andreas Gerstenmayer includes remuneration from stock appreciation rights amounting to € 1,725 thousand (previous year: € 848 thousand). The variable compensation of Heinz Moitzi includes remuneration from stock appreciation rights amounting to € 1.166 thousand (previous year: € 308 thousand). The variable compensation of

Monika Stoisser-Göhring includes remuneration from stock appreciation rights amounting to € 1,016 thousand (previous year: € 376 thousand).

In addition, the variable compensation of Andreas Gerstenmayer includes a special premium of € 321 thousand. This payment was granted due to the significant effect on his activity on the Management Board resulting from the necessity to temporarily take over the responsibilities of the Chief Financial officer for a longer period.

Besides the above-mentioned compensation, € 64 thousand (previous year: € 58 thousand) are paid into a pension fund for Andreas Gerstenmayer, € 44 thousand (previous year: € 33 thousand) for Peter Schneider, € 44 thousand (previous year: € 40 thousand) for Ingolf Schröder and € 20 thousand (previous year: € 0 thousand) for Petra Preining. € 45 thousand (previous year: € 40 thousand) were paid into a pension fund for the former Management Board member Simone Faath in the current year.

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:

€ in thousands	Severance payments		Retirement benefits	
	2022/23	2021/22	2022/23	2021/22
Expenses recognised in profit for the period	157	213	217	393
Remeasurement recognised in other comprehensive income	13	141	–	1,299

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

€ in thousands	2022/23	2021/22
Hannes Androsch	170	162
Regina Prehofer	124	110
Georg Riedl	137	113
Hermann Eul	75	77
Georg Hansis	62	77
Robert Lasshofer	84	74
Lars Reger	62	75
Karin Schaupp	62	77
Gertrude Tumpel-Gugerell	73	76
<b>Total</b>	<b>849</b>	<b>841</b>

## 29. Expenses for the Group auditor

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

€ in thousands	2022/23	2021/22
Audit of consolidated and separate financial statements	589	512
Other assurance services	33	512
Other services	44	170
<b>Total</b>	<b>666</b>	<b>1,194</b>

This item also includes expenses for other network members of the Group auditor, e.g. for the audit of financial statements of subsidiaries or tax consulting services. Other assurance services of the previous year include additional expenses in connection with the issuance of a hybrid bond.

### 30. Number of staff

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

	2022/23	2021/22
Waged workers	9,854	8,925
Salaried employees	5,426	4,121
<b>Total</b>	<b>15,280</b>	<b>13,046</b>

The calculation of the number of staff includes an average of 383 leased personnel for the financial year 2022/23 and an average of 317 for the financial year 2021/22.

Leoben-Hinterberg, 15 May 2023

The Management Board

Andreas Gerstenmayer m.p

Peter Schneider m.p

Peter Griehsnig m.p.

Petra Preining m.p.

Ingolf Schröder m.p.

# GROUP MANAGEMENT REPORT

## 2022/23

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# 1. MARKET AND INDUSTRY ENVIRONMENT

## 1.1. General economic environment

While the world entered another year of the COVID pandemic, 2022 contained additional shocks for the global economy. These included geopolitical shocks like the Russian invasion of Ukraine and tensions between China and the United States, and macroeconomic shocks such as persistent, broad-based inflation and tighter monetary policies in numerous economies. Global economic output (GDP) increased by an estimated 3.4% in 2022. GDP grew by 3.5% in the euro area, by 3.0% in China and by 2.0% in the United States. Projections for 2023 predict a global GDP growth of 2.9%<sup>1</sup>.

Supply chain pressures and inflation looked poised to recede before the invasion of Ukraine, although the war and the sanctions placed on Russia in response, not only increased prices, but created uncertainty about energy access in Europe and contributed to a cost of living crisis globally. These price increases and also the increased need to build up further stocks for safety were evident in all segments of the electronics and semiconductor industry. The increased inflation eroded the purchasing power of consumers. Central banks around the world tightened monetary policy to reduce demand and tame inflation. Facing higher prices and interest rates, consumer spending shifted more toward necessities. Businesses facing higher interest rates rethought investment and hiring strategies in efforts to reduce costs.

The geopolitics between China and the United States continued to increase pressure on the global supply chain for electronics in 2022 and have been accelerating since early 2023. Through use of various export controls, the United States intensified their efforts to limit Chinese access to advanced electronics due to self-described national security concerns. These tensions have not only led to limits on technology exports to China, but have also resulted in increased resiliency in supply chains with investment in manufacturing capabilities outside China, as well.

Toward the end of 2022, China relaxed the zero-Covid measures which they maintained throughout the pandemic.

The opening of China, a relatively mild winter in Europe reducing energy prices and receding of inflation in parts of the world have provided grounds for cautious optimism for the global economy.

## 1.2. Industry environment

### Semiconductor

2022 began as another year of strong growth for the semiconductor sector; the growth experienced in 2021 carried over in the first half of 2022, also helped by the memory of recent chip shortages, which prompted many companies to build inventories. The second half of the year was mixed, with a strong contraction in demand across many market segments as a result of the start of a cyclical downturn compounded by macroeconomic factors and full inventory channels. Despite the challenging last quarters, the industry as a whole saw an overall growth in sales of 3.2% for the entire year, reaching a record US\$ 574 Billion.<sup>2</sup>

The strongest growth was registered for both analog and discrete, driven by strong demand from automotive and industrial end markets underpinned by secular growth trends in vehicle electrification and industrial automation, with power management ICs playing a prominent role. Wired connectivity also saw significant growth, increasing 20.1% due to the demand for next-generation networking and storage connectivity chips from cloud data centers coupled with the higher ASPs due to the tightness in the supply chain.<sup>3</sup>

Conversely, the decline in PC and smartphone sales, driven by a shift in consumer spending after the out-of-the-ordinary demand registered in 2020/2021, brought down categories such as CPUs directed at display drivers and GPUs in 2022. Memory, which accounted for around 25% of semiconductor sales in 2022, was the worst performing device category, experiencing a 10.0% revenue decrease, mostly as a result of weakening demand from hyperscale customers.

On a more technical note, the trend observed in 2021, that is high-end computing and networking ICs shifting towards larger substrates, continued in 2022. In addition, an increased diversification of the market is underway, as a result of new

<sup>1</sup> IMF, "World Economic Outlook Update", January 2023

<sup>2</sup> Semiconductor Industry Association, "SIA Databook", February 2023

<sup>3</sup> Gartner, "Market Share Analysis: Semiconductors - Worldwide 2022", January 2023



players and a tendency towards developing custom-designed chips by hyperscalers.

At the beginning of the new year, outlooks for 2023 point to contraction continuing for at least two quarters, with memory and the consumer segment being the markets which will continue to suffer the largest losses. Enterprise IT spending is projected to contract and the major hyperscalers have announced CAPEX decreases and delays in new investments. This situation indicates a decelerated growth in sales for servers as well, with more uncertainty as to how many quarters will be needed to clear inventory channels and see IT spending rebound.

Concurrently, markets such as automotive, wired networking and industrial maintained a steady growth path throughout 2022, with more growth expected in 2023. While most investments in chip manufacturing from the major global players are focused on advanced nodes (7/5/3nm), foundries are also investing in legacy nodes to support markets such as automotive.

After the supply-side bottlenecks experienced in 2021, the supply chains for substrates stabilized in the course of 2022. Looking ahead, demand for flip-chip substrates will be affected by the low consumer demand which is expected to last well into 2023. High-performance computing applications, on the other hand, are projected to remain stronger, leading to a consistently tight large body-size substrate supply. This resulted in a growth of advanced substrates (including flip-chip, SiP and Embedded Die) by 23.2% in 2022 and a forecasted decline in 2023 by 6.2%<sup>4</sup>.

### Consumer, computing, communication

Consumer demand took a rather sharp downward turn in the second half of the year, impacting shipment volumes of most consumer electronics devices such as smartphones, PCs, tablets and even some wearable products in 2022. The electronics supply chain was also disrupted by various factors such as geopolitical instabilities and especially severe and widespread lockdowns in many Chinese cities, where the majority of consumer electronics were manufactured and assembled. As a result, many major consumer applications

recorded a year-on-year decline from negative impacts on both the supply and demand sides.

Smartwatch is one of the few applications that recorded a positive +9% growth in 2022<sup>5</sup> with very strong shipments from the market leader, even when the total wearable market declined by 8% in 2022. While the global 5G smartphone market enjoyed a 14.4% increase year-on-year in 2022<sup>6</sup> in volume, total smartphone market declined by 11.3% year-on-year due to weak demand in China (-13.2% year-on-year) and India (-10.2%) and severe supply chain disruptions towards the end of 2022. The PC market slowdown started in the last quarter of 2021 and continued throughout 2022. Notebook computers recorded a decline of -19.0% year-on-year in 2022 in unit volume due to weakened demand.<sup>7</sup> The PC segment is currently going through an inventory adjustment period, with excess channel inventory being a key issue in the coming quarters. Even though the pandemic boom is clearly over for the PC market, 2022 total volume is still well above pre-pandemic level in 2019.

Consecutive to the development in the end applications, the PCB markets for consumer and computing markets declined in 2022 by 3.8% and 9.9%<sup>26</sup>, respectively. In 2023, both PCB markets are forecasted to further decline by -5.3% and -5.6%, respectively. The PCB market for communication as reported by Prismark Partners accounts for end devices like smartphones as well as infrastructure. The consolidated PCB market in this segment grew in 2022 by 2% year-on-year and is expected to decline in 2023 by 3.3%. Here, the investments in wired and wireless infrastructure counterbalanced the very weak smartphone market.

With China abandoning its “zero Covid” policy end of 2022 / beginning of 2023, disruptions in supply chain are expected to be minimal in 2023. However, the market is still under the influence of various macro (inflation, interest rates, geopolitical...etc.) and industry specific (excess inventory, market saturation...etc.) factors. Therefore, 2023 will be a year of caution for both OEMs and consumers, with growth opportunities in selected applications.

<sup>4</sup> Prismark Partners, “Application Forecasts”, March 2023

<sup>5</sup> IDC, “Quarterly Wearable Device Tracker, 2022|Q4”, March 2023

<sup>6</sup> IDC, “Quarterly Mobile Phone Tracker, 2022|Q4”, February 2023

<sup>7</sup> IDC, “Quarterly Personal Computing Device Tracker, 2022|Q4”, February 2023

## Automotive

Global automotive production has reached 82 million vehicles in 2022, a 6% increase compared to the 77 million of 2021<sup>8</sup> due to the clear improvement of the chip supply at the end of the year and the tax incentives for electric vehicles in China, yet it has not been able to reach the 86 million vehicles forecasted at the end of 2021, weighed down by the effects of the conflict in Ukraine and the lockdowns in China. The strong shortage of semiconductors in the first part of the year not only had a negative impact on the vehicle sales, but also on the automotive electronics and automotive PCB market, which increased just 0.4% and 6.8%, respectively, in 2022.<sup>26</sup> In 2023, both markets are expected to grow further by 4.4% and 1.1%, respectively.

The outlook for the mid and long term has been revised downwards due to some macroeconomic developments, such as a prolonged conflict in Ukraine, increasing the risk of other emerging material shortages, undermining the car affordability and the pace of the transition to electric vehicles and increasing the risk of a price escalation. Furthermore, the shift towards more flexible working patterns might have a long term impact on the vehicle demand.

On the other hand, electrification and Advanced Driver Assistance System / Autonomous Driving (ADAS/AD) continue being the drivers of the automotive industry.<sup>30</sup> Global Battery Electric Vehicles (BEV) sales reached the two million mark for the first time in the third quarter of 2022, growing by 75% compared to the corresponding period last year. More than 7.8 million BEVs were sold in the world in 2022, representing a 70% increase compared to 2021. Much of that increase can be attributed to China, where the BEV market continued to expand at high speed. In the United States, the BEV market finally sparked to life in 2022 having previously appeared to lag behind the development seen in China and much of Europe. Spurred by massive OEM investment in exciting new models, meaningful government incentives and a gradually improving charging infrastructure, BEV sales in the US grew by 88% in 2022 in comparison with the previous year, the highest such increase in all markets.<sup>9</sup> Also, ADAS/AD is advancing faster than expected one year ago. In summer 2022, several regions, such as EU, China, Japan and several US States, announced legislations to allow the

testing or deployment of autonomous vehicles in their roads, opening the door to the mass production of L4 vehicles as early as 2030.

Autonomous, Connected, Electric and Shared (ACES) vehicles are the major trends that will transform the automotive industry, and they will be enabled by the advancement of technology in electronics and software.<sup>10</sup> Thus, they have a substantial impact on the automotive electronics and SW market, which are expected to grow significantly in the next decade. Software in vehicles is becoming critical, leading to the separation of hardware and software, which would fundamentally change the dynamics of industry players and the value landscape. Co-development between OEMs and suppliers is expected to be necessary, and the separated sourcing will break established value pools, reducing barriers to entry and allowing tech-native companies to enter the space. For OEMs, the separation would also make both sourcing more competitive and scaling less complex and allow for a standardized platform for application SW while maintaining competition on the hardware side.

## Medical

The medical device industry has returned to revenue stability in 2022 after the disruptions of the past two years caused by the Covid-19 pandemic. The main companies in this sector reported revenue increases above 6%, a significant drop compared to the 16% of 2021 caused by the rebound after the pandemic effects in 2020. Globally, revenues for medical electronics increased by 4.6%, while revenues of medical PCBs grew by 3.5%, also showing a strong decrease from 13% growth in medical electronics and 20% growth in PCBs for medical devices in 2021, respectively<sup>26</sup>. On the other hand, geopolitical conflicts, growing supply chain risks, surging inflation and global economic downturn are jeopardizing a future sustainable growth. Also, global medical device spend declined in 2022, especially in the Asia-Pacific region due to the strong decline in demand of Covid-19 related products.<sup>11</sup> However, the return to the growth path is expected in 2023.

The pandemic has accelerated the adoption of telemedicine products and the developments in In-Vitro Diagnostics (IVD).

<sup>8</sup> LMC Automotive, „Global Light Vehicle Forecast, Quarter 4, 2022“, March 2023

<sup>9</sup> PwC, "Electric Vehicle Sales Review Q4 2022", February 2023

<sup>10</sup> McKinsey & Company, "Automotive software and electronics 2030", July 2019

<sup>11</sup> Medical Device Network, "2022 Medtech: The shadow of Covid-19 lingers over industry", January 2023

The former has driven an increase in healthcare IT, a sector that has shown potential for long term revenue generation. Medical device companies are competing strongly to acquire or develop the latest health IT and artificial Intelligence (AI) innovations, and an increase in collaborations and acquisitions between medical technology leaders and technological companies has been observed.<sup>12</sup>

On the regulatory side, the European Commission has been working on an extension of the medical device regulation introduced in 2021 to avoid disruptions in the supply chain, while the Food and Drug Administration (FDA) is setting a record pace for issuing new designations.<sup>13</sup> The release of the new regulation for Over-The-Counter Hearing Aids, allowing people with mild to moderate hearing losses access to more affordable devices is a good example. Several companies familiar with competing in the consumer market (such as Sony, HP, Bose) as well as other players in the hearing aid market (such as GN, Nuehara, Sonova) are using different business models to serve this promising market.

### Industrial & infrastructure

The continuous growth of data is a feature of current times and of digitalization, a megatrend and one of the main drivers impacting the industry. In 2022, a total of 49.6 billion connected devices were reported as installed base, which means six times more than the worldwide population. 75% of those connected devices are an IoT device.<sup>14</sup> 5G technology, which enables connectivity at higher network speeds, low latency and large data capacity, started to gain momentum on the last period and it is expected to continue in 2023. More than 225 operators from 87 countries had launched 5G services in frequency ranges from mid-band to mmWave.<sup>15</sup> In 2022, the number of 5G large and small cell deployments reached 2.6 million units worldwide, growing at a CAGR of 42.9% (2020-2028).<sup>16</sup> A lot of people living in rural and suburban areas still do not have broadband access due to high mid- to long-term investment and high capex required for wireline deploying. This fact is leveraging 5G FWA (Fixed Wireless Access) as a cost-effective alternative to reduce the digital divide. It is predicted that in 2022, 20.5 million units of

CPE (Customer Premises Equipment) for indoor and outdoor were shipped to deliver FWA solutions, and this amount is projected to reach over 36 million shipments in 2028, driven mainly by the US market deploying 5G CPE.<sup>17</sup> Private networks using both 5G small cells and FWA is also an application expected to push this market up. It is forecasted that industries and enterprises will invest US\$1.92 billion to manage private networks by 2026, at a CAGR of 41.3%.<sup>18</sup> Although currently it is hard to determine the exact number of private networks, a database tracking this number shows that it grew at an 83.8% CAGR from 2019 to 2021, and mostly LTE and 5G networks.<sup>19</sup> While 5G deployment is in progress, an early vision for the next-generation is emerging. 6G technology is already in development by big players and on the agenda of regulators and standardization institutions, with commercialization predicted by 2030. This technology generation, integrated with edge cloud computing, AI, machine learning and big data analytics, is expected to transform networks into computing networks.<sup>20</sup> Prismark Partners reports on the PCB market for communication, including infrastructure and end devices. This consolidated market grew in 2022 by 2% and is expected to decline in 2023 by 3.3%. The strong infrastructure market is hereby balancing the overall weak smartphone market.

In line with the global economic development, the PCB market for industrial electronics grew in 2022 by 7.6% and is expected to decline in 2023 by 2.5%.<sup>26</sup> Key drivers have been investments in extending manufacturing capabilities in various industries in 2022.

## 1.3. Industry and technology trends

### Package technology trend – Heterogeneous integration and chiplets

Chiplets appeared on the market in datacenter and consumer products and will continue to see increased adoption in 2023. From a packaging perspective, the need to connect the chiplets with a large number of parallel, high-bandwidth channels prompted all major packaging companies to add

<sup>12</sup> EY, "Pulse of the industry medical technology report 2022", January 2023

<sup>13</sup> Euroactiv, "Commission suggests prolonging medical device certification periods", January 2023

<sup>14</sup> IDC, "Worldwide IDC Global DataSphere IoT Device Installed Base and Data Generated Forecast, 2022-2026", September 2022

<sup>15</sup> GSMA, "The telecoms industry in 2023-trends to watch", January 2023

<sup>16</sup> Prismark Partners, "Total Base Stations Installations – Annual", January 2023

<sup>17</sup> Yole, "RF for Fixed Wireless Access 2023", January 2023

<sup>18</sup> IDC, "Worldwide and U.S. Private Mobile Networks Managed Services", June 2022

<sup>19</sup> GSA, "Private Mobile Networks", December 2022

<sup>20</sup> IDC, "6G Fulfilling the Promise of 5G", July 2021

silicon-bridge based solutions to their capabilities, while organic substrates and ABF remain a fundamental building block of advanced packaging.

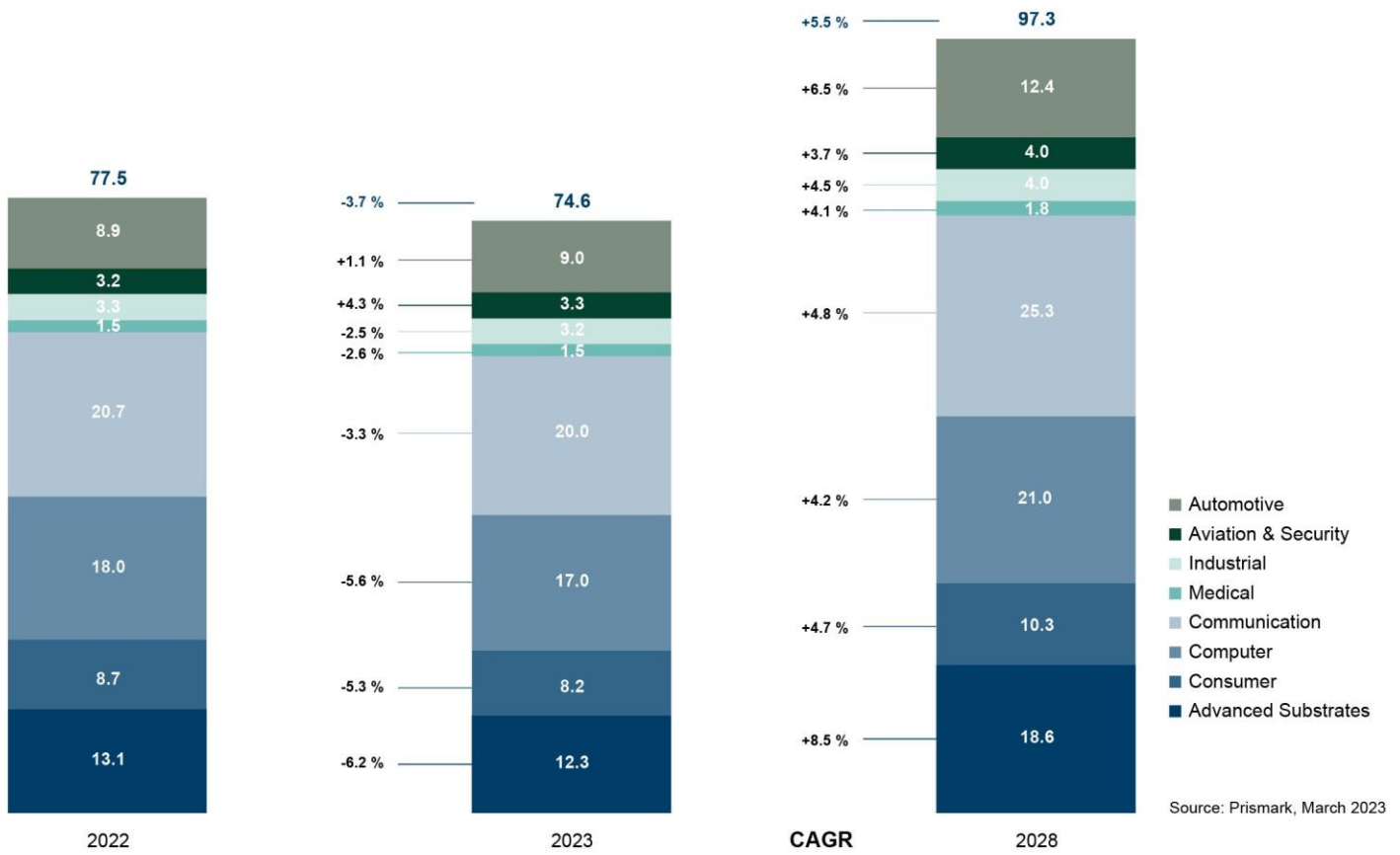
Significant developments in the field were the introduction of a new organic interposer by TSMC, CoWoS-R + (plus); the new organic interposer integrates chiplets together with passive components enhancing overall package performance. As all current state-of-the-art technologies for large body size packages including EMIB from Intel and other alternatives, it requires a large and competitively complex FC-BGA substrate. AI workloads have been increasing their footprint in datacenters and high-performance computing. This application trend has started to significantly impact datacenter investments, with a number of hyperscalers directing CAPEX at significantly expanding their capabilities in the field of AI model training and inference.

The rising prominence of AI workloads is also impacting system and chip architectures. Not only is the increase in AI-related computation pushing the adoption of GPUs and dedicated accelerators, but also influencing IC design, which has been moving to increasingly large amounts of integrated memory and co-processors dedicated to vector and matrix-processing operations.

The constant increase in computational power as well as in the amount of data to be processed keeps raising the performance requirements of networking infrastructure in and outside datacenters. In order to support faster data rates, the portion of networking equipment ranging from transceivers to routers, switches and interface cards that demands high-end performance is increasing, with a direct effect on chip size and complexity.

**SUBSTRATES AND PCB MARKET**

US\$ in billions



# 2. ECONOMIC REPORT

## 2.1. Overall development of the Group

### AT&S records robust growth

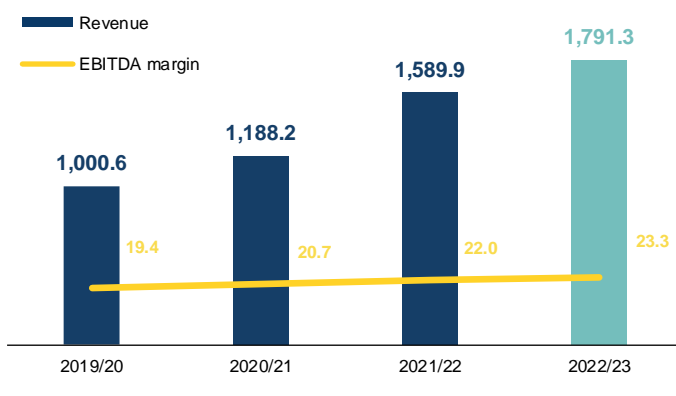
AT&S continued its growth course in the financial year 2022/23, increased revenue and EBITDA and recorded record levels for both indicators. However, following the good development in the first half of the financial year, the market environment deteriorated significantly in the third quarter. The main trends regarding digitalisation and electrification are still intact. To mitigate the impact of short-term fluctuations, AT&S initiated additional cost optimisation programmes.

Consolidated revenue amounted to € 1,791.3 million, exceeding the revenue of € 1,589.9 million reported in the previous year by € 201.5 million.

Revenue grew on a broad basis. In the Mobile Devices & Substrates (MS) segment, additional capacities for ABF substrates in Chongqing, China, as well as the strategy to broaden the application portfolio for mobile devices and to promote the business with module printed circuit boards continue to make a significant contribution to the success. In the Automotive, Industrial, Medical (AIM) segment, the Automotive and Industrial segments recorded growth, while revenue in the Medical segment did not fully match the level of the previous year. The Automotive segment recorded the strongest increase in this business unit.

### DEVELOPMENT OF REVENUE AND EBITDA MARGIN

€ in millions/in % of revenue



## 2.2. Earnings development in the Group

### Revenue up 12.7%

Revenue increased by 12.7% compared to the previous year and amounted to € 1,791.3 million, the highest revenue ever generated. Both segments contributed to revenue growth. While revenue in the MS segment was up 13.5%, the increase in the AIM segment amounted to 12.2%.

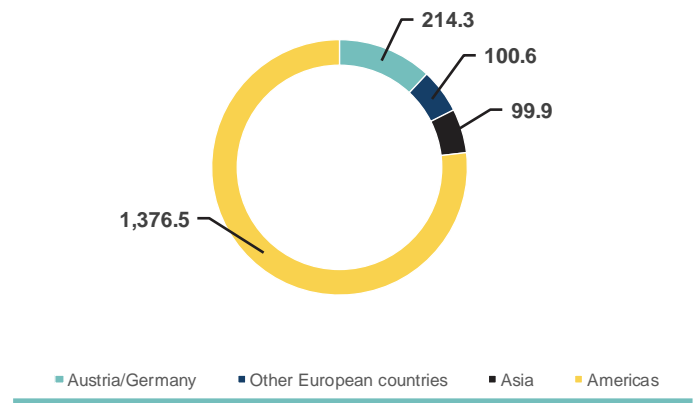
Foreign exchange effects had a positive impact of € 159.7 million or 10.0% on the development of revenue. 88.6% of revenue (previous year: 87.7%) were invoiced in foreign currencies (primarily US dollars).

Revenue in the first and second quarters of the financial year was significantly higher than in the previous quarters, and reached all-time quarterly highs. Starting in the third quarter, the market climate in the MS segment deteriorated significantly, thus leading to a decline in demand.

The regional revenue structure based on customers' headquarters shows a share of 76.8% for America, compared with 76.4% in the previous year. The share of products manufactured in Asia rose slightly from 88.4% to 90.0%.

### REVENUE BROKEN DOWN BY REGION, based on customers' headquarters

€ in millions

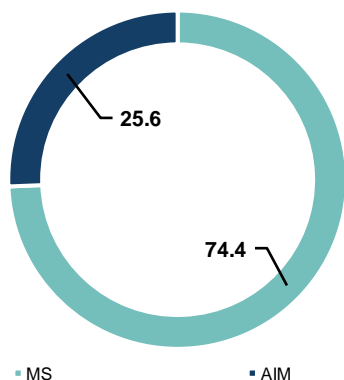


The effects of recognising revenue over time, which is required for a number of customers in accordance with IFRS 15, led to a decrease in revenue by € 34.8 million or -1.9% (effect in the previous year: increase by € 74.2 million or 4.7%). For further information please refer to the notes to the consolidated financial statements.

Revenue split by segment shows the following picture:

### REVENUE FROM EXTERNAL CUSTOMERS BY SEGMENT

in %



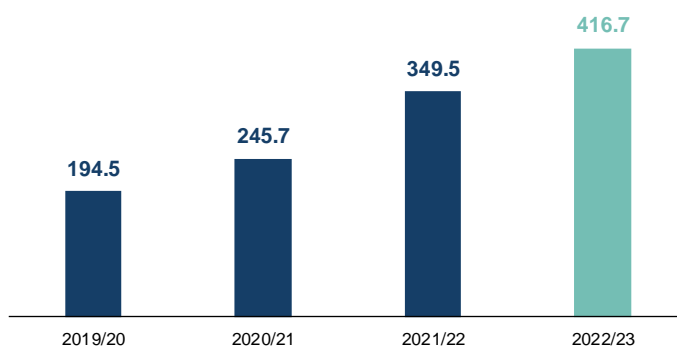
The share of the Mobile Devices & Substrates (MS) segment in third-party revenue declined slightly to 74.4% (previous year: 74.9%), the share of the Automotive, Industrial, Medical (AIM) segment increased to 25.6% (previous year: 25.1%). Further information on the development of the segments is provided in Section 2.3 “Earnings development in the segments”.

### EBITDA increases to € 416.7 million, EBITDA margin 23.3%

EBITDA, at € 416.7 million, significantly exceeded the prior-year figure of € 349.5 million. The increase in revenue and the related rise in gross profit had a positive influence on earnings, whereas higher selling and administrative costs reduced the operating result. Other operating income was lower than in the previous year and was positively influenced in particular by higher currency effects and negatively affected by higher start-up costs. Currency effects, which resulted primarily from the translation of international subsidiaries to the reporting currency, had a positive effect of € 124.9 million on EBITDA.

### DEVELOPMENT OF EBITDA

€ in millions



The EBITDA margin increased by 1.3 percentage points from 22.0% in the previous year to 23.3%.

The higher start-up costs of € 54.7 million (previous year: € 43.5 million) resulted primarily from the continuation and expansion of the construction activities in Kulim and Hinterberg, while start-up costs in Chongqing declined.

Adjusted for start-up costs, EBITDA amounted to € 469.6 million (previous year: € 378.4 million), which corresponds to growth by 24.1%.

The EBITDA margin adjusted for start-up costs rose from 23.8% in the previous year to 26.2%.

### Increase in expense items

The increase in cost of sales by € 179.7 million to € 1,516.6 million results primarily from higher revenue coupled with higher personnel costs and depreciation and amortisation. Research & development expenses also rose. Negative currency effects intensified the increase in cost of sales.

In preparation for future technology generations and to pursue the modularisation strategy, AT&S increased its investment in research and development to € 183.4 million (previous year: € 181.5 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 € 1.8 million or 1.4%.

Other operating income declined from € -3.0 million to € -3.2 million. Positive effects primarily included an improved exchange rate result from the measurement of receivables and liabilities of € 11.7 million (previous year: € -2.0 million). Higher start-up losses of € 54.7 million (previous year: € 43.5 million), in particular due to the continued and expanded construction activities in Kulim and Hinterberg, had a negative impact on other operating income. Grants declined from € 41.7 million in the previous year to € 40.7 million in the financial year 2022/23.

Depreciation of property, plant and equipment and amortisation of intangible assets of € 270.5 million or 10.0% of non-current assets (previous year: € 223.1 million or 11.3% of non-current assets) reflect the high technical standard and the intensity of investment of AT&S. The increase by

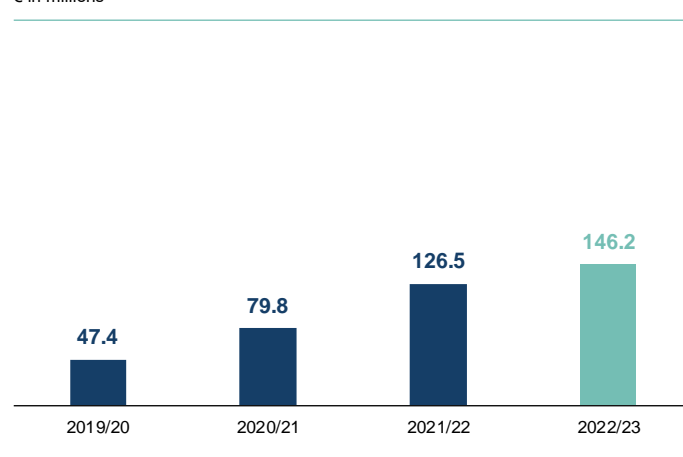
€ 47.4 million compared with the previous year included € 43.1 million from the Mobile Devices & Substrates (MS) segment, which was predominantly attributable to higher depreciation at the plant in Chongqing. Depreciation and amortisation in the Automotive, Industrial, Medical segment (AIM) rose by € 2.4 million.

The operating result (EBIT) increased by € 19.8 million or 15.6% to € 146.2 million (previous year: € 126.5 million) due to the above-mentioned effects.

The EBIT margin rose by 0.2 percentage points to 8.2% (previous year: 8.0%).

### DEVELOPMENT OF EBIT

€ in millions



### Finance costs – net

Finance costs – net improved from € -4.4 million to € 21.6 million. Interest expense on bank borrowings and bonds amounted to € 23.9 million (previous year: € 15.7 million). This includes capitalised interest on borrowings related to the acquisition of qualifying assets,

## RESULT KEY DATA

€ in millions (unless otherwise stated)

	2022/23	2021/22	Change in %
Revenue	1,791.3	1,589.9	12.7%
Operating result before interest, tax, depreciation and amortisation (EBITDA)	416.7	349.5	19.2%
EBITDA margin (%)	23.3%	22.0%	
Operating result (EBIT)	146.2	126.5	15.6%
EBIT margin (%)	8.2%	8.0%	
Profit for the year	136.6	103.3	32.3%
Earnings per share (€)	3.03	2.38	27.3%
Additions to fixed assets	1,234.1	734.3	68.1%
Average number of staff (incl. leased personnel)	15,280	13,046	17.1%



which rose by € 4.5 million to € 7.2 million (previous year: € 2.7 million) and reduced expenses.

Interest on social capital amounted to € 0.4 million and was below the prior-year level of € 0.6 million.

The hedging of the interest rate risk with hedging instruments (measurement and realised result) resulted in a gain of € 7.7 million (previous year: gain of € 4.5 million). The hedging instruments swap variable for fixed interest payments, but do not meet the criteria of hedge accounting since the term and the amount do not match the hedged primary financial liabilities.

Due to the high volume of time deposits and a slowly improving environment for investments, the return on financial investments increased by € 9.9 million to € 12.3 million (previous year: € 2.4 million).

The positive deviation in finance costs – net is attributable to currency effects. Positive exchange rate differences of € 37.5 million were recognised as income in the financial year 2022/23 (previous year: income of € 8.8 million). The exchange rate differences resulted predominantly from the measurement liquid foreign currency funds and realised exchange rate gains from Group financing.

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

### Profit for the year improves

Profit for the year increased from € 103.3 million in the previous year by € 33.4 million to € 136.6 million. The Group's tax expense amounts to € 31.2 million (previous year: € 18.8 million).

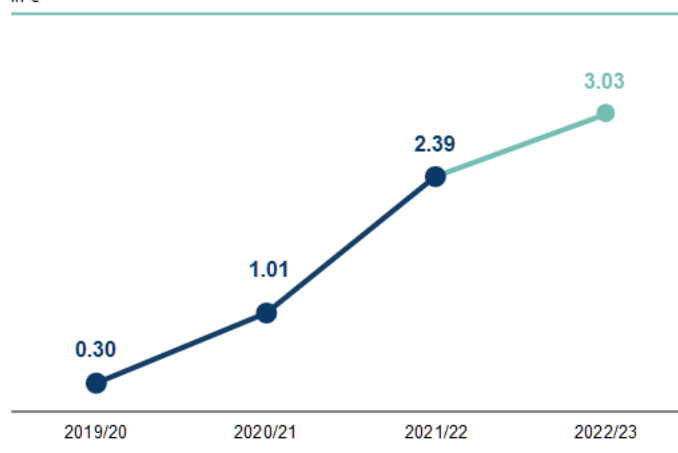
Current income taxes rose to € 26.1 million (previous year: € 17.4 million). As in the previous year, deferred taxes resulted in income, which rose by € € 3.7 million to € 5.1 million (previous year: € 1.4 million).

AT&S China has had a favourable tax status as a “high-tech company” since 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. It is assumed that the favourable tax status will be maintained for the next three years.

Earnings per share increased from € 2.39 to € 3.03, with the number of shares outstanding remaining unchanged. In the calculation of earnings per share, interest on hybrid capital of € 18.8 million (previous year: € 10.5 million) was deducted from the profit for the year.

### EARNINGS PER SHARE

in €



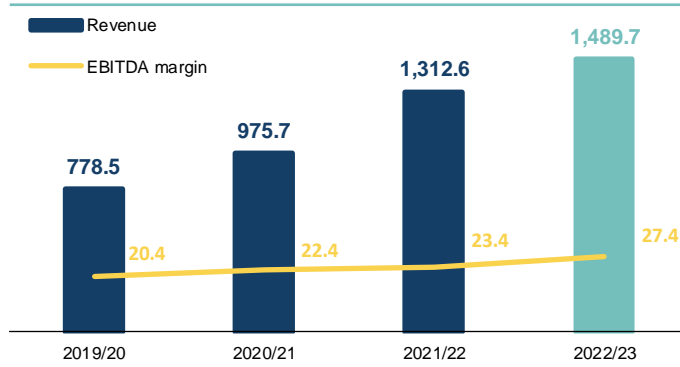
## 2.3. Earnings development in the segments

### Mobile Devices & Substrates segment

The Mobile Devices & Substrates segment continued its positive development in the financial year 2022/23. The satisfactory performance of the segment is primarily attributable to the increased investments of the past years, which will be continued in the near future. The successful start-up of the expanded production capacities in Chongqing, which serve the growing demand for ABF substrates, equally contributed to revenue growth as the broader customer and application portfolio of mobile devices and the demand for printed circuit boards for modules. Positive currency effects had an increasing effect on earnings. After a strong first half of the year, the challenging market environment had a negative impact on the development of the second half of the year.

### MOBILE DEVICES & SUBSTRATES – DEVELOPMENT OF REVENUE, EBITDA MARGIN

€ in millions/in % of revenue



With a revenue share of 74.4% (previous year: 74.9%), the Mobile Devices & Substrates segment is still the largest segment of the AT&S Group.

**Revenue**, at € 1,489.7 million, was up € 177.1 million or 13.5% on the prior-year figure of € 1,312.6 million. Revenue was positively influenced by the foreign exchange development. Overall, revenue growth was therefore € 139.5 million higher. In terms of geography, revenue from American customers continued to increase.

The segment's **EBITDA** amounted to € 408.8 million, up € 102.2 million or 33.3% on the prior-year figure of € 306.7 million. Despite start-up costs of € 35.5 million (previous year: € 41.8 million) related to the capacity expansion in Chongqing and, above all, from the continued construction activities in Kulim, EBITDA increased due to the good operating performance at the Chongqing and Shanghai sites. Positive effects from currency translation improved earnings by € 109.4 million.

Supported by these positive currency translation effects, the **EBITDA margin** of the Mobile Devices & Substrates segment amounted to 27.4%, up 4.1 percentage points on the prior-year margin of 23.4% despite the start-up costs.

The segment's **depreciation and amortisation** increased by € 43.1 million or 22.7% from € 190.0 million to € 233.1 million. The increase was primarily attributable to higher depreciation and amortisation at the Chongqing site.

The operating result (**EBIT**) rose by € 59.1 million to € 175.7 million (previous year: € 116.6 million). The EBIT margin was up 2.9 percentage points to 11.8% (previous year: 8.9%) due to the increase in EBIT.

**Additions to assets** rose by € 411.8 million or 66.5% to € 1,031.5 million (previous year: € 619.7 million). Apart from

### MOBILE DEVICES & SUBSTRATES SEGMENT – OVERVIEW

€ in millions (unless otherwise stated)

	2022/23	2021/22	Change in %
Segment revenue	1,489.7	1,312.6	13.5%
Revenue from external customers	1,332.1	1,190.6	11.9%
Operating result before depreciation and amortisation (EBITDA)	408.8	306.7	33.3%
EBITDA margin (%)	27.4%	23.4%	
Operating result (EBIT)	175.7	116.6	50.7%
EBIT margin (%)	11.8%	8.9%	
Additions to fixed assets	1,031.5	619.7	66.5%
Average number of staff (incl. leased personnel)	11,577	9,695	19.4%

additions for ongoing expansion, replacement and technology upgrades at the Chongqing and Shanghai sites, additions to assets increased by € 405.8 million primarily due to the construction activities at the Kulim plant.

### Automotive, Industrial, Medical segment: at a stable level

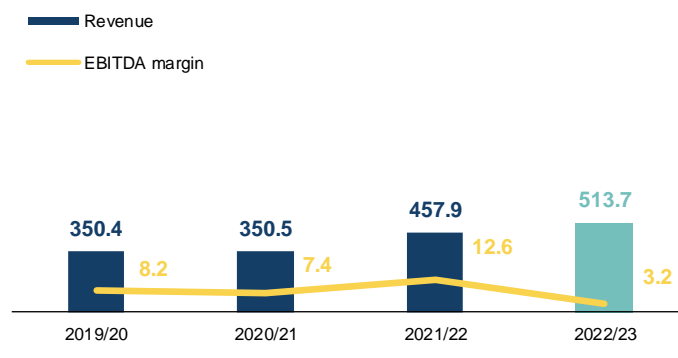
The segment's revenue, at € 513.7 million significantly exceeded the prior-year level of € 457.9 million. While a year-on-year revenue increase was recorded in the Automotive and Industrial segments, revenue from the Medical & Healthcare segment was slightly lower than in the previous year. The Automotive segment recorded the strongest growth. In both the Automotive and Industrial segments, not only sales volume but also the average prices increased. In the Medical & Healthcare segment the average prices also increased, but due to a decline in volume compared to the volume during the corona pandemic, the prior-year level was not reached.

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

**EBITDA** fell by € 41.0 million or 71.4 % to € 16.4 million (previous year: € 57.5 million). Despite higher revenue, gross profit did not increase due to higher personnel, material and energy costs. Pricing adjustments are continuously negotiated and implemented, but can lag behind exogenous influencing factors. The increase in start-up costs and lower grants for research expenditures also had a negative impact on earnings.

## AUTOMOTIVE, INDUSTRIAL, MEDICAL – DEVELOPMENT OF REVENUE, EBITDA MARGIN

€ in millions/in % of revenue



The **EBITDA margin** declined by 9.4 percentage points to 3.2% (previous year: 12.6%).

The operating result (**EBIT**) changed by € -43.5 million to € -14.3 million (previous year: € 29.2 million).

The **EBIT margin** of the Automotive, Industrial, Medical segment, at -2.8%, was 9.2 percentage points lower than the prior-year-value of 6.4% due to the above-mentioned effects.

**Additions to assets** rose by € 38.3 million to € 146.2 million (previous year: € 107.9 million). The additions were related to ongoing expansion, replacement and technology upgrade investments, in particular in Austria.

## AUTOMOTIVE, INDUSTRIAL, MEDICAL SEGMENT – OVERVIEW

€ in millions (unless otherwise stated)

	2022/23	2021/22	Change in %
Segment revenue	513.7	457.9	12.2%
Revenue from external customers	459.3	399.3	15.0%
Operating result before depreciation and amortisation (EBITDA)	16.4	57.5	(71.4%)
EBITDA margin (%)	3.2%	12.6%	
Operating result (EBIT)	(14.3)	29.2	(>100%)
EBIT margin (%)	(2.8%)	6.4%	
Additions to fixed assets	146.2	107.9	35.5%
Average number of staff (incl. leased personnel)	3,286	3,035	8.3%

### Others segment

The result of the general holding activities included in the Others segment was € 6.0 million higher than in the previous year with EBIT amounting to € -8.6 million (previous year: € -14.6 million). The main reason for this deviation was the reduction of the provision for stock appreciation rights, which was partially offset by higher costs in the production process.

## OTHERS SEGMENT – OVERVIEW

€ in millions (unless otherwise stated)

	2022/23	2021/22	Change in %
Operating result before depreciation and amortisation (EBITDA)	(8.6)	(14.6)	41.3%
EBITDA margin (%)	-	-	-
Operating result (EBIT)	(15.2)	(19.4)	21.5%
EBIT margin (%)	-	-	-
Additions to fixed assets	56.4	6.7	>100 %
Average number of staff (incl. leased personnel)	417	316	32.1%

## 2.4.Assets and financial position

### 2.4.1. ASSETS

#### Increase in non-current assets

Total assets increased by 11.1% to € 4,161.9 million in the financial year 2022/23.

**Non-current assets** rose by € 777.2 million to € 2,800.3 million. While property, plant and equipment increased by € 729.1 million to € 2,679.3 million, intangible assets declined by € 7.0 million to € 24.8 million. In property, plant and equipment, additions to assets and technology upgrades of € 1,230.7 million were offset by depreciation totalling € 261.2 million. Property, plant and equipment as reported in the statement of financial position also includes right-of-use assets of € 118.5 million resulting from the application of IFRS 16.

The net change in non-current assets amounted to € 722.1 million or 36.4%, coming to € 2,704.1 million (previous year: € 1,982.0 million).

**Current assets** decreased by € 361.7 million to € 1,361.6 million. Cash and cash equivalents declined to € 791.7 million (previous year: € 1,119.9 million). Financial assets declined by € 6.3 million to € 25.1 million. Overall, AT&S thus has cash and current financial assets totalling € 816.8 million (previous year: € 1,138.8 million). The reduction of inventories by € 47.9 million to € 145.4 million was primarily due to a reduction in raw material inventories and unfinished products as a result of the economic slowdown at the end of the financial year. Trade receivables,

other receivables and contract assets rose by € 4.1 million to € 394.4 million. Other receivables increased by € 2.6 million, while contract assets declined by € 42.2 million and trade receivables fell by € 17.8 million. This reduction was partially offset by the resulting lower factoring activities (change: € -61.4 million).

Trade payables rose by € 15.7 million or 3.5% from € 442.2 million to € 457.9 million, including an increase in liabilities from investments by € 69.9 million to € 314.0 million (previous year: € 244.0 million).

#### Net gearing increased

**Equity** declined by -7.6% from € 1,252.3 million to € 1,157.5 million. The positive profit for the year of € 136.6 million increased equity. Negative effects of € -143.2 million were related to currency differences from the translation of net asset positions of subsidiaries and the translation of long-term loans to subsidiaries.

The repayment of the remaining part of the hybrid bond issued in 2017 led to a decrease in equity by € 40.9 million. In addition, the coupon payment of € 19.5 million for the hybrid bonds (issued in 2017 and 2022) as well as the dividend payment of € 35.0 million also caused a decline in equity.

Actuarial gains of € 3.0 million (previous year: loss of € 0.6 million) resulting from the parameters used for the calculation of personnel expenses increased equity.

The measurement of hedging instruments to hedge cash flows increased equity by € 4.6 million (previous year: gain of € 2.7 million).

## NET WORKING CAPITAL

€ in millions (unless otherwise stated)

	31 Mar 2023	31 Mar 2022	Change in %
Inventories	145.4	193.2	(24.8%)
Trade receivables and contract assets	275.7	274.2	0.6%
Trade payables	(457.9)	(442.2)	(3.5%)
Liabilities from investments	314.0	244.0	28.7%
<b>Working capital trade</b>	<b>277.1</b>	<b>269.2</b>	<b>2.9%</b>
Other current assets, payables, provisions	1.6	2.3	(30.7%)
<b>Net working capital</b>	<b>278.7</b>	<b>271.5</b>	<b>2.7%</b>
Net working capital in % of total revenue	15.6%	17.1%	
<b>Days outstanding (in days): <sup>1)</sup></b>			
Inventories	95	86	10.5%
Receivables	65	67	(3.0%)
Payables	74	68	8.8%

<sup>1)</sup> Calculation logic changed in the 2022/23 business year. Previous year's value was adjusted.

Non-current financial **liabilities** decreased by € 243.2 million or -19.1% to € 1,033.3 million. In the past financial year, AT&S concluded a credit line with a guarantee by Oesterreichische Kontrollbank (OeKB) and a loan with the European Investment Bank. Both credit lines are part of free credit lines as commitments by banks which have been concluded but not yet drawn. In addition, parts of the investments for the research and development centre in Leoben were financed by means of a lease agreement.

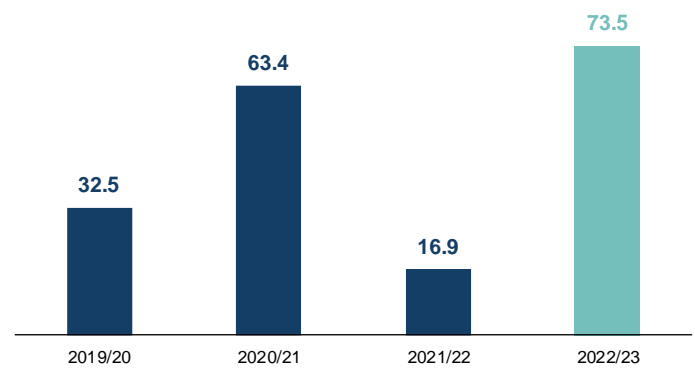
Current financial liabilities rose from € 78.4 million to € 662.4 million.

**Net debt** rose by € 639.6 million or 302.2% to € 851.2 million (previous year: € 211.6 million). The increase was primarily due to a decline in cash and cash equivalents resulting from AT&S's investing activities and a simultaneous increase in financial liabilities to finance the planned construction activities going forward. The payments related to bilateral agreements, which are contained in the contract liabilities, rose by € 160.8 million to € 607.2 million.

**Net gearing** increased to 73.5% and is therefore above the level of the previous year of 16.9%.

## NET GEARING

in %



## NET DEBT

€ in millions (unless otherwise stated)

	31 Mar 2023	31 Mar 2022	Change in %
Financial liabilities, current	662.4	78.4	>100%
Financial liabilities, non-current	1,033.4	1,276.6	(19.1%)
<b>Gross debt</b>	<b>1,695.8</b>	<b>1,355.0</b>	<b>25.2%</b>
Cash and cash equivalents	(791.7)	(1,119.9)	29.3%
Financial assets	(52.8)	(23.4)	(>100%)
<b>Net debt</b>	<b>851.2</b>	<b>211.7</b>	<b>&gt;100%</b>
Operating result before interest, tax, depreciation and amortisation (EBITDA)	416.7	349.5	19.2%
Net debt/EBITDA ratio	2.0	0.6	
Equity	1,157.5	1,252.3	(7.6%)
Total consolidated statement of financial position	4,161.9	3,746.3	11.1%
Equity ratio (%)	27.8%	33.4%	
Net gearing (net debt/equity) (%)	73.5%	16.9%	

## 2.4.2. FINANCING

The focus of the financial year 2022/23 was on ensuring continued financial flexibility and providing sufficient liquidity for operating activities and the planned investments. To this end, an OeKB loan of € 300 million was concluded in October 2022. In addition, a loan of € 250 million to support the expansion of the research and development activities in Austria was agreed with the European Investment Bank in December 2022.

### Focus on diversification of financing instruments

The financing of AT&S is based on a broad spread of both financing instruments and maturities. Based on the prevailing financial market conditions, a stronger focus may be placed on individual instruments or, as the case may be, they may not be used at times.

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

The importance of **promissory note loans** as a key financing pillar did not change in the financial year 2022/23. The advantages of promissory note loans are their high level of predictability and their comparatively low issue costs. Due to these advantages, AT&S intends to also use this form of financing in the future.

At 31 March 2023, promissory note loans totalling € 696.1 million (previous year: € 728.8 million) were placed

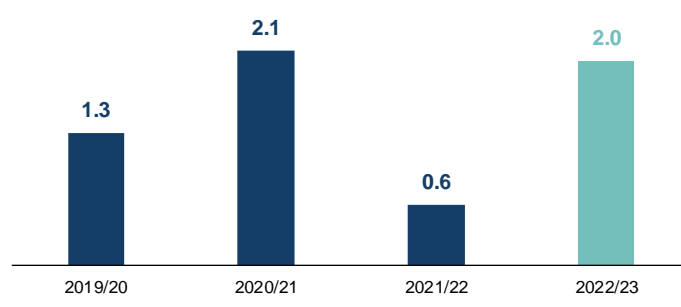
with national and international investors. The remaining terms range between one month and roughly six years.

Furthermore, **bank loans** are used. As of 31 March 2023, € 984.7 million were taken out with national and international banks (previous year: € 532.8 million). They have remaining terms ranging from a few months up to six years.

Credit lines serve to cover liquidity fluctuations, as a financing reserve and as financing provisions. At the balance sheet date, AT&S had unused credit lines of € 725.6 million (previous year: € 318.2 million) in the form of contracted loan commitments from banks. At 31 March 2023, AT&S had only used 65.8% (previous year: 79.2%) of its contracted financing potential and still possesses sufficient financial reserves in addition to cash and cash equivalents.

The theoretical repayment period for debts, defined as net debt/EBITDA, of 2.0 years was significantly above the previous year's figure (0.6 years).

### NET DEBT/EBITDA



## INSTRUMENTS

€ in millions

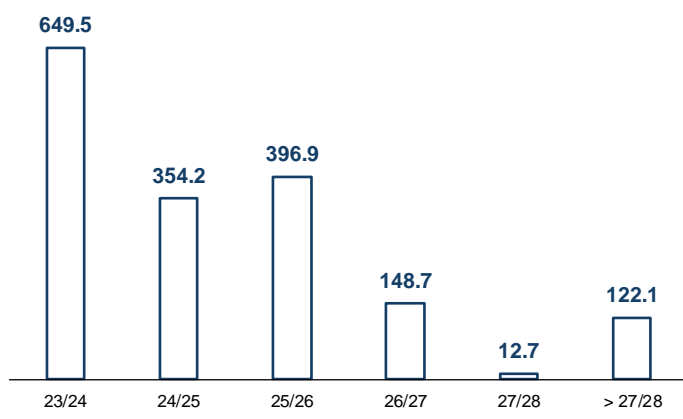
	31 Mar 2023	in %	31 Mar 2022	in %
Registered bond	15.0	0.6%	15.0	0.9%
Promissory note loans	696.1	28.7%	728.8	45.7%
Bank borrowings	984.7	40.7%	532.8	33.4%
<b>Gross debt</b>	<b>1,695.8</b>	<b>70.0%</b>	<b>1,276.5</b>	<b>80.0%</b>
Credit lines	725.6	30.0%	318.2	20.0%
<b>Committed credit lines</b>	<b>2,421.4</b>	<b>100.0%</b>	<b>1,594.7</b>	<b>100.0%</b>

The equity ratio decreased from 33.4% in the previous year to 27.8% in the reporting year and thus fell below the medium-term target of more than 30.0%. This is due in particular to the increase in total assets as a result of investments and securing the financing of the future investment programme. For further information regarding capital risk management, please refer to Note 20 “Additional disclosures on financial instruments” – subsection Capital Risk Management – in the notes to the consolidated financial statements.

AT&S pursues a balanced structure in terms of maturity. The repayment structure shows a high amount totalling € 649.5 million in the year 2023/24 due to the repayment of parts of the promissory note loans, bank loans and lease liabilities. AT&S strives to finance capital requirements early and has liquidity reserves of € 1,542.4 million (previous year: € 1,457.0 million), which consist of financial resources and unused credit facilities.

## REDEMPTION

€ in millions



## Effective interest and currency management

**Minimising interest rate risk** is another important treasury objective, with an adequate ratio of variable to fixed interest rates. 44.0% (previous year: 43.8%) of financing is conducted at, or was swapped to, fixed interest rates and 56.0% (previous year: 56.2%) is based on variable interest rates.

Strategies for hedging interest rates are regularly evaluated and adapted as necessary. Compared with the previous year, the share of variable interest rates rose due to the maturing

of liability items carrying fixed interest. Overall, AT&S is in a position to turn the interest exposure in the desired direction at any time by using appropriate hedging instruments.

AT&S also intends to invest available liquid funds **profitably but risk-sensitively**. At 31 March 2023, AT&S had financial resources totalling € 816.8 million (previous year: € 1,138.8 million). The aim is to achieve the highest possible yields with the liquid funds available in the short term by optimising the investment period through early conversion of liquid funds into currencies which have higher interest rates than the euro.

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 2023, assets denominated in US dollars (trade receivables, financial assets and cash denominated in US dollars) amounting to € 714.2 million (previous year: € 386.6 million) were offset by liabilities denominated in US dollars (trade payables and financial liabilities denominated in US dollars) amounting to € 291.1 million (previous year: € 87.4 million). The resulting net risk position – at 31 March 2023 this was an active balance of € 423.1 million (previous year: € 299.2 million) – thus amounted to 10.2% (previous year: 8.0%) 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).

## Further development of the financing network

Another treasury objective consists of optimised relationship management with financing partners. For AT&S, this means the selection of banks for cooperation at the national and international level 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.



### 2.4.3. CASH FLOW

#### Earnings situation boosts liquidity

**Cash flow from operating activities before changes in working capital** declined by € 304.3 million from € 776.3 million to € 472.0 million. This decrease is primarily due to a decline by € 309.4 million in payments received as part of bilateral agreements to € 136.9 million (previous year: € 446.4 million). The year-on-year increase in EBITDA by € 67.2 million to € 416.7 million (previous year: € 349.5 million) had a positive effect.

Interest payments were up € 3.7 million to € 23.0 million (previous year: € 19.3 million). Interest received increased by € 9.9 million to € 12.3 million (previous year: € 2.4 million). Income taxes paid rose by € 23.8 million to € 35.5 million (previous year: € 11.7 million).

**Cash flow from operating activities**, at € 476.4 million (previous year: € 713.2 million), is significantly lower than in the previous year, which is primarily attributable to the decrease in cash flow from operating activities before changes in working capital. The latter was increased by a reduction in inventories by € 41.1 million (previous year: € -27.7 million) and decreased by € 4.5 million (previous year: € -109.5 million) due to an increase in trade receivables, other receivables and contract assets. The negative change in trade payables and other liabilities reduces cash flow by € -51.8 million (previous year: cash flow increasing effect of € 72.2 million).

Capital expenditures for property, plant and equipment and for intangible assets of € 1,101.0 million were substantially higher than in the previous year (€ 605.6 million) as a result of the continued increase in investing activities. The main outflows resulted from the investments in Chongqing, Kulim and Hinterberg.

While capital expenditures for property, plant and equipment and for intangible assets increased by € 495.4 million in the financial year 2022/23, there were also considerable inflows from the sale of property, plant and equipment of € 104.8 million (previous year: € 3.7 million), which is predominantly attributable to the changed financing method (leasing) for the construction activities in Hinterberg, Austria. A net outflow of € 48.7 million was reported for financial assets (previous year: net inflow of € 22.2 million). However, overall, **cash flow from investing activities**, at € -1,044.9 million, significantly exceeded the prior-year value of € -579.7 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 € -519.8 million in the financial year 2022/23 (previous year: € 111.3 million).

Free cash flow, i.e. cash flow from operating activities less cash flow from investing activities, amounted to € -568.5 million (previous year: € 133.5 million), which was primarily attributable to the higher payments received from customers in the previous year (change of € -309.4 million) and the increase in investing activities (change in net capex € -394.3 million).

**Cash flow from financing activities** of € 211.0 million was € 185.9 million lower than in the previous year (€ 396.9 million). The most significant deviation resulted from the issue of a hybrid bond in the financial year 2021/22, which led to inflows of € 347.3 million in the previous year. No such hybrid capital was issued in 2022/23. However, outflows for the repayment of hybrid capital amounted to € -41.4 million (previous year: € -138.6 million).

Cash inflows were related to borrowings of € 340.1 million (previous year: € 255.5 million) and investment grants of € 21.4 million (previous year: € 28.0 million). Cash outflows

### CARRYING AMOUNT OF FINANCIAL LIABILITIES BY MATURITY

€ in millions

	31 Mar 2023	in %	31 Mar 2022	in %
Remaining maturity				
Less than 1 year	662.4	39.1	78.4	5.8%
Between 1 and 5 years	926.4	54.6	1,171.1	86.4%
More than 5 years	107.0	6.3	105.5	7.8%
<b>Total financial liabilities</b>	<b>1,695.8</b>	<b>100.0</b>	<b>1,355.0</b>	<b>100.0%</b>

resulted from the repayment of financial liabilities of € -54.7 million (previous year: € -70.9 million), the dividend payment of € -35.0 million (previous year: € -15.2 million) and hybrid coupon payment of € -19.5 million (previous year: € -9.3 million).

Cash and cash equivalents decreased from € 1,119.9 million to € 791.7 million, due in particular to the high investment level. This reduction was partly offset by the positive cash flow from operating activities and the above-mentioned financing and investment measures. In addition, AT&S has current financial assets of € 25.1 million (previous year: € 18.8 million) at its disposal.

Overall, AT&S thus has cash and current financial assets totalling € 816.8 million (previous year: € 1,138.7 million). These resources, which are currently still at a very high level, combined with unused credit lines of € 725.6 million (previous year: € 318.2 million), serve to secure the financing of the future investment programme and short-term repayments.

#### 2.4.4. PERFORMANCE INDICATORS

##### Indicators demonstrate strong operating performance

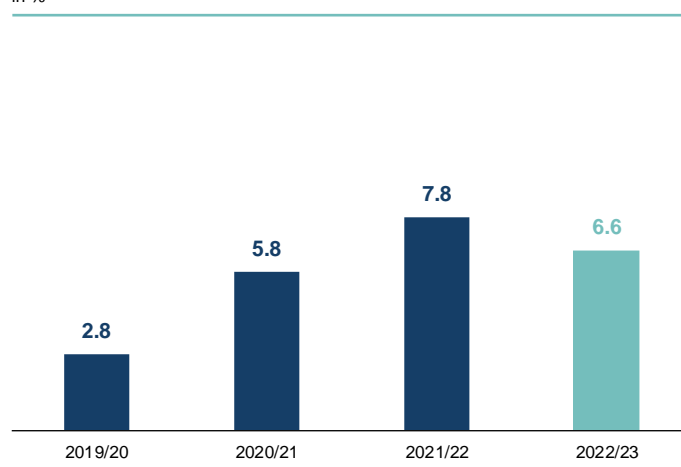
In addition to revenue and EBITDA, AT&S uses the indicators ROCE and Vitality Index for strategic corporate management. They reflect the operating performance vis-à-vis investors and customers.

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

borrowings. The weighted average cost of capital (WACC) for the printed circuit board industry was around 9.2%. With ROCE amounting to 6.6%, AT&S fell short of this level during the reporting period.

##### ROCE

in %



Net operating profit after tax (NOPAT) improved from € 107.6 million in the previous year to € 115.0 million due to the higher EBIT and despite higher taxes.

Capital employed rose by € 356.0 million both due to the higher average equity as a result of higher net debt. Since the increase in capital employed was higher than that of NOPAT, ROCE declined from 7.8% in the previous year to 6.6%.

The second performance indicator, the Vitality Index, shows the ability to implement innovations in a timely manner and in response to the market. AT&S measures this ability using the Vitality Index, which expresses the revenue share of products that feature new and innovative technologies and which have

#### CASH FLOW STATEMENT (SHORT VERSION)

€ in millions

	2022/23	2021/22	Change in %
Cash flow from operating activities before changes in working capital	472.0	776.3	(39.2%)
Cash flow from operating activities	476.4	713.2	(33.2%)
Cash flow from investing activities	(1,044.9)	(579.7)	(80.2%)
Operating free cash flow	(519.8)	111.3	(>100%)
Free cash flow	(568.5)	133.5	(>100%)
Cash flow from financing activities	211.0	396.9	(46.8%)
Change in cash and cash equivalents	(357.5)	530.4	(>100%)
Currency effects on cash and cash equivalents	29.3	36.7	(20.1%)
<b>Cash and cash equivalents at the end of the year</b>	<b>791.7</b>	<b>1,119.9</b>	<b>(29.3%)</b>

been launched on the market in the last three years. In the financial year 2022/23, the Vitality Index is 35.6% compared with 44.4% in the previous year. AT&S strives for a medium-term average Vitality Index of at least 20%. This target was exceeded in the financial year 2022/23.

## 2.5. Significant events after the reporting period

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

### RETURN ON CAPITAL EMPLOYED (ROCE)

€ in millions

	2022/23	2021/22	Change in %
Operating result (EBIT)	146.2	126.5	15.6%
Income taxes	(31.2)	(18.8)	(65.8%)
<b>Operating result after tax (NOPAT)</b>	<b>115.0</b>	<b>107.6</b>	<b>6.9%</b>
Equity – average	1,204.9	1,027.2	17.3%
Net debt – average	531.4	360.1	47.6%
<b>Capital employed – average</b>	<b>1,736.3</b>	<b>1,387.2</b>	<b>25.2%</b>
<b>ROCE</b>	<b>6.6%</b>	<b>7.8%</b>	

### VITALITY INDEX

€ in millions

	2022/23	2021/22	Change in %
Main revenue	1,791.3	1,589.8	12.7%
Main revenue generated by innovative products	637.9	705.2	(9.5%)
<b>Vitality Index</b>	<b>35.6%</b>	<b>44.4%</b>	

## 3. OTHER STATUTORY INFORMATION

### 3.1. Plants and branch offices

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

**Leoben and Fehring** The Austrian plants primarily supply the European market. In Europe, special applications and customer proximity are particularly important. Based on production and technological diversity, flexibility in manufacturing and the broad customer spectrum, the plant in Leoben continues to pursue the path of niche and prototype production it embarked on in recent years. Among other things, production using embedding technology takes place in Leoben. In addition, investments were made in the expansion of the IC core line in order to provide the required capacities for precursor material for the production in Chongqing. Now the Company is investing in a new R&D centre for substrate and packaging solutions for the global semiconductor industry at the location in Leoben. As part of the current diversification strategy, new customers were won for the IC substrates business segment. As a result of this development, the R&D centre will be expanded to include series production. With capacity utilisation at a good level in the financial year 2022/23, the plant in Fehring serves all segments of the AIM business unit, i.e. Industrial, Medical and Automotive.

**Shanghai** The Shanghai plant manufactures HDI (High Density Interconnection) and MSAP (Modified semi additive process) printed circuit boards, in particular for customers in the Mobile Devices & Substrates segment. The plant has established itself as a leading supplier of the latest technology generation and its broad technology spectrum is very well received by customers. The plant was operating continuously during the peak season months of 2022/23 and the capacity installed was fully utilised. There was strong demand for HDI printed circuit boards, which were produced primarily for the Consumer and Automotive segments.

**Chongqing** The location in Chongqing currently comprises three operating plants. The plants Chongqing I and Chongqing III are designed for the production of IC substrates (integrated circuit substrates). At Chongqing III, which was newly built in 2021, the first of four production lines

commenced production of large series in October 2021. The second line was commissioned in 2022, while the installation of the third and fourth lines was slowed down due to a decline in production in the semiconductor industry in the second half of 2022 and in early 2023. The installation work for the two remaining lines will be resumed as soon as the semiconductor market has recovered. High-end mSAP printed circuit boards and printed circuit boards for modules are produced for mobile applications at the Chongqing II plant. The production capacity for modules was further expanded to serve the growing customer demand in the high-end segment. The full expansion of the plant is scheduled to be completed in the coming financial year.

**Kulim** Construction of the plant for IC substrates, which commenced in October 2021, is in progress. The construction work is proceeding as scheduled; however, part of the investment project will be executed later than planned. When completed, up to 10 lines can be installed in the two plants. As of April 2023, installation of the equipment can begin at one of the plants.

**Ansan** The very positive development of the site in Korea continued in the financial year 2022/23, in particular in the medical technology segment for European and American customers. The expansion of the plant was completed in the financial year 2021/22, and production was consequently increased on this basis.

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

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

**Sales support companies** The sales support companies in America, Germany, Japan, Taiwan and

Sweden continued to ensure good and close contact with customers in the financial year 2022/23.

## 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 of 31 March 2023, the Company's ordinary shares amount to € 42,735,000 and are made up of 38,850,000 no-par value shares with a notional value of € 1.10 per share. The voting right at the Annual General Meeting is exercised according to no-par value shares, with each no-par value share equalling one voting right. All shares are bearer shares.

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

At the reporting date of 31 March 2023, roughly 64.3% 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.

The Management Board was authorised at the 25th Annual General Meeting on 4 July 2019, 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 was authorised to determine, subject to the approval of the Supervisory Board, 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 was authorised to adopt amendments to the Articles of Association resulting from the issuance of shares from the approved capital.

## SIGNIFICANT DIRECT AND INDIRECT SHAREHOLDINGS

Shares/in %

	Shares	% capital	% voting rights
Dörflinger-Privatstiftung: Vienna, Austria	7,043,133	18.13%	18.13%
Androsch Privatstiftung: Vienna, Austria	6,819,337	17.55%	17.55%

Furthermore, the Management Board was authorised at the 25th Annual General Meeting on 4 July 2019 to issue, subject to the approval of the Supervisory Board, one or several convertible bearer bonds at a total amount of up to € 150,000,000 until 3 July 2024, 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. In this regard, the Management Board was also authorised to fully or partially exclude shareholders' subscription rights. In this context, 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 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 also authorised to determine, subject to approval of 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.

### Treasury shares

At the 27th Annual General meeting of 8 July 2021, the Management Board was again authorised to purchase, within a period of 30 months from the adoption of the resolution,

treasury shares to an extent of up to 10% of the nominal share capital for a minimum consideration per share being at the most 30% lower than the average, unweighted stock exchange closing price over the preceding ten trading days and a maximum consideration per share at the most 30% higher than the average, unweighted stock exchange closing price over the ten preceding trading days; such purchases may take place via the stock exchange, by means of a public offering or any other legally permitted way, and for any legally permitted purpose. The Management Board was also authorised to withdraw shares after repurchase as well as treasury shares already held by the Company without further resolution by the Annual General Meeting. The Supervisory Board was authorised to adopt amendments to the Articles of Association arising from the withdrawal of shares. Furthermore, the Management Board was authorised for a period of five years, i.e. up to and including 3 July 2024, subject to the approval of the Supervisory Board, to sell or use the repurchased treasury shares or treasury shares currently held by the Company other than via the stock exchange or by public offer in particular for the purposes of stock transfer programmes, convertible bonds or as a consideration for the acquisition of entities, investments or other assets or for any other legal purpose, and to exclude a general purchase opportunity for shareholders.

The Company held no treasury shares as of 31 March 2023.

### Free reserves

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

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

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

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

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

### **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 2022/23 as a separate chapter.

## 4. RESEARCH AND DEVELOPMENT

### Structural development of technological opportunities

AT&S's research and development activities are focused on exploiting the opportunities arising from digitalisation and ecological optimisation for AT&S. The electronics industry, in particular microelectronics, plays a central role in this context. It provides systems which enable digitalisation in the first place (e.g. data centres and computers with high-performance processors). In addition, the energy consumption of these devices can be reduced dramatically based on the efficient structure of the overall systems. Microelectronics also forms the basis for completely new solutions for more efficient energy use along the entire value chain (production, transportation, storage and usage). 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 while energy consumption is optimised at the same time. 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, the data volume to be transmitted will also increase significantly in the years to come. Electronic systems working at higher frequencies (e.g. communication modules for 5G and in the future 6G, radar systems for cars) will offer solutions in this regard. These will require new interconnect technology solutions. Based on development projects in this area AT&S ensures that the products transmit signals fast, precisely and with minimal losses.

**Performance and performance efficiency:** In view of the sustainability efforts, there is currently a strong trend in electrification towards carbon-neutral energy production, new energy source systems and electricity-based forms of propulsion. AT&S focuses its development activity on systems which enable optimum power supply with the lowest

electrical losses from energy production to usage, and can therefore switch, control and transmit high loads.

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

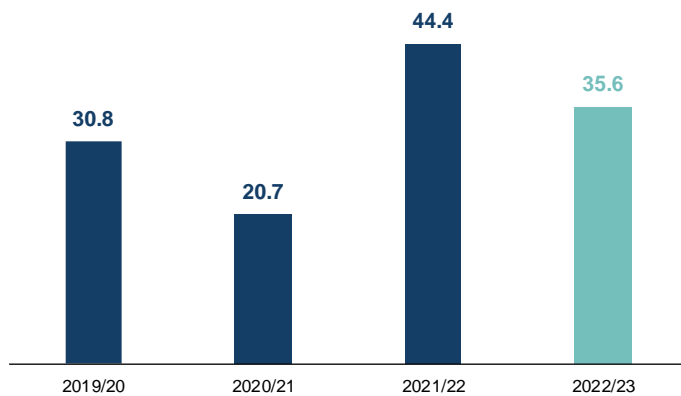
### Innovation rate still high

The Vitality Index measures the impact of the innovative strength of a company. It describes the share in revenue AT&S has generated with innovative products launched on the market in the past three years. Generally speaking, the Vitality Index is higher in the years following the successful implementation of new technologies and lower in the development phase of new technologies (i.e. during the phase before their market launch). In the past financial year we see the effect of the launch of new, innovative products on the market. AT&S strives for a mean annual Vitality Index of at least 20%. In the past financial year, a Vitality Index of 35.6% was recorded.



VITALITY INDEX

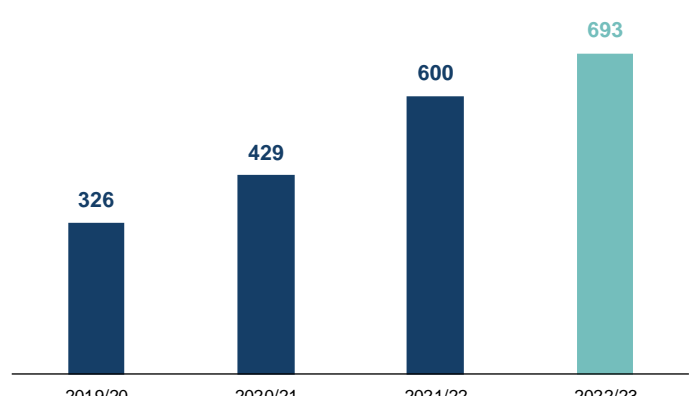
in %



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 79 new patent applications in the financial year 2022/23. At present, AT&S has 522 patent families, which result in 693 granted patents. The IP portfolio is further strengthened by externally acquired licences, in particular in the area of embedding technology.

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

NUMBER OF PATENTS GRANTED

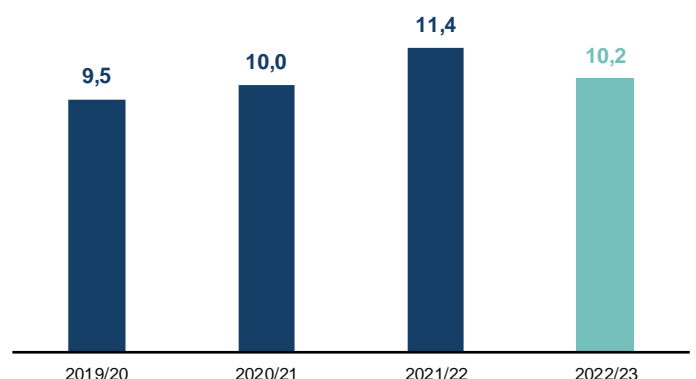


R&D expenses: 10.2% of revenue

The costs of research and development projects totalled € 183.4 million in the financial year 2022/23. This corresponds to a research rate (i.e. ratio to revenue) of 10.2% compared with 11.4% in the previous year. Based on the continuously high research rate, AT&S is securing its position as a technology leader for the years to come.

RESEARCH RATE

in %/ratio to revenue



Two-stage development process

AT&S pursues a two-stage innovation process: The first stage is based on technology platforms. In these technology platforms, technical approaches are developed to solve the technical problems in the strategic applications of AT&S for

the coming years. This stage 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 and strong collaboration with our customers, suppliers and research institutions.

### Key development projects

In the past financial year, the R&D activities focused on the expansion of the R&D centre at the AT&S headquarters in Leoben, which is a development centre for IC substrates and other technologies in the field of advanced electronic packaging. An R&D, prototype and series production line, which globally sets a new technological standard in this area, constitutes the heart of the centre. This measure brings a technology segment to Europe which is only available in Asia today, thus making a substantial contribution to technological supply security. Coupled with the investments in research and development at the headquarters in Leoben in the areas of “Substrate – Core” and “Packaging Technologies” over the past years, this new centre will become a hotspot in electronics development and will be a guarantor of leading-edge solutions made by AT&S.

At the same time, the technology platforms for “High Performance Computing”, “High-frequency Electronics” and “Power and Power Efficiency” are further expanded. In these platforms, concepts are developed which will support the challenges of electronic systems and find optimal solutions by the end of the decade. For example, new solutions for the energy-efficient power supply of high-performance processing modules, low-loss circuit and heat dissipation concepts for e-mobility and energy supply as well as the first basic concepts for the upcoming 6G mobile communication standard are developed.

# 5. OPPORTUNITIES AND RISKS

## 5.1. Opportunities and risk management

### STRUCTURE AND INSTRUMENTS

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

From an organisational perspective, Risk Management, Internal Control System and Internal Audit functions fall within the responsibility of the CFO. Risk Management reports regularly to the full Management Board at a Management Board meeting. The Supervisory Board is included within the framework of the Audit Committee meetings, which take place at least twice a year. The proper functioning of the risk management system is assessed annually by the auditor in the course of the annual audit of the financial statements pursuant to Rule 83 ACCG.

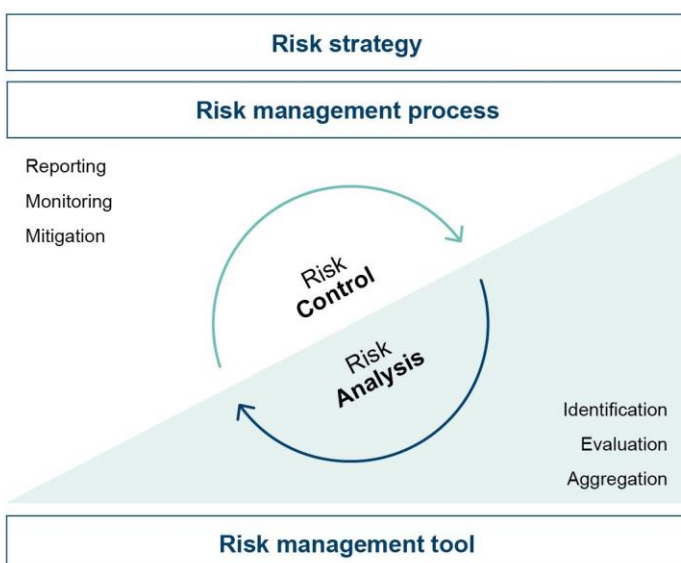


Figure 1: AT&S Risk management process

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), which was defined in a Group-wide risk management policy.

### RISK MANAGEMENT IN 2022/23

In the financial year 2022/23, risk management was restructured. Enterprise Risk Management was combined in one department with Project Risk Management and Business Continuity Management to enable optimal use of synergies. The goal of this development is linking the risk management processes more closely. Furthermore, the new structure was used to enhance risk awareness and anchor it better within the Company. At risk management workshops with Group, business unit and plant functions, risks are comprehensively identified, assessed and mitigation measures are defined.

**Risk strategy:**

defined by the Management Board and process owners.

**Risk identification:**

group-wide identification and evaluation. Immediate reporting of significant new risks.

**Risk evaluation:**

consistent group-wide evaluation of all risks with respect to their impact, probability of occurrence and resulting risk rating.

**Aggregation & reporting:**

aggregation and regular reports of all significant risks to the Management Board and Audit Committee by the Risk Manager.

**Risk mitigation & monitoring:**

in accordance with defined reporting and decision levels actions to mitigate the identified risks are taken (based on risk level, see Figure 2).

**Risk management tool:**

group-wide for risks



RM: Risk Management; ICS: Internal Control System; BU: Business Unit; FMEA: Failure Mode and Effects Analysis  
 Figure 2: AT&S Risk levels and Risk controlling

**Risk exposure & risk level:**

the AT&S risk levels are derived by impact and probability of occurrence as an indicator of the risk capacity of the Group.

**ICS & RM:**

management of process risks supported by the internal control system. At group level, relevant risks are managed and reported through the risk management process.

**Risk controlling:**

clear assignment of responsible decision levels based on risk level (see left) and definition of responsibilities for the implementation of mitigation measures.

## 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. The material risks are described by risk category in the following section.

### STRATEGY

#### Investment risk

In order to use growth potential, AT&S has undertaken substantial investments in new technologies (IC substrates) as well as in the further development and capacity expansion of existing technologies (SLP, mSap, HDI). In order to secure the high-end substrate business as a strategic cornerstone, AT&S is investing in a production site at the Kulim Hi-Tech Park, Kedah, Malaysia. The project is carried out in cooperation with two leading manufacturers of high-performance computing semiconductors. One of the two plants is currently being finalised and the first machines have already been delivered. Production is expected to start in 2024. The building envelope of the second plant will be completed. The timing of the procurement and installation of the infrastructure and production equipment depends on how the market and the situation of a key customer develop.

In addition, the Company is investing in a new R&D centre for substrate and packaging solutions for the global semiconductor industry at its site in Leoben-Hinterberg. As part of the current diversification strategy, new customers were won for the IC substrate segment. As a result of this development, the R&D centre will be expanded to include series production, supported by financing contributions from the new customers.

Unexpected technological developments, changes in demand, restrictions through third-party patents, negative price developments, 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 impact 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 use of the HDI technology was successfully transferred from smartphone applications and other mobile devices to further applications, for example 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.

In the markets for IC substrates, demand for notebook CPUs in 2023 is expected to be lower than in 2022. The extreme increase in sales volume of PCs and Notebooks due to remote work during the COVID pandemic led to anticipatory effect and consequently to a saturation in this segment. In combination with high inventory levels, the impact on the supplier chain is even further intensified. According to current forecasts, demand is expected to recover at the end of 2023. AT&S is therefore adjusting the investment programme in Malaysia to the current market situation. In the area of server ICs, demand for IC substrates will benefit from the technology shift towards heterogeneous integration in the medium term.

Competitor risks arise due to potential quality improvements and technological developments in countries with low production costs, for example Vietnam or the Philippines. This could lead to a loss of competitiveness at AT&S sites, especially in Austria but possibly also at other production sites such as those in South Korea and China. In addition, competitors announced substantial investments in capacities for ABF substrates in the past year, which can lead to additional overcapacities in the market and the resulting falling prices.

In addition, a difficult market environment in the financial year 2023/24 could have an adverse effect on the Group's results. The war in Ukraine with effects on the energy market, increased tensions between the USA and China as well as general economic slowdowns coupled with rising inflation and a higher interest level have significantly weakened the market environment after the end of the COVID pandemic. Lower demand for IC substrates, stagnating smartphone sales, weak demand in the Automotive and Industrial segments as well as unfavourable market developments in the other core segments could lead to a decline in revenue. The broadbased

positioning of AT&S in the Mobile Devices & Substrates segment and in the Automotive, Industrial, Medical segment with their different production cycles can partially mitigate market risks. Along with controlling risks, crisis-proof applications are being pushed based on customer and application analyses, for example applications in the medical sector.

## 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 75% of total revenue, with the respective shares ranging from 2% to 37%. Our long-term relationships with these customers also offer excellent opportunities for the future. However, a concentration of this kind also poses risks in the event that there is a significant reduction in business volume or profitability from these customers. As part of its diversification strategy, AT&S succeeded in winning additional IC substrate customers, in particular in the area of server ICs. Likewise, major new customers were won in the PCB business and profitability was significantly increased. These measures support the rapid compensation of potential negative developments among individual key customers. Nevertheless, adverse changes in the markets can have a negative impact on AT&S, as the customers operate in similar market segments.

## 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 2022/23 was on the availability of raw materials and on price development. In particular, the Ukraine-Russia war and its impact on the availability of materials and energy, and subsequently the pricing situation, was challenging for AT&S. Raw material prices are expected to stabilise in the coming financial year. In particular, the prices and availability of raw materials such as copper can have a massive impact on the business development. Raw

material shortages lead to longer lead times and uncertainties in terms of delivery dates. However, AT&S was able to reduce the procurement risk through targeted supplier management. Capacity shortages of production materials, components and equipment can also occur in the growth markets targeted by AT&S in the future and influence the business development of AT&S.

### Suppliers

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

## BUSINESS ENVIRONMENT

### Location-specific risks

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

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

### 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 war between Ukraine and Russia, which has been ongoing since February 2022, has an impact on the entire global economy. In addition to the resulting humanitarian disaster, this war also affects the availability of materials and energy, which is also reflected in their price development. Uncertainties regarding energy supply, in particular electricity, can also have a negative effect on AT&S. To mitigate this risk, measures have been taken to enable the Company to respond quickly if required. Furthermore, AT&S is working on an energy strategy for all production sites, which includes security of supply in addition to the sustainability aspect. Nevertheless, far-reaching sanctions and other unexpected geopolitical developments can have negative effects on the business operations of AT&S.

A potential aggravation of the trade conflict between the USA and China could lead to an increase in punitive tariffs on imports of certain goods in both countries as well as trade restrictions for technology companies. From the current perspective, the trade conflict only has an insignificant influence on AT&S. Nevertheless, ongoing monitoring of the affected goods is necessary. Moreover, provocations in East Asia increased over the past months (in particular China and Taiwan, but also in the Korea conflict). An escalation of these conflicts could have a negative effect on business activities. In addition, resulting macroeconomic developments may have an adverse effect on the business of AT&S.

### Compliance

Amendments to regulatory requirements (for example REACH and ROHS), such as the prohibition of specific processes or materials, might lead to a rise in production costs. AT&S might be subject to payment of substantial damages or penalties should any breach of customer confidentiality agreements or statutory provisions occur. AT&S has implemented organisational measures aimed at preventing or minimising the occurrence of compliance risks. The extension of such measures is ongoing. As a rule, AT&S follows a zero-tolerance policy and expects 100% compliance

with all applicable laws and regulations from its employees. The Governance, Risk & Compliance Committee (GRC Committee) supports the Enterprise Risk Management in monitoring the risk landscape and helps promote compliance with legal and regulatory requirements. In addition, AT&S introduced the whistleblowing platform “We Care”, which enables employees and external third parties to report potential compliance violations.

### Fraud, data security and cybercrime

To continue to successfully prevent attempted fraud, internal controls were further intensified in the past few financial years and initiatives to raise awareness among employees with regard to such fraud schemes were increased. Based on an analysis of internal processes regarding the use of personal data, the required measures were assessed and implemented in order to ensure the protection of sensitive data. Following the successful certification of all European locations in accordance with ISO 27001, the Information Security Management System (ISMS) was rolled out at all production locations and certification according to ISO 27001:2013 was performed. Alignment with international IT standards ensures safe handling and appropriate access to information, and the availability of reliable systems.

## 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 to ensure high product quality, AT&S not only meets general international quality standards (ISO 9001) but also further standards for the automotive (e.g. IATF 16949), aviation (e.g. NADCAP accreditation) and medical technology (e.g. DS/EN ISO 13485) sectors. Furthermore, the Group is insured against major risks by virtue of an (extended) product liability insurance policy taking into account exclusions of coverage and customary coverage limits.

### Intellectual property

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

### Technology and project development

The establishment and expansion of capacity for IC substrates in Chongqing and Kulim lead to specific risks given the significant investment volume. The market for IC substrates is influenced by technological changes. The establishment of an R&D centre including prototype production in Austria is also intended to serve the development of new technologies, thus mitigating the market risk of IC substrates. However, this technological progress includes the general risk of new technology developments. Complications in advancing these technological developments and project implementation could result in major burdens on business development and the existing financial and administrative resources.

### Cost control

AT&S has initiated comprehensive cost optimisation programmes in order to mitigate effects resulting from weak demand, price pressure and inflation. These programmes focus on increasing the scope of continuous improvement measures, on accelerating their implementation and on eliminating the inefficient use of materials and resources as far as possible. Continuous cost reduction and efficiency increases in all business segments are crucial to the Group's profitability. If cost reduction measures and performance increases cannot be implemented as planned (or if the costs cannot be passed on to customers), this may have a negative impact on the competitiveness of the Group.

## ORGANISATION

### Employees

The collective industry experience and management expertise of the employees of the AT&S Group are the foundation for using future opportunities. The two major projects (Leoben and Kulim) require a high number of qualified personnel. Should it not be possible to hire sufficient qualified staff, this might have a negative impact on the progress of these major projects. AT&S continuously develops strategies for retaining key employees, recruiting additional valuable personnel and further expanding the skills of its staff.

## FINANCE

### Foreign exchange risk

Exchange rate fluctuations can have considerable positive or negative effects on the results of the Group. To minimise the transaction effects, the Group employs a hedging strategy by generating opposing cash flows in the respective currencies. The high investments in Asia of the past few years and the related strong revenue growth result in significant translation risks related to the RMB and MYR. The extent of these risks is continuously analysed. The results are incorporated in strategies to implement efficient currency management.

### Financing and liquidity

The Group uses long-term financial and liquidity planning to secure the financial needs for the expansion strategy. However, negative business developments, significant deviations from assumptions in business cases, further changes in interest rates, exchange rate fluctuations or

valuation adjustments may cause failure to achieve the targeted equity ratio and the net debt/EBITDA ratio, and subsequently lead to additional financing requirements under more difficult terms and higher costs, or the loss of existing financing facilities. Interest rates are hedged centrally for the Group as a whole by Group Treasury, using appropriate financial instruments.

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

### Tax risk

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

## ESG

ESG risks, i.e. risks regarding environmental, social and governance issues, have also been considered as part of corporate risk management. For further information regarding material ESG risks, please refer to the non-financial report 2022/23, section "Anchoring sustainability".



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

The accounting-related Internal Control and Risk Management system is an integral part of the Group-wide risk management system. According to the framework concept of COSO (the Committee of Sponsoring Organizations of the Treadway Commission), the actual risk management as well as the Internal Control System (ICS) are subsumed under the concept of company-wide risk management. The main criteria of 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 control targets described for financial reporting. The Internal Control System aims to ensure the effectiveness and efficiency of the business activities, reliable financial reporting and compliance with the applicable legal requirements and internal regulations.

Further principles of the ICS are:

- Identification of operating risks and definition and implementation of adequate control measures
- Ensuring an adequate separation of functions
- Ensuring the correctness and completeness of accounting
- Ensuring transparency and traceability
- Disclosure of damage already done
- Protection of property, plant and equipment and intangible assets

The accounting procedures are documented in separate process instructions. These processes are standardised across the Group and are presented in a standardised documentation format. Additional requirements for accounting procedures result from specific local regulations.

The basic principles of accounting and reporting are documented in the process descriptions and in detailed process instructions, which are also filed in the central document management system. 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. The necessary control measures in connection with accounting processes, for example access authorisations and separation of functions, are documented in the Internal Control System. Their implementation and effectiveness is regularly reviewed by Internal Audit and any improvement measures are identified.

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 Finance and Corporate Controlling departments. 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

While the global COVID pandemic continued, the global economy was also hit by other shocks in 2022. These included geopolitical upheavals such as the Russian invasion in Ukraine and the tensions between China and the United States, but also macroeconomic shocks such as persistent inflation on a broad basis and a tightening of monetary policy in numerous economies. The global economic output (GDP) grew by an estimated 3.4% in 2022. The gross domestic product increased by 3.5% in the euro area, by 3.0% in China and by 2.0% in the United States. According to forecasts, the global GDP will grow by 2.9% in 2023.<sup>21</sup>

The geopolitical tensions between China and the United States continued to increase the pressure on the global electronics supply chain in 2022. The tensions not only led to a limitation of technology exports to China, but also to strengthening the resilience of the supply chain through investments in production capacities outside China. A potential aggravation of the trade conflict could result in an increase in punitive tariffs on imports of certain goods in both countries as well as in trade restrictions for tech companies. The trade conflict currently only has an insignificant influence on AT&S. Nevertheless, it will be necessary to monitor the goods concerned continuously.

Market analyses anticipate a declining trend of 3% for printed circuit boards and of 6% for IC substrates for the calendar year 2023. For further information on industry and technology trends please refer to Section 1 "Market and industry environment" of the Management Report.

### Structural trends drive growth

Depending on the market development, AT&S will continue to push ahead the investment project in Kulim and the expansion of the site in Leoben and implement technology upgrades at other locations in the financial year 2023/24. In view of the highly volatile environment, the ongoing investment projects will be reviewed at frequent intervals and adapted to the respective current situation if required.

The expectations for AT&S's segments are currently as follows: In the markets for IC substrates, demand for notebooks in 2023 is expected to be lower than in 2022. The

negative impact on the supplier chain will be aggravated by high inventory levels. According to current forecasts, this will affect the first half of 2023 in particular, with a recovery of demand anticipated towards the end of the year. Demand for IC substrates for servers will benefit from the technology shift towards heterogeneous integration<sup>22</sup> in the medium term.

In the area of mobile devices, the 5G mobile communication standard as well as the module printed circuit board business will remain positive drivers. In the Automotive segment, the semiconductor shortage should continue to ease and the growth trend should consequently intensify as the share of electronics per vehicle continues to increase. In the Industrial and Medical segments, AT&S expects a continued positive development for the current financial year.

### Investments

As part of the strategic projects, the management is planning investments totalling up to € 800 million for the financial year 2023/24 depending on the market environment and progress of projects.

Roughly € 100 million are budgeted for basic investments. Planned investments of approximately € 200 million in the financial year 2022/23 have been postponed to the financial year 2023/24.

As a result, the currently planned investment volume totals up to € 1.1 billion.

### Overall guidance for the financial year 2023/24

AT&S expects the deterioration of the market environment in the second half of 2022/23, in particular in the market for IC substrates, to continue in the first half of 2023/24. Continued high inflation rates, rising interest rates, recession risks as well as geopolitical developments represent additional elements of uncertainty for the end markets. The company expects that inventories in the supply chains will have normalised by the second half of 2023/24 and that demand picks up again. In this highly volatile environment, AT&S expects revenue in the range of € 1.7 to 1.9 billion. Not including effects from the start-up of the new production capacities in Kulim and Leoben totalling approximately

<sup>21</sup> IMF, World Economic Outlook Update, January 2023

<sup>22</sup> Heterogeneous integration means that the different functionalities of a single microchip are split up into chiplets, which reduces costs and increases performance. However, this requires

significantly larger and more complex IC substrates to ensure the connection between the individual chiplets.

€ 100 million, the adjusted EBITDA margin is expected to range between 25 and 29%.

Leoben-Hinterberg, 15 May 2023

The Management Board

Andreas Gerstenmayer m.p.

Peter Schneider m.p.

Peter Griehsnig m.p.

Petra Preining m.p.

Ingolf Schröder m.p.

# AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS 2022/23

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, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the consolidated financial position of the Group as at March 31, 2023, 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. Recoverability of deferred tax assets
2. Revenue recognition over time according to IFRS 15

#### 1. Recoverability of deferred tax assets

##### ▪ Description and Issue

The Group has recognised deferred tax assets in the amount of TEUR 19.911 (prior year: TEUR 24.698). Therein included are deferred tax assets from tax loss carryforwards amounting to TEUR 27.908 (prior year: TEUR 26.148) as well as taxable temporary differences amounting to TEUR -7.996 (prior year: -1.450).

The recognition of deferred tax assets is based on the assumption that within a planning period 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.

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

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

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

#### ▪ Our Response

For all material consolidated companies we have

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

## 2. Revenue Recognition over time according to IFRS 15

### ▪ Description and Issue

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

Performance obligations that in accordance with over time revenue recognition criteria are already satisfied but the payment is still outstanding, shall be recognized as contract assets in accordance with IFRS 15. As of March 31, 2023, the group states contract assets in the amount of TEUR 135.176 (prior year: TEUR 177.328) after considering impairment according to IFRS 9. The revenue recognized over time in the financial year 2022/23 amounts to TEUR 1.015.265 (prior year: TEUR 1.085.035).

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

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

#### ▪ Our Response

We have

- assessed the 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 Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Report on the Audit of the Consolidated Management Report

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

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

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

#### *Opinion*

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

#### *Statement*

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

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

We were appointed as auditors by the annual general meeting on July 7, 2022 and commissioned by the supervisory board on September 5, 2022 to audit the consolidated financial statements for the financial year ending on March 31, 2023. We have been auditing the Group uninterrupted since the financial year ending 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 Gerhard Marterbauer.

Vienna

15 May 2023

Deloitte Audit Wirtschaftsprüfungs GmbH

Gerhard Marterbauer m.p.  
Certified Public Accountant

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



AT & S Austria Technologie & Systemtechnik Aktiengesellschaft

# **FINANCIAL STATEMENTS** **AS OF 31 MARCH 2023**

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# Balance Sheet

AT & S AUSTRIA TECHNOLOGIE & SYSTEM TECHNIK AKTIENGESELLSCHAFT  
LEOBEN-HINTERBERG  
BALANCE SHEET AS OF 31 MARCH 2023  
(Prior year for comparison)

in €	ASSETS	31 Mar 2023	31 Mar 2022	SHAREHOLDER'S EQUITY AND LIABILITIES	31 Mar 2023	31 Mar 2022	
A.	<b>FIXED ASSETS</b>			A.	<b>SHAREHOLDER'S EQUITY</b>		
I.	Intangible Assets			I.	Share capital	42,735,000.00	42,735,000.00
1.	Industrial property rights and similar rights, and licenses thereto	4,548,969.15	4,403,036.29		Capital subscribed	42,735,000.00	42,735,000.00
		<u>4,548,969.15</u>	<u>4,403,036.29</u>		paid-in nominal capital	42,735,000.00	42,735,000.00
II.	Property, plant and equipment			II.	Capital reserves appropriated	163,270,702.50	163,270,702.50
1.	Buildings on third party land	12,031,236.68	9,453,676.90	III.	Revenue reserves		
2.	Machinery and technical equipment	129,414,921.32	86,273,381.97	1.	statutory reserve	4,273,500.00	4,273,500.00
3.	Other assets, fixtures and furniture	11,077,397.79	5,106,714.66	2.	other reserves (free reserves)	17,505,782.55	17,505,782.55
4.	Prepayments and construction in progress	19,907,358.19	45,890,774.47	IV.	Unappropriated retained earnings	238,505,515.30	57,800,790.14
		<u>172,430,913.98</u>	<u>146,724,548.00</u>		of which profit/loss carried forward	22,835,790.14	53,396,054.76
III.	Financial assets					<u>466,290,500.35</u>	<u>285,585,775.19</u>
1.	shares in affiliated companies	320,408,507.60	320,406,007.60	B.	GOVERNMENT GRANTS	4,057,975.88	4,692,289.74
2.	loans to affiliated companies	1927,410,743.64	1524,271,885.75	C.	PROVISIONS		
	of which due and payable within more than one year	1927,410,743.64	1524,271,885.75	1.	provisions for severance payments	21609,587.26	23,970,325.03
3.	securities	93,753.81	93,753.81	2.	provisions for pensions	8,910,700.03	10,217,802.27
4.	other loans and advances	47,486,18.13	0.00	3.	tax provisions	0.00	1253,638.48
	of which due and payable within more than one year	47,486,18.13	0.00	4.	other provisions	32,104,417.63	54,752,088.60
		<u>2,295,399,123.18</u>	<u>1,844,771,647.16</u>			<u>62,624,704.92</u>	<u>90,193,854.38</u>
		<u>2,472,379,006.31</u>	<u>1,995,899,231.45</u>	D.	LIABILITIES		
B.	<b>CURRENT ASSETS</b>			1.	bonds	365,000,000.00	406,393,000.00
I.	Inventories				of which due and payable within less than one year	0.00	0.00
1.	raw materials and supplies	15,114,062.43	15,350,045.14		of which due and payable within more than one year	365,000,000.00	406,393,000.00
2.	work in progress	10,225,112.92	9,404,178.22	2.	bank loans	679,708,418.59	527,699,712.80
3.	finished goods and goods for resale	20,110,966.72	19,540,552.83		of which due and payable within less than one year	197,564,138.59	24,128,288.80
4.	prepaid expenses (and other current assets)	0.00	1554,684.33		of which due and payable within more than one year	482,144,280.00	503,571,424.00
		<u>45,450,142.07</u>	<u>45,849,460.52</u>	3.	promissory note loans	703,968,148.01	732,783,499.32
II.	Receivables and other assets				of which due and payable within less than one year	346,468,148.01	362,83,499.32
1.	trade receivables	39,520,213.89	40,984,859.17		of which due and payable within more than one year	357,500,000.00	696,500,000.00
	of which due and payable within more than one year	0.00	0.00	4.	liabilities financing partners	609,551,145.98	401,869,999.10
2.	receivables from affiliated companies	7,330,273.96	20,332,080.35		of which due and payable within less than one year	111,152,976.64	0.00
	of which due and payable within more than one year	0.00	0.00		of which due and payable within more than one year	498,398,169.34	401,869,999.10
3.	other receivables and assets	77,444,852.59	40,114,323.29	5.	advances received	190,890,137.39	52,717,414.50
	of which due and payable within more than one year	0.00	0.00	6.	trade payables	37,622,998.74	61,591,759.35
		<u>124,295,343.44</u>	<u>101,431,262.81</u>		of which due and payable within less than one year	37,622,998.74	61,591,759.35
III.	Securities and shares				of which due and payable within more than one year	0.00	0.00
1.	other securities and shares	876,500.00	848,500.00	7.	payables to affiliated companies	59,428,244.19	16,055,652.26
		<u>876,500.00</u>	<u>848,500.00</u>		of which due and payable within less than one year	59,428,244.19	16,055,652.26
IV.	Cash on hand, bank balances	505,598,256.63	425,948,294.80	8.	other liabilities	13,479,168.45	13,364,264.83
		<u>676,220,242.14</u>	<u>574,077,518.13</u>		of which due and payable within less than one year	11,001,834.45	10,886,930.83
		<u>676,220,242.14</u>	<u>574,077,518.13</u>		of which due and payable within more than one year	2,477,334.00	2,477,334.00
C.	PREPAYMENTS AND ACCRUED INCOME	7,079,116.53	5,844,205.52		of which tax authorities	2,244,362.43	2,011,693.87
					of which social security authorities	2,895,011.11	2,237,162
D.	DEFERRED TAX ASSETS	38,049,851.00	18,024,417.00	E.	ACCRUALS AND DEFERRED INCOME	1,106,723.48	898,150.63
						<u>3,193,728,215.98</u>	<u>2,593,845,372.10</u>
					<b>TOTAL EQUITY AND LIABILITIES</b>	<u>3,193,728,215.98</u>	<u>2,593,845,372.10</u>
<b>TOTAL ASSETS</b>		<u>3,193,728,215.98</u>	<u>2,593,845,372.10</u>				

# Profit- and Loss Statement

AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT  
LEOBEN-HINTERBERG  
PROFIT AND LOSS ACCOUNT FOR THE PERIOD  
1 APRIL 2022 TO 31 MARCH 2023  
(Prior year for comparison)

in €	2022/23	2021/2022
<b>1. Sales Revenue</b>	<b>498,338,649.41</b>	<b>437,320,519.23</b>
<b>2. Variation in stocks of finished goods and in work in progress as well as in services rendered but not yet billable</b>	<b>2,494,216.22</b>	<b>1,612,533.25</b>
<b>3. Work performed by the undertaking for its own purposes and capitalised</b>	<b>0.00</b>	<b>5,134.10</b>
<b>4. Other operating income</b>	<b>33,787,294.86</b>	<b>39,933,313.33</b>
a) Income from the disposal of or additions to fixed assets other than financial assets	235.55	0.00
b) Income from the release of provisions	1,757,346.77	251,302.92
c) Other	32,029,712.54	39,682,010.41
<b>5. Expenditure for raw materials and consumables and other external expenses for production services</b>	<b>-326,209,315.84</b>	<b>-276,791,032.01</b>
a) Expenditure for raw materials and consumables	-294,338,565.08	-252,591,081.90
b) Other external expenses for production services	-31,870,750.76	-24,199,950.11
<b>6. Personnel expenses</b>	<b>-136,820,449.27</b>	<b>-133,905,278.43</b>
a) Wages and salaries	-28,763,792.94	-26,105,484.89
aa) Wages	-73,275,664.15	-80,689,163.29
bb) Salaries		
b) Social security expenses		
aa) of which for retirement benefits	-1546,145.56	-1,362,822.16
bb) expenditure for severance payments and	-4,960,718.20	-2,777,293.90
cc) expenditure for statutory social contributions as well as charges and mandatory contributions calculated as a proportion of wages and salaries	-26,686,529.78	-21,874,814.31
dd) other social expenses	-1,587,598.64	-1,095,699.88
<b>7. Value adjustments</b>	<b>-23,568,893.59</b>	<b>-20,629,397.57</b>
a) in respect of tangible and intangible fixed assets	-24,185,640.27	-21,515,804.44
b) less amortisation of investment grants from public funds	616,746.68	522,182.87
<b>8. Other operating expenses</b>	<b>-101,427,766.76</b>	<b>-65,572,784.77</b>
a) Taxes, not to be shown under No. 18	-570,265.96	-443,867.55
b) Other	-100,857,500.80	-65,128,917.22
<b>9. Subtotal of Nos. 1 - 8</b>	<b>-53,406,264.97</b>	<b>-18,026,992.87</b>
<b>10. Income from participating interest</b>	<b>213,976,726.23</b>	<b>0.00</b>
<i>thereof from affiliated companies</i>	<i>213,976,726.23</i>	<i>0.00</i>
<b>11. Income from other investments and loans forming part of the fixed assets</b>	<b>91,252,168.04</b>	<b>37,229,952.63</b>
<i>thereof from affiliated companies</i>	<i>912,162,239.13</i>	<i>37,221,090.63</i>
<b>12. Other interest receivable and similar income</b>	<b>20,907,006.31</b>	<b>2,615,022.17</b>
<i>thereof from affiliated companies</i>	<i>9,783,212.89</i>	<i>10,742.71</i>
<b>13. Income from the disposal or revaluation of financial assets and securities shown in current assets</b>	<b>1,015,385.79</b>	<b>37,337,361.47</b>
<i>Income from affiliated companies</i>	<i>0.00</i>	<i>29,644,249.48</i>
<i>thereof from write-ups</i>	<i>28,000.00</i>	<i>35,734,625.22</i>
<b>14. Expenditure resulting from financial fixed assets and securities shown in current assets</b>	<b>-16,456,157.67</b>	<b>-137,500.00</b>
<i>thereof from write-offs</i>	<i>-16,456,157.67</i>	<i>-137,500.00</i>
<i>thereof from affiliated companies</i>	<i>-16,456,157.67</i>	<i>0.00</i>
<b>15. Interest payable and similar expenses</b>	<b>-60,068,119.39</b>	<b>-49,191,330.28</b>
<b>16. Subtotal of Nos. 10 - 15</b>	<b>250,627,009.31</b>	<b>27,853,505.99</b>
<b>17. Profit or loss before taxation (Subtotal of No. 9 and No. 16)</b>	<b>197,220,744.34</b>	<b>9,826,513.12</b>
<b>18. Taxes on income</b>	<b>18,448,980.82</b>	<b>-5,421,777.74</b>
<i>of which changes in recognised deferred taxes</i>	<i>20,025,434.00</i>	<i>-3,949,083.00</i>
<b>19. Profit or loss after taxation</b>	<b>215,669,725.16</b>	<b>4,404,735.38</b>
<b>20. Profit or loss carried forward from the preceding financial year</b>	<b>22,835,790.14</b>	<b>53,396,054.76</b>
<b>21. Balance sheet profit</b>	<b>238,505,515.30</b>	<b>57,800,790.14</b>

# Notes to the Financial Statements as of 31 March 2023

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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 2023 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 2023, 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 separate valuation of assets and liabilities. The principle of prudence was applied as all identifiable risks and impending losses were taken into account. Only the profits realised at the balance sheet date were recognised. Previously applied valuation methods were maintained.

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

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

## **2. GROUP RELATIONS AND RESTRUCTURING OPERATIONS**

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

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

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

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

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

As of 3<sup>rd</sup> October 2023, a new investment with the company name "AT & S Skandinavia AB" was founded with a share capital of € 2,500.00, which is presented in the financial assets under "Shares in affiliated companies". The company, which is headquartered in Solna (Sweden), was founded with the objective of primarily serving the Scandinavian market in the segments of AT&S AG.

## 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. Impairment losses pursuant to Section 204 (2) UGB) are only recognized if the impairment in value is expected to be permanent. Low-value assets are written off in full in the year of acquisition.

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	15 - 40 years
Machinery and technical equipment	7 - 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 recognized for identifiable default risks, while unidentified default risks are accounted for by recognizing portfolio valuation allowances. Trade accounts receivable and loans for which there are no substantial indications of impairment are written down on a general basis as part of the portfolio valuation allowances. In accordance with Section 201 (2) no. 7 UGB, statistical empirical values from similar cases are used or taken into account when determining portfolio valuation allowances.

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

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 are calculated according to the “temporary concept” and are recognised as deferred tax assets in the Balance Sheet in case of a resulting overall tax relief.

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 23.75 % with expected realisation within the fiscal year 2023/2024 and with the tax rate of 23 % with expected realisation as from the fiscal year 2024/2025.

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

### 3.5. Provisions

The calculation of **provisions for severance payments** is based on the AFRAC-statement 27 “provisions for pensions, severance payments, anniversary bonus and comparable other long-term employee benefits pursuant 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 4 % (prior year: 1.70 %) 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 3.70 % were scheduled (prior year: 2.60 %). The defined benefit obligation (DBO) amounts to € 20,312,172.46 (prior year: € 23,970,325.04) at the balance sheet date.

The change in the financial assumptions lead to an income of € 2,741,414.25 (prior year: income of € 1,377,765.72), 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 bonus and comparable other long-term employee benefits pursuant 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 4.10 % (prior year: 1.90 %) 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 3.30 % as a value adjustment for pension payments were recognised (prior year: 2.10 %).



The defined benefit obligation (DBO) of unfunded benefit obligations amounts to € 1,240,598.95 (prior year: € 1,323,018.55) at the balance sheet date. The change in the financial assumptions of unfunded benefit obligations results in an income of € 130,964.41 (prior year: income of € 162.12), 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 € 7,670,101.08 (prior year: € 8,894,783.32) at the balance sheet date. The change in the financial assumptions of the funded obligations results in an income of € 2,081,664.52 (prior year: expense of € 695,306.39), 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 bonus and comparable other long-term employee benefits pursuant to 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 4 % (prior year: 1.70 %) as well as taking into account internal fluctuation by using an adequate turnover rate. As valorization for salaries and wages 3.70 % were scheduled (prior year: 2.60 %).

Wages include income from the reversal for anniversary bonuses of € 85,750.50 (prior year: expenses of € 23,188.11). Expenses for anniversary bonuses in salaries amounted to € 54,617.65 (prior year: € 159,722.04).

The change in the financial assumptions results in an income of € 641,517.43 (prior year: income of € 370,922.13), 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 are reclassified as liabilities from deferred income.

# 4. BREAKDOWN AND COMMENTS ON BALANCE SHEET ITEMS

## 4.1. Non-current assets

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

Non-Current Assets movements for the year ended 31 March 2023

in €	Acquisition/Production cost					Accumulated amortization/depreciation					book value	
	as of 1Apr 2022	Additions	Disposals	Transfers	as of 31March 2023	as of 1Apr 2022	Additions	Disposals	Transfers	as of 31March 2023	as of 31March 2023	as of 1Apr 2022
<b>I. Intangible assets</b>												
1. industrial property rights and similar rights, and licences thereto	37,541,496.92	2,609,023.96	337,767.48	0.00	39,812,753.40	33,138,460.63	2,463,091.10	337,767.48	0.00	35,263,784.25	4,548,969.15	4,403,036.29
thereof low-value assets	0.00	80,010.34	80,010.34	0.00	0.00	0.00	48,643.28	48,643.28	0.00	0.00	0.00	0.00
	37,541,496.92	2,609,023.96	337,767.48	0.00	39,812,753.40	33,138,460.63	2,463,091.10	337,767.48	0.00	35,263,784.25	4,548,969.15	4,403,036.29
<b>II. Property, plant and equipment</b>												
1. buildings on third party land	6,145,956.25	3,531,727.50	0.00	11,738.68	10,689,422.43	5,692,279.35	965,906.40	0.00	0.00	6,658,185.75	12,031,236.68	9,453,676.90
2. machinery and technical equipment	276,975,613.73	5,170,805.36	3,465,542.90	8,237,380.74	333,455,256.93	90,702,231.76	16,792,964.51	3,454,860.66	0.00	204,040,335.61	129,414,921.32	86,273,381.97
3. other assets, fixtures and furnitures	21,338,919.82	9,938,857.04	1,433,743.60	0.00	29,844,033.26	16,232,205.16	3,963,678.26	1,429,247.95	0.00	18,766,635.47	11,077,397.79	5,067,416.66
thereof low-value assets	0.00	1,998,361.83	1,998,361.83	0.00	0.00	0.00	1,998,361.83	1,998,361.83	0.00	0.00	0.00	0.00
4. prepayments and construction in progress	45,890,774.47	84,519,737.91	102,252,034.77	-8,249,164.42	19,907,358.19	0.00	0.00	0.00	0.00	0.00	19,907,358.19	45,890,774.47
	359,351,264.27	119,696,127.81	107,613,127.00	0.00	401,996,070.11	212,626,716.27	21,722,549.17	4,884,108.61	0.00	229,465,566.53	172,430,915.98	146,724,548.00
<b>III. Financial assets</b>												
1. shares in affiliated companies	342,968,512.75	2,500.00	0.00	0.00	342,971,012.75	22,562,505.15	0.00	0.00	0.00	22,562,505.15	320,408,507.60	320,406,007.60
2. loans to affiliated companies	152,916,514.06	514,333,059.86	94,738,044.30	0.00	1,949,210,929.62	5,344,028.31	16,456,157.67	0.00	0.00	21,800,185.98	1,927,410,743.64	1,524,271,885.75
3. securities	68,753.81	0.00	0.00	0.00	68,753.81	75,000.00	0.00	0.00	0.00	75,000.00	93,753.81	93,753.81
4. other loans and advances	0.00	47,496,116.13	0.00	0.00	47,496,116.13	0.00	0.00	0.00	0.00	0.00	47,496,116.13	0.00
	182,753,800.62	561,821,677.99	94,738,044.30	0.00	2,339,936,914.11	27,981,533.46	16,456,157.67	0.00	0.00	44,437,691.13	2,295,509,123.91	1,844,771,647.16
	<b>2,269,645,941.81</b>	<b>714,126,829.76</b>	<b>202,227,133.05</b>	<b>0.00</b>	<b>2,781,545,838.52</b>	<b>273,746,710.36</b>	<b>40,641,797.94</b>	<b>5,221,876.09</b>	<b>0.00</b>	<b>309,166,632.21</b>	<b>2,472,379,006.31</b>	<b>1,995,899,231.45</b>

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

The item "prepayments and construction in progress" includes additions in the amount of € 67,662,609.82 (previous year: € 34,589,424.95) and disposals in the amount of € 102,252,034.77, which relate to advance payments in connection with the construction of the new research center and production plant in Hinterberg/Leoben. The advance payments made for this purpose were transferred to the leasing company after finalization of the type of financing in the form of a finance lease agreement.

## 4.2. Shares in affiliated companies

### SHARES IN AFFILIATED COMPANIES

in €

	Book value 31 Mar 2023	Share %	Shareholders' equity according to IFRS	Result of the past financial year according to IFRS	Book value 31 Mar 2022
AT&S Deutschland GmbH, Düren, Germany	1,053,000.00	100	1,364,194.51	227,116.55	1,053,000.00
AT&S India Private Limited, Nanjangud, India	16,898,516.89	100	16,646,498.99	2,097,637.25	16,898,516.89
AT&S Asia Pacific Limited, Hongkong, China	229,768,865.92	100	645,057,584.18	129,334,304.51	229,768,865.92
AT&S Korea Co., Ltd., Ansan-City, South Korea	3,713,663.01	100	55,930,629.91	17,361,441.29	3,713,663.01
AT&S Americas LLC, San José, California, USA	6,444.34	100	1,909,505.31	386,349.40	6,444.34
AT&S Austria Technologie & Systemtechnik (Malaysia) Sdn. Bhd.	68,965,517.44	100	39,151,076.86	-29,251,614.64	68,965,517.44
AT&S Skandinavien (AB), Solna, Sweden	2,500.00	100	8,466.39	6,299.70	
<b>Total</b>	<b>320,408,507.60</b>				<b>320,406,007.60</b>

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. For the book values of the shares in affiliated companies no impairment testing was carried out according to the AFRAC-statement 24 "Investment valuation".

## 4.3. Loans

The item „Loans to affiliated companies” includes an amount of € 6,771,764.07 (prior year: € 4,315,886.86) which falls due within one year. In connection with the loans, write-offs due to unrealised foreign exchange effects in the amount of € 16,456,157.67 (prior year: write-ups in the amount of € 29,644,249.48) were recorded in the financial 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 of use to the acquiring party. As of 31 March 2023 trade receivables in total of € 19,998,258.39 (prior year: € 15,048,976.13) were sold. The default risk was completely assigned to the purchaser. AT&S assumes a liability for default, which is partly covered by credit insurance. The maximum risk associated with liability to default was € 1,999,826.46 as of balance sheet date (prior year: € 1,504,898.16) 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 € 7,330,273.96 (prior year: € 20,332,080.35).

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 2023	31 Mar 2022
Tax-free premiums	16,345,590.86	10,340,074.86
Grant IPCEI	14,238,000.00	4,231,464.00
COVID-19 refunds	4,895,537.51	4,669,511.57
Energy tax reimbursements	1,105,565.31	2,632,654.75
Supplies rebates	545,448.10	803,082.78
<b>Total</b>	<b>37,130,141.78</b>	<b>22,676,787.96</b>

## 4.5. Deferred tax assets

The company has recognised deferred taxes for tax loss carryforwards amounting to € 147,317 thousand (prior year: € 52,596 thousand), which can be offset against future positive taxable income in line with the current tax planning. In the financial year deferred tax assets were recognised for all tax loss carryforwards as it can be assumed that this will be feasible in the foreseeable future. In the prior year, no deferred tax assets were recognised in the amount of € 55,634 thousand.

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	Prepaid expenses and deferred charges	Loss carryforwards	Provisions	Liabilities	Total
<b>As of 31 Mar 2021</b>	<b>16,071.00</b>	<b>0.00</b>	<b>16,094,673.00</b>	<b>5,562,454.00</b>	<b>300,302.00</b>	<b>21,973,500.00</b>
Recognised in profit or loss of the financial year	-3,750.00	0.00	-3,998,644.00	-629,713.00	683,024.00	-3,949,083.00
<b>As of 31 Mar 2022</b>	<b>12,321.00</b>	<b>0.00</b>	<b>12,096,029.00</b>	<b>4,932,741.00</b>	<b>983,326.00</b>	<b>18,024,417.00</b>
Recognised in profit or loss of the financial year	-2,464.00	172,666.00	21,786,801.00	-1,710,886.00	-220,683.00	20,025,434.00
<b>As of 31 Mar 2023</b>	<b>9,857.00</b>	<b>172,666.00</b>	<b>33,882,830.00</b>	<b>3,221,855.00</b>	<b>762,643.00</b>	<b>38,049,851.00</b>

## 4.6. Shareholders' equity

### SHARE CAPITAL

The ordinary shares of the company as of 31 March 2023 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 25<sup>th</sup> annual general meeting on the 4 July 2019, the management board was authorised to increase the company's ordinary shares, subject upon approval by the supervisory board until 3 July 2024, by up to € 21,367,500.00 by way of issuing up to 19,425,000 new no-par value bearer shares against contribution in cash or in kind, in one or several tranches, also by way of indirect rights offering after having been taken over by one or more credit institutions in accordance with section 153 (6) Austrian Stock Corporation Act (AktG). In doing so, the management board was authorised, subject to approval by the supervisory board, to determine the detailed conditions for such issuance (in particular the issue amount, what the contribution in kind entails, the content of the share rights, the exclusion of subscription rights, etc.) (approved capital). The supervisory board was authorised to adopt amendments to the articles of association resulting from the issuance of shares from the approved capital.

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

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

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

The annual general meeting further decided to accordingly amend the articles of association in section 4 (share capital).

## FREE RESERVES

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

## SHARES IN CIRCULATION

The issued shares amount to 38,850,000 per 31 March 2023 (prior year: 38,850,000).

## APPROVED TREASURY SHARES

By a resolution passed at the 27<sup>th</sup> annual general meeting on 8 July 2021, the management board was authorised 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. The supervisory board was authorised to adopt amendments to the articles of association resulting from the redemption of shares.

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

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

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

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

### RESTRICTION OF THE DISTRIBUTION

For deferred tax assets amounting to € 38,049,851.00 (previous year: € 18,024,417.00), profits may only be distributed in accordance with Section 235 (2) UGB to the extent that the remaining reserves that can be released at any time plus any profit carried forward and less any loss carried forward are at least equal to the capitalized amount from deferred tax assets. For this reason, there is no distribution block for this year (previous year: € 518,634.45).

### PROPOSAL FOR THE DISTRIBUTION OF THE RESULT

The management board of AT&S Austria Technologie & Systemtechnik AG proposes to allocate the balance sheet profit of the company as of 31 March 2023 in an amount of € 238,505,515.30, as follows: Distribution of a dividend in an amount of € 0.40 per outstanding no-par value share entitled on the payment day and carry forward the residual amount of € 222,965,515.30.

## 4.7. Provisions

„Other Provisions“ include the following items:

### OTHER PROVISIONS

in €

	31 Mar 2023	31 Mar 2022
Other personnel expenses	8,303,761.33	10,782,536.09
Holidays not yet consumed	5,851,514.97	5,803,495.55
Holiday bonus/Christmas bonus	4,685,338.28	3,759,501.58
Anniversary bonuses	4,630,767.99	5,613,429.63
Stock appreciation rights	2,203,630.00	16,938,087.00
Compensatory time off	1,180,318.24	1,331,519.10
Legal and advisory expenses	1,128,869.38	1,231,424.72
Remuneration to the Supervisory Board	848,930.00	841,000.00
Customer bonuses	547,116.94	224,400.03
Warranty and claims	335,862.07	1,348,609.71
Pending losses	142,052.53	3,675,495.32
Debtors' discounts	98,378.42	223,460.63
Impending losses arising from derivative financial instruments	0.00	508,473.11
Var. other provisions	2,147,877.48	2,470,656.13
<b>Total</b>	<b>32,104,417.63</b>	<b>54,752,088.60</b>

### STOCK APPRECIATION RIGHTS PLAN (2017 TO 2019)

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

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

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

#### Exercise price:

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

#### Exercise period:

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

#### Requirements to exercise:

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

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

#### Number and allocation of SAR granted:

In units						
	Andreas Gerstenmayer	Heinz Moitzl <sup>1)</sup>	Monika Stoisser-Göhring <sup>1)</sup>	Karl Asamer <sup>1)</sup>	Executive employees	Total
01.04.2017	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
01.04.2018	50,000	30,000	30,000	0	160,000	270,000
thereof expired	-6,838	-4,103	-4,103	0	-88,786	-103,830
thereof exercised	-43,162	-25,897	-25,897	0	-71,214	-166,170
01.04.2019	50,000	30,000	30,000	0	157,500	267,500
thereof expired	0	0	0	0	-62,500	-62,500
thereof exercised	-50,000	-30,000	-30,000	0	-90,000	-200,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>5,000</b>

1) Former member of the management board.

The SAR exercised during the financial year had a value of € 7,207,066.75 when these SAR were exercised.

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

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

#### Fair value of SAR granted:

in €	
Allocation from	01 Apr 2019
<b>Fair value as of 31 Mar 2023</b>	<b>55,500.00</b>



## STOCK APPRECIATION RIGHTS PLAN (2020)

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

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

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

### **Exercise price:**

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

### **Exercise period:**

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

### **Requirements to exercise:**

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

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

Number and allocation of SAR granted to the management board:

In units	Andreas Gerstenmayer	Heinz Moitzj <sup>1)</sup>	Monika Stoisser-Göhring <sup>1)</sup>	Executive employees	Total
01.04.2020	50,000	30,000	30,000	180,000	290,000
thereof expired	0	0	-30,000	-32,500	-62,500
<b>Total</b>	<b>50,000</b>	<b>30,000</b>	<b>0</b>	<b>147,500</b>	<b>227,500</b>

<sup>1)</sup> 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 €	01 Apr 2020
Allocation from	
<b>Fair value as of 31 Mar 2023</b>	<b>2,010,440.00</b>

## STOCK APPRECIATION RIGHTS PLAN (2021 TO 2023)

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

Under the stock appreciation rights plan "SAR 2021-2023" on 1 April 2021 352,500 SAR were granted at an exercise price of € 22.92 per share and on the 1 April 2022 381,500 SAR were granted at an exercise price of € 42.81 per share.

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

#### Exercise price:

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

#### Exercise period:

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

#### Requirements to exercise:

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

- The beneficiary's employment contract with a company pertaining to the AT&S Group remains valid. Subject to certain conditions, rights may also be exercised within a year after expiry of the three year waiting period.
- The required personal investment in the amount of 20 % of the first amount granted (in SAR) in AT&S shares multiplied with € 10,00 is held. If the personal investment is not fully established by the end of the three-year waiting period, the previously granted SAR of the "SAR 2021-2023" become forfeit in full. The established personal investment is required to be held over the complete period of participation in the programme and will also apply to the granting in the subsequent years. The personal investment may only be wound down when exercise is no longer possible.
  - The earnings per share (EPS) performance target was met. The level of attainment of the earnings per share performance indicator determines how many of the SAR granted may actually be exercised. The target value is the EPS value determined in the mid-term plan for the balance sheet date of the third year after the grant date. If the EPS target is attained at 100 % or surpassed, the SAR granted may be exercised in full, If attainment is between 50 % and 100 %, the SAR granted may be exercised on a pro rata basis. If the EPS value attained is below 50 %, the SAR granted become forfeit in full.

Number and allocation of SAR granted to the management board:

in numbers								
	Andreas Gerstenmayer	Ingolf Schröder	Peter Schneider	Petra Preining	Simone Faath <sup>1)</sup>	Heinz Moitzi <sup>1)</sup>	Executive employees	Total
01 Apr 2021	50,000	30,000	30,000	0	30,000	5,000	207,500	352,500
therof expired	0	0	0	0	-30,000	0	-17,500	-47,500
01 Apr 2022	50,000	30,000	30,000	30,000	0	0	DI241,500	381,500
therof expired	0	0	0	0	0	0	-12,500	-12,500
<b>Total</b>	<b>100,000</b>	<b>60,000</b>	<b>60,000</b>	<b>30,000</b>	<b>0</b>	<b>5,000</b>	<b>419,000</b>	<b>674,000</b>

<sup>1)</sup> Former 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 €			
Allocation from		01.04.2021	01.04.2022
<b>Fair value as of 31 Mar 2023</b>		<b>0,00</b>	<b>0,00</b>

## 4.8. Liabilities

### ADDITIONAL DISCLOSURE TO LIABILITIES

in €

	Balance sheet value as of 31 Mar 2023	Remaining maturity of more than five years	thereof secured by collaterals
Bonds	365,000,000.00	0.00	0.00
Bank loans	679,708,418.59	30,000,000.00	10,000,000.00
Promissory note loans	703,968,148.01	17,500,000.00	0.00
Liabilities to financing partners	609,551,145.98	915,331.81	0.00
Advances received	190,890,187.39	0.00	0.00
Trade payables	37,622,998.74	0.00	0.00
Payables to affiliated companies	59,428,244.19	0.00	0.00
Other liabilities	13,479,168.45	0.00	0.00
<b>Total</b>	<b>2,659,648,311.35</b>	<b>48,415,331.81</b>	<b>10,000,000.00</b>

in €

	Balance sheet value as of 31 Mar 2022	Remaining maturity of more than five years	thereof secured by collaterals
Bonds	406,393,000.00	15,000,000.00	0.00
Bank loans	527,699,712.80	30,000,000.00	10,000,000.00
Promissory note loans	732,783,499.32	23,500,000.00	0.00
Liabilities to financing partners	401,869,999.10	74,844,915.94	0.00
Advances received	52,717,414.50	0.00	0.00
Trade payables	61,591,759.35	0.00	0.00
Payables to affiliated companies	16,055,652.26	0.00	0.00
Other liabilities	13,364,264.83	0.00	0.00
<b>Total</b>	<b>2,212,475,302.16</b>	<b>143,344,915.94</b>	<b>10,000,000.00</b>

The item "Bonds" includes a hybrid bond issued in January 2022 with an issue volume of € 350,000,000.00 and an interest rate of 5 %. The subordinated bond has an infinite term and can be called and redeemed for the first time after five years, i.e., in January 2027, by AT&S but not by the creditors. If the bond is not called after this period, the premium on the then applicable interest rate increases by 5 percentage points.

In the previous year, the item "Bonds" included a hybrid bond issued in November 2017 with a nominal value of € 41,393,000.00 and an interest rate of 4.75 %. The subordinated bond had an infinite term and could be called and redeemed for the first time after five years by AT&S, but not by the creditors. The Management Board decided to call the hybrid bond 2017 in full, effective on the first call date, which was November 2022. The bond was repaid at the nominal amount plus accrued interest in the amount of € 1,966,167.50.

Liabilities to financing partners result from payments received of US-\$ 662,500,000.00 (prior year: US-\$ 447,000,000.00) from bilateral agreements. Due within one year is US-\$ 118,500,000.00 (previous year: US-\$ 0.00).

Payables to affiliated companies include trade payables in the amount of € 59,428,244.19 (prior year: € 16,055,652.26).

Trade 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 2023	31 Mar 2022
Interest with regard to bonds	3,371,914.38	4,056,032.93
Regional health insurance	2,895,011.11	2,237,161.62
Wages and salaries	2,299,205.59	1,095,399.51
Tax authority	1,591,796.07	1,469,694.94
Communities	230,777.94	189,890.32
<b>Total</b>	<b>10,388,705.09</b>	<b>9,048,179.32</b>

**4.9. Contingent liabilities pursuant to section 199 UGB**

There were no contingent liabilities from 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	2,868,975.53	14,434,403.69
Prior year:	1,431,000.24	7,533,689.04
Obligations from rental agreements	1,090,535.88	3,847,693.02
Prior year:	960,071.64	4,082,300.70
<b>Total</b>	<b>3,959,511.41</b>	<b>18,282,096.71</b>
<b>Prior year:</b>	<b>2,391,071.88</b>	<b>11,615,989.74</b>

**4.11. Other financial obligations**

At the balance sheet date, orders in the amount of € 212,297,577.10 (prior year: € 84,333,066.59) were outstanding for replacement and expansion investments.

## 4.12. Derivative financial instruments

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

in €			
	Nominal value 31 Mar 2023	Fair value 31 Mar 2023	Book value 31 Mar 2023
Interest related products:			
<b>Swaps</b>	<b>408,000,000.00</b>	<b>15,919,972.23</b>	<b>0.00</b>

in €			
	Nominal value 31 Mar 2022	Fair value 31 Mar 2022	Book value 31 Mar 2022
Interest related products			
<b>Swaps</b>	<b>408,000,000.00</b>	<b>3,954,226.76</b>	<b>-508,473.11</b>

The fair value as of 31 March 2023 include exclusively positive fair values. The fair values as of 31 March 2022 includes positive fair values of € 4.462,699.87 and negative fair values of € 508,473.11.

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

in months		
	31 March 2023	31 March 2022
Interest related products:		
<b>Swaps</b>	<b>1 - 36</b>	<b>13 - 48</b>

## 5. COMMENTS ON INCOME STATEMENT ITEMS

### 5.1. Revenue

in €		
	2022/23	2021/22
Abroad	454,423,358.76	398,807,773.48
Domestic	43,915,290.65	38,512,745.75
<b>Total</b>	<b>498,338,649.41</b>	<b>437,320,519.23</b>

### 5.2. Other operating income

in €		
	2022/23	2021/22
Grant IPCEI	11,167,536.00	17,332,464.00
Income from exchange rate differences	11,615,095.58	11,422,662.90
Income from taxfree bonuses	6,005,516.00	6,065,293.00
Income from non-taxable grants R&D	903,417.82	1,080,780.32
COVID-19 refunds	545,487.60	327,349.71
Energy tax reimbursements	291,362.67	1,141,338.81
Miscellaneous other operating income	1,501,296.87	2,312,121.67
<b>Total</b>	<b>32,029,712.54</b>	<b>39,682,010.41</b>

### 5.3. Personnel expenses

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

in €		
	2022/23	2021/22
Members of the Management Board and executive employees	316,881.61	317,042.41
Other employees	4,643,836.59	2,460,251.49
<b>Total</b>	<b>4,960,718.20</b>	<b>2,777,293.90</b>

Expenses for severance payments and contributions to staff provision funds include severance payments in the amount of € 3,747,281.44 (prior year: € 1,982,357.81).

#### b) Expenses for pensions

in €		
	2022/23	2021/22
Members of the Management Board and executive employees	199,918.74	278,052.28
Other employees	1,346,226.82	1,084,769.88
<b>Total</b>	<b>1,546,145.56</b>	<b>1,362,822.16</b>

## 5.4. Other operating expenses

in €	2022/23	2021/22*
Third party services	30,579,393.56	23,425,533.06
Legal and consulting fees	16,830,577.25	9,263,884.93
Rental and leasing expenses	15,013,169.83	8,928,210.66
Expenses from exchange rate differences	10,384,660.98	3,047,910.03
Maintenance of factory building and equipment	6,163,368.50	4,738,035.04
Sales Support Service	2,863,520.75	0.00
Travel expenses	2,856,086.98	827,531.99
Outward freight customers	2,577,176.24	2,382,254.73
Training and development	2,321,851.08	1,106,351.42
Marketing costs and commissions for sales agents	2,185,146.66	1,421,888.19
Insurance expenses	1,589,963.34	1,416,447.19
Cost of cleaning of buildings	1,575,789.10	936,396.85
Bad debt losses	534,822.06	3,043,611.76
Expenses for company car	460,997.62	269,005.67
Miscellaneous other operating expenses	4,920,976.85	4,321,855.70
<b>Total other operating expenses</b>	<b>100,857,500.80</b>	<b>65,128,917.22</b>

\* In the comparative figures, an amount of € 1,106,351.42 was reclassified from other operating expenses to the training and development item in line with the new presentation in the prior year.

## 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:

	2022/23	2020/21
Waged workers	733	656
Salaried employees	1,023	794
<b>Total</b>	<b>1,756</b>	<b>1,450</b>

#### 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)
- Peter Schneider (Deputy Chairman since 07.07.2022)
- Peter Griesnig (since 01.04.2023)
- Petra Preining (since 01.10.2022)
- Ingolf Schröder

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

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

Delegated by the **Works Council**:

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

## TOTAL REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD:

in thsd. €	2022/23			2021/22		
	Fixed	Variable	Total	Fixed	Variable	Total
<b>Fixed and expected variable payments</b>						
Andreas Gerstenmayer	647	2,366	3,013	585	1,552	2,137
Peter Schneider	449	176	625	327	330	657
Petra Preining	225	216	441	0	0	0
Ingolf Schröder	449	176	625	409	344	753
Simone Faath <sup>1)</sup>	0	0	0	238	178	416
Heinz Moitz <sup>2)</sup>	0	0	0	256	72	328
<b>Total members of the management board</b>	<b>1,770</b>	<b>2,934</b>	<b>4,704</b>	<b>1,815</b>	<b>2,476</b>	<b>4,291</b>
Simone Faath <sup>1)</sup>	5	100	105	599	125	724
Heinz Moitz <sup>2)</sup>	0	1,166	1,166	0	308	308
Monika Stoisser-Göhring <sup>3)</sup>	0	1,016	1,016	87	436	523
<b>Total former members of the management board</b>	<b>5</b>	<b>2,282</b>	<b>2,287</b>	<b>686</b>	<b>869</b>	<b>1,555</b>
<b>Sum fixed and expected variable payments</b>	<b>1,775</b>	<b>5,216</b>	<b>6,991</b>	<b>2,501</b>	<b>3,345</b>	<b>5,846</b>
Transition to expenses recognised in the Balance Sheet	0	569	569	0	0	0
<b>Recognised expenses for management board</b>	<b>1,775</b>	<b>5,785</b>	<b>7,560</b>	<b>2,501</b>	<b>3,345</b>	<b>5,846</b>

<sup>1)</sup> Termination as a member of the management board as of 25 October 2021

<sup>2)</sup> Termination as a member of the management board as of 31 May 2021

<sup>3)</sup> Former member of the management board

Based on provisionally calculation, a provision of € 5,785 thousand for variable remuneration is recognised. The effective payment for variable remuneration of the Management Board will amount to € 5,216 thousand.

The variable portion of the remuneration of Andreas Gerstenmayer includes compensation from stock appreciation rights in the amount of € 1,725 thousand (prior year: € 848 thousand). The variable portion of the remuneration of Andreas Gerstenmayer also contains a special payment of € 321 thousand for temporary, longer-term taking over CFO activities.

The item "Total former members of the management board" includes the severance payment in connection with the termination of the contract of Simone Faath. The variable portion of the remuneration of Heinz Moitzi includes compensation from stock appreciation rights in the amount of € 1,166 thousand (prior year: € 308 thousand). The variable portion of the remuneration of Monika Stoisser-Göhring includes compensation from stock appreciation rights in the amount of € 1,016 thousand (prior year: € 376 thousand).

In addition to the above-mentioned remuneration, € 64 thousand (prior year: € 58 thousand) for Andreas Gerstenmayer, € 44 thousand (prior year: € 33 thousand) for Peter Schneider, € 44 thousand (prior year: € 40 thousand) for Ingolf Schröder, € 20 thousand (prior year: € 0 thousand) for Petra Preining were paid into the pension fund. For the former member of the Management Board Simone Faath € 45 thousand (prior year: € 40 thousand) 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 2023	31 Mar 2022
Andreas Gerstenmayer	150,000	150,000
Peter Schneider	60,000	30,000
Petra Preining	30,000	0
Ingolf Schröder	60,000	30,000
<b>Total members of the management board</b>	<b>300,000</b>	<b>210,000</b>
Heinz Moitzi	35,000	77,949
Monika Stoisser-Göhring	0	60,000
<b>Total former members of the management board</b>	<b>35,000</b>	<b>137,949</b>
<b>Total</b>	<b>335,000</b>	<b>347,949</b>

As of March 31, 2023, the exercise price of the shares for the Management Board of April 1, 2020 in the amount of € 17.56 (80,000 shares), of April 1, 2021 in the amount of € 22.92 (115,000 shares) and of April 1, 2022 in the amount of € 42.81 (140,000 shares) is above or below the daily share price as of the balance sheet date (€ 28.35).

With regard to members of the Supervisory Board, remuneration in the amount of € 937,430.00 (prior year: € 841,000.00) was recognised as expenses.

As of the Balance Sheet date, there were no loans or advances to members of the Management Board or the Supervisory Board.

## 6.2. Significant events after the reporting period

Until the 15 May 2023 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 as of 31 March 2023.

Leoben-Hinterberg, 15 May 2023

The Management Board:

Andreas Gerstenmayer m.p.

Peter Schneider m.p.

Peter Griehsnig m.p.

Petra Preining m.p.

Ingolf Schröder m.p.

# MANAGEMENT REPORT 2022/23

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## MANAGEMENT REPORT 2022/23

# 1. MARKET AND INDUSTRY ENVIRONMENT

## 1.1. General economic environment

While the world entered another year of the COVID pandemic, 2022 contained additional shocks for the global economy. These included geopolitical shocks like the Russian invasion of Ukraine and tensions between China and the United States, and macroeconomic shocks such as persistent, broad-based inflation and tighter monetary policies in numerous economies. Global economic output (GDP) increased by an estimated 3.4% in 2022. GDP grew by 3.5% in the euro area, by 3.0% in China and by 2.0% in the United States. Projections for 2023 predict a global GDP growth of 2.9%<sup>23</sup>.

Supply chain pressures and inflation looked poised to recede before the invasion of Ukraine, although the war and the sanctions placed on Russia in response, not only increased prices, but created uncertainty about energy access in Europe and contributed to a cost of living crisis globally. These price increases and also the increased need to build up further stocks for safety were evident in all segments of the electronics and semiconductor industry. The increased inflation eroded the purchasing power of consumers. Central banks around the world tightened monetary policy to reduce demand and tame inflation. Facing higher prices and interest rates, consumer spending shifted more toward necessities. Businesses facing higher interest rates rethought investment and hiring strategies in efforts to reduce costs.

The geopolitics between China and the United States continued to increase pressure on the global supply chain for electronics in 2022 and have been accelerating since early 2023. Through use of various export controls, the United States intensified their efforts to limit Chinese access to advanced electronics due to self-described national security concerns. These tensions have not only led to limits on technology exports to China, but have also resulted in increased resiliency in supply chains with investment in manufacturing capabilities outside China, as well.

Toward the end of 2022, China relaxed the zero-Covid measures which they maintained throughout the pandemic.

The opening of China, a relatively mild winter in Europe reducing energy prices and receding of inflation in parts of the world have provided grounds for cautious optimism for the global economy.

## 1.2. Industry environment

### Semiconductor

2022 began as another year of strong growth for the semiconductor sector; the growth experienced in 2021 carried over in the first half of 2022, also helped by the memory of recent chip shortages, which prompted many companies to build inventories. The second half of the year was mixed, with a strong contraction in demand across many market segments as a result of the start of a cyclical downturn compounded by macroeconomic factors and full inventory channels. Despite the challenging last quarters, the industry as a whole saw an overall growth in sales of 3.2% for the entire year, reaching a record US\$ 574 Billion.<sup>24</sup>

The strongest growth was registered for both analog and discrete, driven by strong demand from automotive and industrial end markets underpinned by secular growth trends in vehicle electrification and industrial automation, with power management ICs playing a prominent role. Wired connectivity also saw significant growth, increasing 20.1% due to the demand for next-generation networking and storage connectivity chips from cloud data centers coupled with the higher ASPs due to the tightness in the supply chain.<sup>25</sup>

Conversely, the decline in PC and smartphone sales, driven by a shift in consumer spending after the out-of-the-ordinary demand registered in 2020/2021, brought down categories such as CPUs directed at display drivers and GPUs in 2022. Memory, which accounted for around 25% of semiconductor sales in 2022, was the worst performing device category, experiencing a 10.0% revenue decrease, mostly as a result of weakening demand from hyperscale customers.

On a more technical note, the trend observed in 2021, that is high-end computing and networking ICs shifting towards larger substrates, continued in 2022. In addition, an increased diversification of the market is underway, as a result of new

<sup>23</sup> IMF, "World Economic Outlook Update", January 2023

<sup>24</sup> Semiconductor Industry Association, "SIA Databook", February 2023

<sup>25</sup> Gartner, "Market Share Analysis: Semiconductors - Worldwide 2022", January 2023

players and a tendency towards developing custom-designed chips by hyperscalers.

At the beginning of the new year, outlooks for 2023 point to contraction continuing for at least two quarters, with memory and the consumer segment being the markets which will continue to suffer the largest losses. Enterprise IT spending is projected to contract and the major hyperscalers have announced CAPEX decreases and delays in new investments. This situation indicates a decelerated growth in sales for servers as well, with more uncertainty as to how many quarters will be needed to clear inventory channels and see IT spending rebound.

Concurrently, markets such as automotive, wired networking and industrial maintained a steady growth path throughout 2022, with more growth expected in 2023. While most investments in chip manufacturing from the major global players are focused on advanced nodes (7/5/3nm), foundries are also investing in legacy nodes to support markets such as automotive.

After the supply-side bottlenecks experienced in 2021, the supply chains for substrates stabilized in the course of 2022. Looking ahead, demand for flip-chip substrates will be affected by the low consumer demand which is expected to last well into 2023. High-performance computing applications, on the other hand, are projected to remain stronger, leading to a consistently tight large body-size substrate supply. This resulted in a growth of advanced substrates (including flip-chip, SiP and Embedded Die) by 23.2% in 2022 and a forecasted decline in 2023 by 6.2%<sup>26</sup>.

### Consumers, computing, communication

Consumer demand took a rather sharp downward turn in the second half of the year, impacting shipment volumes of most consumer electronics devices such as smartphones, PCs, tablets and even some wearable products in 2022. The electronics supply chain was also disrupted by various factors such as geopolitical instabilities and especially severe and widespread lockdowns in many Chinese cities, where the majority of consumer electronics were manufactured and assembled. As a result, many major consumer applications

recorded a year-on-year decline from negative impacts on both the supply and demand sides.

Smartwatch is one of the few applications that recorded a positive +9% growth in 2022<sup>27</sup> with very strong shipments from the market leader, even when the total wearable market declined by 8% in 2022. While the global 5G smartphone market enjoyed a 14.4% increase year-on-year in 2022<sup>28</sup> in volume, total smartphone market declined by 11.3% year-on-year due to weak demand in China (-13.2% year-on-year) and India (-10.2%) and severe supply chain disruptions towards the end of 2022. The PC market slowdown started in the last quarter of 2021 and continued throughout 2022. Notebook computers recorded a decline of -19.0% year-on-year in 2022 in unit volume due to weakened demand.<sup>29</sup> The PC segment is currently going through an inventory adjustment period, with excess channel inventory being a key issue in the coming quarters. Even though the pandemic boom is clearly over for the PC market, 2022 total volume is still well above pre-pandemic level in 2019.

Consecutive to the development in the end applications, the PCB markets for consumer and computing markets declined in 2022 by 3.8% and 9.9%<sup>26</sup>, respectively. In 2023, both PCB markets are forecasted to further decline by -5.3% and -5.6%, respectively. The PCB market for communication as reported by Prismark Partners accounts for end devices like smartphones as well as infrastructure. The consolidated PCB market in this segment grew in 2022 by 2% year-on-year and is expected to decline in 2023 by 3.3%. Here, the investments in wired and wireless infrastructure counterbalanced the very weak smartphone market.

With China abandoning its “zero Covid” policy end of 2022 / beginning of 2023, disruptions in supply chain are expected to be minimal in 2023. However, the market is still under the influence of various macro (inflation, interest rates, geopolitical...etc.) and industry specific (excess inventory, market saturation...etc.) factors. Therefore, 2023 will be a year of caution for both OEMs and consumers, with growth opportunities in selected applications.

<sup>26</sup> Prismark Partners, “Application Forecasts”, March 2023

<sup>27</sup> IDC, “Quarterly Wearable Device Tracker, 2022|Q4”, March 2023

<sup>28</sup> IDC, “Quarterly Mobile Phone Tracker, 2022|Q4”, February 2023

<sup>29</sup> IDC, “Quarterly Personal Computing Device Tracker, 2022|Q4”, February 2023

## Automotive

Global automotive production has reached 82 million vehicles in 2022, a 6% increase compared to the 77 million of 2021<sup>30</sup> due to the clear improvement of the chip supply at the end of the year and the tax incentives for electric vehicles in China, yet it has not been able to reach the 86 million vehicles forecasted at the end of 2021, weighed down by the effects of the conflict in Ukraine and the lockdowns in China. The strong shortage of semiconductors in the first part of the year not only had a negative impact on the vehicle sales, but also on the automotive electronics and automotive PCB market, which increased just 0.4% and 6.8%, respectively, in 2022.<sup>26</sup> In 2023, both markets are expected to grow further by 4.4% and 1.1%, respectively.

The outlook for the mid and long term has been revised downwards due to some macroeconomic developments, such as a prolonged conflict in Ukraine, increasing the risk of other emerging material shortages, undermining the car affordability and the pace of the transition to electric vehicles and increasing the risk of a price escalation. Furthermore, the shift towards more flexible working patterns might have a long term impact on the vehicle demand.

On the other hand, electrification and Advanced Driver Assistance System / Autonomous Driving (ADAS/AD) continue being the drivers of the automotive industry.<sup>30</sup> Global Battery Electric Vehicles (BEV) sales reached the two million mark for the first time in the third quarter of 2022, growing by 75% compared to the corresponding period last year. More than 7.8 million BEVs were sold in the world in 2022, representing a 70% increase compared to 2021. Much of that increase can be attributed to China, where the BEV market continued to expand at high speed. In the United States, the BEV market finally sparked to life in 2022 having previously appeared to lag behind the development seen in China and much of Europe. Spurred by massive OEM investment in exciting new models, meaningful government incentives and a gradually improving charging infrastructure, BEV sales in the US grew by 88% in 2022 in comparison with the previous year, the highest such increase in all markets.<sup>31</sup> Also, ADAS/AD is advancing faster than expected one year ago. In summer 2022, several regions, such as EU, China, Japan and several US States, announced legislations to allow the

testing or deployment of autonomous vehicles in their roads, opening the door to the mass production of L4 vehicles as early as 2030.

Autonomous, Connected, Electric and Shared (ACES) vehicles are the major trends that will transform the automotive industry, and they will be enabled by the advancement of technology in electronics and software.<sup>32</sup> Thus, they have a substantial impact on the automotive electronics and SW market, which are expected to grow significantly in the next decade. Software in vehicles is becoming critical, leading to the separation of hardware and software, which would fundamentally change the dynamics of industry players and the value landscape. Co-development between OEMs and suppliers is expected to be necessary, and the separated sourcing will break established value pools, reducing barriers to entry and allowing tech-native companies to enter the space. For OEMs, the separation would also make both sourcing more competitive and scaling less complex and allow for a standardized platform for application SW while maintaining competition on the hardware side.

## Medical

The medical device industry has returned to revenue stability in 2022 after the disruptions of the past two years caused by the Covid-19 pandemic. The main companies in this sector reported revenue increases above 6%, a significant drop compared to the 16% of 2021 caused by the rebound after the pandemic effects in 2020. Globally, revenues for medical electronics increased by 4.6%, while revenues of medical PCBs grew by 3.5%, also showing a strong decrease from 13% growth in medical electronics and 20% growth in PCBs for medical devices in 2021, respectively<sup>26</sup>. On the other hand, geopolitical conflicts, growing supply chain risks, surging inflation and global economic downturn are jeopardizing a future sustainable growth. Also, global medical device spend declined in 2022, especially in the Asia-Pacific region due to the strong decline in demand of Covid-19 related products.<sup>33</sup> However, the return to the growth path is expected in 2023.

The pandemic has accelerated the adoption of telemedicine products and the developments in In-Vitro Diagnostics (IVD).

<sup>30</sup> LMC Automotive, „Global Light Vehicle Forecast, Quarter 4, 2022“, March 2023

<sup>31</sup> PwC, "Electric Vehicle Sales Review Q4 2022", February 2023

<sup>32</sup> McKinsey & Company, "Automotive software and electronics 2030", July 2019

<sup>33</sup> Medical Device Network, "2022 Medtech: The shadow of Covid-19 lingers over industry", January 2023

The former has driven an increase in healthcare IT, a sector that has shown potential for long term revenue generation. Medical device companies are competing strongly to acquire or develop the latest health IT and artificial Intelligence (AI) innovations, and an increase in collaborations and acquisitions between medical technology leaders and technological companies has been observed.<sup>34</sup>

On the regulatory side, the European Commission has been working on an extension of the medical device regulation introduced in 2021 to avoid disruptions in the supply chain, while the Food and Drug Administration (FDA) is setting a record pace for issuing new designations.<sup>35</sup> The release of the new regulation for Over-The-Counter Hearing Aids, allowing people with mild to moderate hearing losses access to more affordable devices is a good example. Several companies familiar with competing in the consumer market (such as Sony, HP, Bose) as well as other players in the hearing aid market (such as GN, Nuehara, Sonova) are using different business models to serve this promising market.

### Industrial & Infrastructure

The continuous growth of data is a feature of current times and of digitalization, a megatrend and one of the main drivers impacting the industry. In 2022, a total of 49.6 billion connected devices were reported as installed base, which means six times more than the worldwide population. 75% of those connected devices are an IoT device.<sup>36</sup> 5G technology, which enables connectivity at higher network speeds, low latency and large data capacity, started to gain momentum on the last period and it is expected to continue in 2023. More than 225 operators from 87 countries had launched 5G services in frequency ranges from mid-band to mmWave.<sup>37</sup> In 2022, the number of 5G large and small cell deployments reached 2.6 million units worldwide, growing at a CAGR of 42.9% (2020-2028).<sup>38</sup> A lot of people living in rural and suburban areas still do not have broadband access due to high mid- to long-term investment and high capex required for wireline deploying. This fact is leveraging 5G FWA (Fixed Wireless Access) as a cost-effective alternative to reduce the digital divide. It is predicted that in 2022, 20.5 million units of

CPE (Customer Premises Equipment) for indoor and outdoor were shipped to deliver FWA solutions, and this amount is projected to reach over 36 million shipments in 2028, driven mainly by the US market deploying 5G CPE.<sup>39</sup> Private networks using both 5G small cells and FWA is also an application expected to push this market up. It is forecasted that industries and enterprises will invest US\$1.92 billion to manage private networks by 2026, at a CAGR of 41.3%.<sup>40</sup> Although currently it is hard to determine the exact number of private networks, a database tracking this number shows that it grew at an 83.8% CAGR from 2019 to 2021, and mostly LTE and 5G networks.<sup>41</sup> While 5G deployment is in progress, an early vision for the next-generation is emerging. 6G technology is already in development by big players and on the agenda of regulators and standardization institutions, with commercialization predicted by 2030. This technology generation, integrated with edge cloud computing, AI, machine learning and big data analytics, is expected to transform networks into computing networks.<sup>42</sup> Prismark Partners reports on the PCB market for communication, including infrastructure and end devices. This consolidated market grew in 2022 by 2% and is expected to decline in 2023 by 3.3%. The strong infrastructure market is hereby balancing the overall weak smartphone market.

In line with the global economic development, the PCB market for industrial electronics grew in 2022 by 7.6% and is expected to decline in 2023 by 2.5%.<sup>26</sup> Key drivers have been investments in extending manufacturing capabilities in various industries in 2022.

## 1.3. Industry and technology trends

### Package technology trend – Heterogeneous integration and chiplets

Chiplets appeared on the market in datacenter and consumer products and will continue to see increased adoption in 2023. From a packaging perspective, the need to connect the chiplets with a large number of parallel, high-bandwidth channels prompted all major packaging companies to add

<sup>34</sup> EY, "Pulse of the industry medical technology report 2022", January 2023

<sup>35</sup> Euroactiv, "Commission suggests prolonging medical device certification periods", January 2023

<sup>36</sup> IDC, "Worldwide IDC Global DataSphere IoT Device Installed Base and Data Generated Forecast, 2022-2026", September 2022

<sup>37</sup> GSMA, "The telecoms industry in 2023-trends to watch", January 2023

<sup>38</sup> Prismark Partners, "Total Base Stations Installations – Annual", January 2023

<sup>39</sup> Yole, "RF for Fixed Wireless Access 2023", January 2023

<sup>40</sup> IDC, "Worldwide and U.S. Private Mobile Networks Managed Services", June 2022

<sup>41</sup> GSA, "Private Mobile Networks", December 2022

<sup>42</sup> IDC, "6G Fulfilling the Promise of 5G", July 2021



silicon-bridge based solutions to their capabilities, while organic substrates and ABF remain a fundamental building block of advanced packaging.

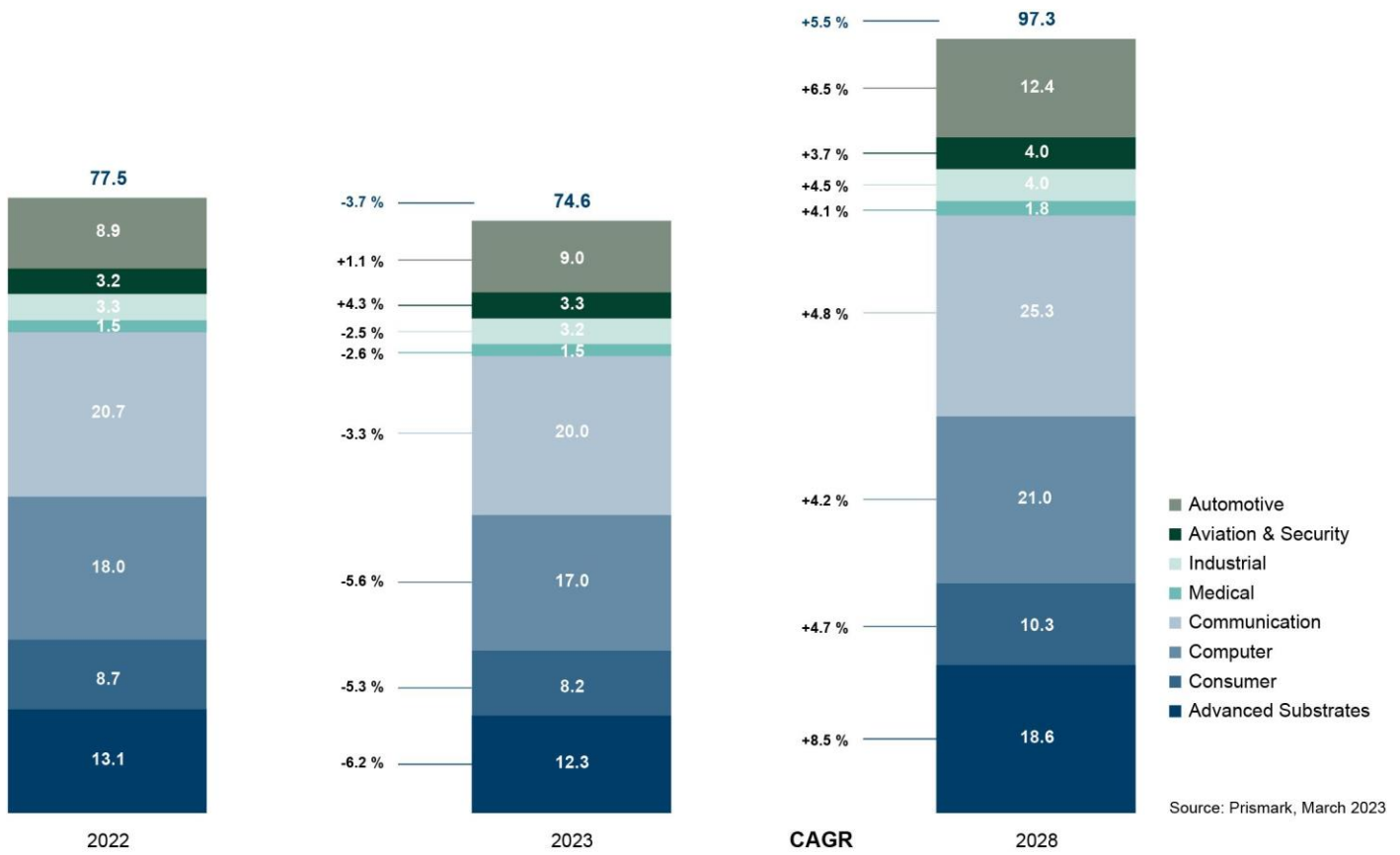
Significant developments in the field were the introduction of a new organic interposer by TSMC, CoWoS-R + (plus); the new organic interposer integrates chiplets together with passive components enhancing overall package performance. As all current state-of-the-art technologies for large body size packages including EMIB from Intel and other alternatives, it requires a large and competitively complex FC-BGA substrate. AI workloads have been increasing their footprint in datacenters and high-performance computing. This application trend has started to significantly impact datacenter investments, with a number of hyperscalers directing CAPEX at significantly expanding their capabilities in the field of AI model training and inference.

The rising prominence of AI workloads is also impacting system and chip architectures. Not only is the increase in AI-related computation pushing the adoption of GPUs and dedicated accelerators, but also influencing IC design, which has been moving to increasingly large amounts of integrated memory and co-processors dedicated to vector and matrix-processing operations.

The constant increase in computational power as well as in the amount of data to be processed keeps raising the performance requirements of networking infrastructure in and outside datacenters. In order to support faster data rates, the portion of networking equipment ranging from transceivers to routers, switches and interface cards that demands high-end performance is increasing, with a direct effect on chip size and complexity.

**SUBSTRATES AND PCB MARKET**

US\$ in billions



## 2. BUSINESS DEVELOPMENT

### 2.1. Financial performance

In the past financial year 2022/23 AT&S AG's revenues increased by € 61.0 million or 13.95% to € 498.3 million. The increase in revenues resulted mainly from higher sales of merchandise, while sales of own manufactured products also increased in the past fiscal year compared to the same period of the prior year.

EBIT margin decreased by 6.6 percentage points to -10.7% in the past fiscal year (prior year: -4.1%). The main reasons for the reduction in the EBIT margin were, on the one hand, lower other operating income, influenced by lower funding commitments, and, on the other hand, higher other operating expenses of € 101.4 million (prior year: € 65.6 million) compared to the prior period. This increase was mainly due to higher legal and consulting expenses, external services, IT consulting, exchange rate differences, and increased rental and leasing expenses.

The average number of employees increased by 307 FTE year-on-year to 1,756. This rising trend in personnel expenses was positively impacted on the EBIT margin by both the adjustment of variable bonuses to the target achievement level and the reversal of provisions from the SAR program in the amount of € 7 million (prior year: expense of € 15.7 million).

The financial result developed extremely positively and amounted to € 250.6 million in the past fiscal year (prior year: € 27.9 million). The main reason for the strong increase was income from investments amounting to € 214.0 million (prior year: € 0.0 million). There was also a sharp increase in income from loans forming part of the fixed assets, which rose by € 54.0 million to € 91.3 million. Other interest and similar income increased by € 18.3 million to € 20.9 million.

The financial result was negatively impacted by unrealised foreign currency effects in the area of expenses from financial assets and marketable securities, which amounted to € 16.5 million in the past financial year (prior year: write-ups of € 29.6 million). The increase in other interest and similar expenses as a result of higher financing costs from € 10.9 million to € 60.1 million also had a negative impact on the financial result.

Income taxes developed positively across the board due to the additional capitalization of deferred taxes based on loss carryforwards that can be utilised in the future, resulting in an income from deferred taxes of € 20.0 million (prior year: expense of € 3.9 million). Current tax expense remained constant year-on-year at € 1.5 million (prior year: € 1.5 million).

Due to the effects in the operating and financial results and the tax result explained above, net income for the current fiscal year amounted to € 215.7 million (prior year: € 4.4 million).

### 2.2. Financial position

The carrying amount of property, plant and equipment increased from € 146.7 million to € 172.4 million due to investments in technology upgrades and additional and expansion investments. The carrying amount of intangible assets increased to a lesser extent from € 4.4 million to € 4.5 million.

Shares in affiliated companies remained constant compared to the prior year and increased marginally by € 3,500.- due to the establishment of a new subsidiary, AT & S Scandinavia (AB). Loans to affiliated companies increased from € 1,524.3 million to € 1,927.4 million due to the increase in shareholder loans. This was offset by unrealised devaluations due to the Euro/US dollar exchange rate. Other loans increased to € 47.5 million due to deposit payments in connection with the construction of the new production plant in Hinterberg/Leoben and a long-term loan to a supplier.

Under current assets, inventories decreased marginally from € 45.8 million to € 45.5 million. Receivables and other assets increased from € 22.9 million to € 124.3 million. Receivables from affiliated companies decreased by € 13.0 million to € 7.3 million. Cash on hand and bank balances increased from € 425.9 million to € 505.6 million due to cash received from loans, promissory note loans and financing partners.

Deferred tax assets increased from € 18.0 million to € 38.0 million, mainly due to the fact that tax loss carryforwards were recognised to a higher extent as a result of sufficiently realisable taxable profits in the future.

Equity at the balance sheet date increased from € 285.6 million to € 466.3 million. The change resulted on the one hand from the net income of € 215.7 million generated in the past fiscal year and on the other hand from the dividend distribution of € 35.0 million resolved in the course of the Annual General Meeting. Equity ratio of 14.6% as of the balance sheet date was above the prior year ratio of 11.0% due to the increase in equity, which rose more strongly than the balance sheet total in the past financial year.

In the financial year 2022/23, the net debt of AT&S increased from € 1,640.5 million to currently € 1,794.6 million. Net debt is calculated from the bonds issued, liabilities to banks, promissory note loans and financing partners less cash on hand and balances with banks, receivables from banks and other securities and shares in current assets. The net gearing, calculated as the ratio of net debt to equity, decreased from 574.4% in the prior year to 384.9%.

## 2.3. Cash flow statement

The Cash flow statement subtotals were calculated in accordance with expert opinion AFRAC 36 "Geldflussrechnung UGB (June 2020).

The net cash flow from operating activities showed an increase in the financial year 2022/23. The higher net cash flow from operating activities of € 79.7 million (prior year: € 74.1 million) is mainly attributable to advance payments received on orders, changes in trade payables and other provisions.

As part of the investing activities of AT&S, a total of € 152.3 million was invested in intangible assets and property, plant and equipment in the financial year 2022/23 (prior year: € 95.8 million). The cash inflows from investing activities include invoiced advance payments of € 102.3 million, which were invoiced to the leasing company by financing the production plant in the form of a finance lease.

The payments described above, the further increase in shareholder loans, and offsetting effects relating to cash inflows from interest and income from investments in the

amount of € 326.1 million (prior year: € 39.8 million) mainly resulted in a net cash outflow from investing activities of € 191.9 million (prior year: € 758.3 million).

Payments from financing partners and borrowings, less interest paid, repayment of promissory note loans and distribution of the annual dividend, resulted in an inflow of cash from financing activities of € 194.7 million (prior year: € 762.7 million).

### CASH FLOW STATEMENT (SHORT VERSION)

€ in millions	2022/23	2021/22	2020/21
Net cash flow from operating activities	79.7	74.1	2.4
Net cash flow from investing activities	-191.9	-758.3	-196.9
Net cash flow from financing activities	194.7	762.7	264.7

## 3. OTHER STATUTORY INFORMATION

### 3.1. Plants and branch offices

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

**Leoben and Fehring** The Austrian plants primarily supply the European market. In Europe, special applications and customer proximity are particularly important. Based on production and technological diversity, flexibility in manufacturing and the broad customer spectrum, the plant in Leoben continues to pursue the path of niche and prototype production it embarked on in recent years. Among other things, production using embedding technology takes place in Leoben. In addition, investments were made in the expansion of the IC core line in order to provide the required capacities for precursor material for the production in Chongqing. Now the Company is investing in a new R&D centre for substrate and packaging solutions for the global semiconductor industry at the location in Leoben. As part of the current diversification strategy, new customers were won for the IC substrates business segment. As a result of this development, the R&D centre will be expanded to include series production. With capacity utilisation at a good level in the financial year 2022/23, the plant in Fehring serves all segments of the AIM business unit, i.e. Industrial, Medical and Automotive.

**Shanghai** The Shanghai plant manufactures HDI (High Density Interconnection) and MSAP (Modified semi additive process) printed circuit boards, in particular for customers in the Mobile Devices & Substrates segment. The plant has established itself as a leading supplier of the latest technology generation and its broad technology spectrum is very well received by customers. The plant was operating continuously during the peak season months of 2022/23 and the capacity installed was fully utilised. There was strong demand for HDI printed circuit boards, which were produced primarily for the Consumer and Automotive segments.

**Chongqing** The location in Chongqing currently comprises three operating plants. The plants Chongqing I and Chongqing III are designed for the production of IC substrates (integrated circuit substrates). At Chongqing III, which was newly built in 2021, the first of four production lines

commenced production of large series in October 2021. The second line was commissioned in 2022, while the installation of the third and fourth lines was slowed down due to a decline in production in the semiconductor industry in the second half of 2022 and in early 2023. The installation work for the two remaining lines will be resumed as soon as the semiconductor market has recovered. High-end mSAP printed circuit boards and printed circuit boards for modules are produced for mobile applications at the Chongqing II plant. The production capacity for modules was further expanded to serve the growing customer demand in the high-end segment. The full expansion of the plant is scheduled to be completed in the coming financial year.

**Kulim** Construction of the plant for IC substrates, which commenced in October 2021, is in progress. The construction work is proceeding as scheduled; however, part of the investment project will be executed later than planned. When completed, up to 10 lines can be installed in the two plants. As of April 2023, installation of the equipment can begin at one of the plants.

**Ansan** The very positive development of the site in Korea continued in the financial year 2022/23, in particular in the medical technology segment for European and American customers. The expansion of the plant was completed in the financial year 2021/22, and production was consequently increased on this basis.

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

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

**Sales support companies** The sales support companies in America, Germany, Japan, Taiwan and

Sweden continued to ensure good and close contact with customers in the financial year 2022/23.

## 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 of 31 March 2023, the Company's ordinary shares amount to € 42,735,000 and are made up of 38,850,000 no-par value shares with a notional value of € 1.10 per share. The voting right at the Annual General Meeting is exercised according to no-par value shares, with each no-par value share equalling one voting right. All shares are bearer shares.

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

At the reporting date of 31 March 2023, roughly 64.3% 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.

The Management Board was authorised at the 25th Annual General Meeting on 4 July 2019, 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 was authorised to determine, subject to the approval of the Supervisory Board, 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 was authorised to adopt amendments to the Articles of Association resulting from the issuance of shares from the approved capital.

## SIGNIFICANT DIRECT AND INDIRECT SHAREHOLDINGS

Shares/in %

	Shares	% capital	% voting rights
Dörflinger-Privatstiftung: Vienna, Austria	7,043,133	18.13%	18.13%
Androsch Privatstiftung: Vienna, Austria	6,819,337	17.55%	17.55%

Furthermore, the Management Board was authorised at the 25th Annual General Meeting on 4 July 2019 to issue, subject to the approval of the Supervisory Board, one or several convertible bearer bonds at a total amount of up to € 150,000,000 until 3 July 2024, 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. In this regard, the Management Board was also authorised to fully or partially exclude shareholders' subscription rights. In this context, 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 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 also authorised to determine, subject to approval of 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.

### Treasury shares

At the 27th Annual General meeting of 8 July 2021, the Management Board was again authorised to purchase, within a period of 30 months from the adoption of the resolution,

treasury shares to an extent of up to 10% of the nominal share capital for a minimum consideration per share being at the most 30% lower than the average, unweighted stock exchange closing price over the preceding ten trading days and a maximum consideration per share at the most 30% higher than the average, unweighted stock exchange closing price over the ten preceding trading days; such purchases may take place via the stock exchange, by means of a public offering or any other legally permitted way, and for any legally permitted purpose. The Management Board was also authorised to withdraw shares after repurchase as well as treasury shares already held by the Company without further resolution by the Annual General Meeting. The Supervisory Board was authorised to adopt amendments to the Articles of Association arising from the withdrawal of shares. Furthermore, the Management Board was authorised for a period of five years, i.e. up to and including 3 July 2024, subject to the approval of the Supervisory Board, to sell or use the repurchased treasury shares or treasury shares currently held by the Company other than via the stock exchange or by public offer in particular for the purposes of stock transfer programmes, convertible bonds or as a consideration for the acquisition of entities, investments or other assets or for any other legal purpose, and to exclude a general purchase opportunity for shareholders.

The Company held no treasury shares as of 31 March 2023.

### Free reserves

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

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

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

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

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

### **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 2022/23 as a separate chapter.



## 4. RESEARCH AND DEVELOPMENT

### Structural development of technological opportunities

AT&S's research and development activities are focused on exploiting the opportunities arising from digitalisation and ecological optimisation for AT&S. The electronics industry, in particular microelectronics, plays a central role in this context. It provides systems which enable digitalisation in the first place (e.g. data centres and computers with high-performance processors). In addition, the energy consumption of these devices can be reduced dramatically based on the efficient structure of the overall systems. Microelectronics also forms the basis for completely new solutions for more efficient energy use along the entire value chain (production, transportation, storage and usage). 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 while energy consumption is optimised at the same time. 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, the data volume to be transmitted will also increase significantly in the years to come. Electronic systems working at higher frequencies (e.g. communication modules for 5G and in the future 6G, radar systems for cars) will offer solutions in this regard. These will require new interconnect technology solutions. Based on development projects in this area AT&S ensures that the products transmit signals fast, precisely and with minimal losses.

**Performance and performance efficiency:** In view of the sustainability efforts, there is currently a strong trend in electrification towards carbon-neutral energy production, new energy source systems and electricity-based forms of propulsion. AT&S focuses its development activity on systems which enable optimum power supply with the lowest

electrical losses from energy production to usage, and can therefore switch, control and transmit high loads.

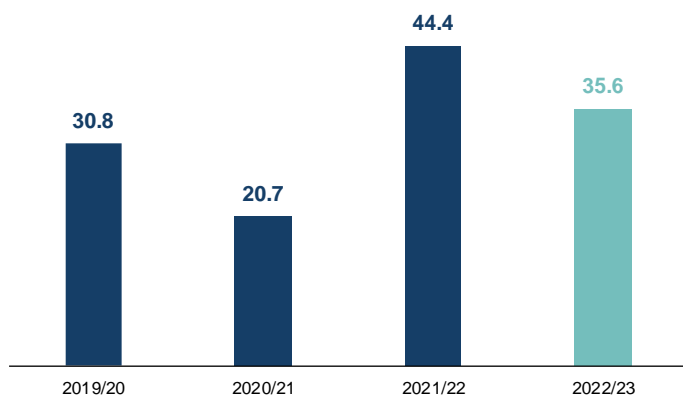
**Virtual development and resource efficiency:** Industrial production processes will change fundamentally in the decades to come. The processes will increasingly be organised using artificial intelligence (AI), and sustainability will also play a key role: the manufacturing of products must involve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

### Innovation rate still high

The Vitality Index measures the impact of the innovative strength of a company. It describes the share in revenue AT&S has generated with innovative products launched on the market in the past three years. Generally speaking, the Vitality Index is higher in the years following the successful implementation of new technologies and lower in the development phase of new technologies (i.e. during the phase before their market launch). In the past financial year we see the effect of the launch of new, innovative products on the market. AT&S strives for a mean annual Vitality Index of at least 20%. In the past financial year, a Vitality Index of 35.6% was recorded.

VITALITY INDEX

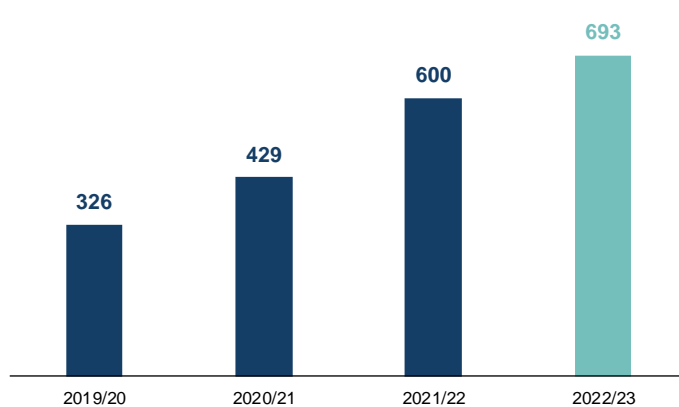
in %



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 79 new patent applications in the financial year 2022/23. At present, AT&S has 522 patent families, which result in 693 granted patents. The IP portfolio is further strengthened by externally acquired licences, in particular in the area of embedding technology.

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

NUMBER OF PATENTS GRANTED

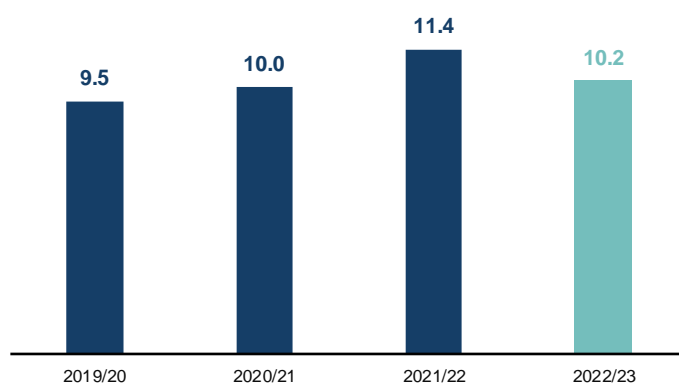


R&D expenses: 10.2% of revenue

The costs of research and development projects totalled € 183.4 million in the financial year 2022/23. This corresponds to a research rate (i.e. ratio to revenue) of 10.2% compared with 11.4% in the previous year. Based on the continuously high research rate, AT&S is securing its position as a technology leader for the years to come.

RESEARCH RATE

in %/ratio to revenue



Two-stage development process

AT&S pursues a two-stage innovation process: The first stage is based on technology platforms. In these technology platforms, technical approaches are developed to solve the technical problems in the strategic applications of AT&S for

the coming years. This stage 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 and strong collaboration with our customers, suppliers and research institutions.

### Key development projects

In the past financial year, the R&D activities focused on the expansion of the R&D centre at the AT&S headquarters in Leoben, which is a development centre for IC substrates and other technologies in the field of advanced electronic packaging. An R&D, prototype and series production line, which globally sets a new technological standard in this area, constitutes the heart of the centre. This measure brings a technology segment to Europe which is only available in Asia today, thus making a substantial contribution to technological supply security. Coupled with the investments in research and development at the headquarters in Leoben in the areas of “Substrate – Core” and “Packaging Technologies” over the past years, this new centre will become a hotspot in electronics development and will be a guarantor of leading-edge solutions made by AT&S.

At the same time, the technology platforms for “High Performance Computing”, “High-frequency Electronics” and “Power and Power Efficiency” are further expanded. In these platforms, concepts are developed which will support the challenges of electronic systems and find optimal solutions by the end of the decade. For example, new solutions for the energy-efficient power supply of high-performance processing modules, low-loss circuit and heat dissipation concepts for e-mobility and energy supply as well as the first basic concepts for the upcoming 6G mobile communication standard are developed.

# 5. OPPORTUNITIES AND RISKS

## 5.1. Opportunities and risk management

### STRUCTURE AND INSTRUMENTS

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

From an organisational perspective, Risk Management, Internal Control System and Internal Audit functions fall within the responsibility of the CFO. Risk Management reports regularly to the full Management Board at a Management Board meeting. The Supervisory Board is included within the framework of the Audit Committee meetings, which take place at least twice a year. The proper functioning of the risk management system is assessed annually by the auditor in the course of the annual audit of the financial statements pursuant to Rule 83 ACCG.

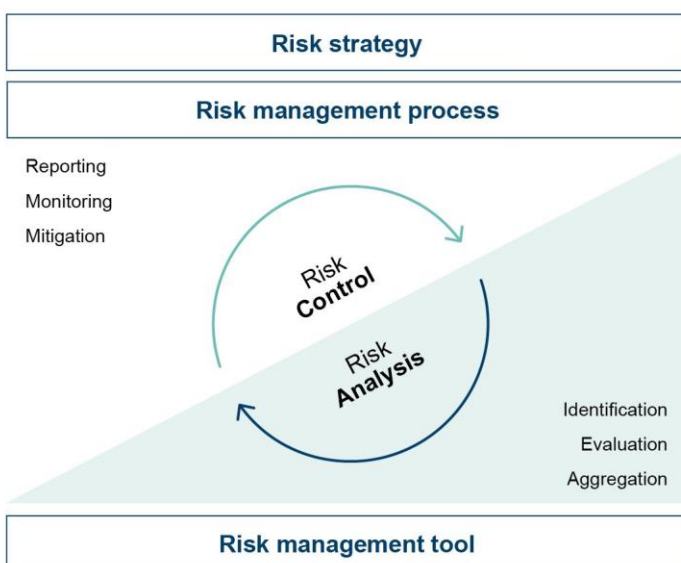


Figure 1: AT&S Risk management process

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), which was defined in a Group-wide risk management policy.

### RISK MANAGEMENT IN 2022/23

In the financial year 2022/23, risk management was restructured. Enterprise Risk Management was combined in one department with Project Risk Management and Business Continuity Management to enable optimal use of synergies. The goal of this development is linking the risk management processes more closely. Furthermore, the new structure was used to enhance risk awareness and anchor it better within the Company. At risk management workshops with Group, business unit and plant functions, risks are comprehensively identified, assessed and mitigation measures are defined.

**Risk strategy:**

defined by the Management Board and process owners.

**Risk identification:**

group-wide identification and evaluation. Immediate reporting of significant new risks.

**Risk evaluation:**

consistent group-wide evaluation of all risks with respect to their impact, probability of occurrence and resulting risk rating.

**Aggregation & reporting:**

aggregation and regular reports of all significant risks to the Management Board and Audit Committee by the Risk Manager.

**Risk mitigation & monitoring:**

in accordance with defined reporting and decision levels actions to mitigate the identified risks are taken (based on risk level, see Figure 2).

**Risk management tool:**

group-wide for risks



RM: Risk Management; ICS: Internal Control System; BU: Business Unit; FMEA: Failure Mode and Effects Analysis  
 Figure 2: AT&S Risk levels and Risk controlling

**Risk exposure & risk level:**

the AT&S risk levels are derived by impact and probability of occurrence as an indicator of the risk capacity of the Group.

**ICS & RM:**

management of process risks supported by the internal control system. At group level, relevant risks are managed and reported through the risk management process.

**Risk controlling:**

clear assignment of responsible decision levels based on risk level (see left) and definition of responsibilities for the implementation of mitigation measures.

## 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. The material risks are described by risk category in the following section.

### STRATEGY

#### Investment risk

In order to use growth potential, AT&S has undertaken substantial investments in new technologies (IC substrates) as well as in the further development and capacity expansion of existing technologies (SLP, mSap, HDI). In order to secure the high-end substrate business as a strategic cornerstone, AT&S is investing in a production site at the Kulim Hi-Tech Park, Kedah, Malaysia. The project is carried out in cooperation with two leading manufacturers of high-performance computing semiconductors. One of the two plants is currently being finalised and the first machines have already been delivered. Production is expected to start in 2024. The building envelope of the second plant will be completed. The timing of the procurement and installation of the infrastructure and production equipment depends on how the market and the situation of a key customer develop.

In addition, the Company is investing in a new R&D centre for substrate and packaging solutions for the global semiconductor industry at its site in Leoben-Hinterberg. As part of the current diversification strategy, new customers were won for the IC substrate segment. As a result of this development, the R&D centre will be expanded to include series production, supported by financing contributions from the new customers.

Unexpected technological developments, changes in demand, restrictions through third-party patents, negative price developments, 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 impact 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 use of the HDI technology was successfully transferred from smartphone applications and other mobile devices to further applications, for example 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.

In the markets for IC substrates, demand for notebook CPUs in 2023 is expected to be lower than in 2022. The extreme increase in sales volume of PCs and Notebooks due to remote work during the COVID pandemic led to anticipatory effect and consequently to a saturation in this segment. In combination with high inventory levels, the impact on the supplier chain is even further intensified. According to current forecasts, demand is expected to recover at the end of 2023. AT&S is therefore adjusting the investment programme in Malaysia to the current market situation. In the area of server ICs, demand for IC substrates will benefit from the technology shift towards heterogeneous integration in the medium term.

Competitor risks arise due to potential quality improvements and technological developments in countries with low production costs, for example Vietnam or the Philippines. This could lead to a loss of competitiveness at AT&S sites, especially in Austria but possibly also at other production sites such as those in South Korea and China. In addition, competitors announced substantial investments in capacities for ABF substrates in the past year, which can lead to additional overcapacities in the market and the resulting falling prices.

In addition, a difficult market environment in the financial year 2023/24 could have an adverse effect on the Group's results. The war in Ukraine with effects on the energy market, increased tensions between the USA and China as well as general economic slowdowns coupled with rising inflation and a higher interest level have significantly weakened the market environment after the end of the COVID pandemic. Lower demand for IC substrates, stagnating smartphone sales, weak demand in the Automotive and Industrial segments as well as unfavourable market developments in the other core segments could lead to a decline in revenue. The broadbased

positioning of AT&S in the Mobile Devices & Substrates segment and in the Automotive, Industrial, Medical segment with their different production cycles can partially mitigate market risks. Along with controlling risks, crisis-proof applications are being pushed based on customer and application analyses, for example applications in the medical sector.

## 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 75% of total revenue, with the respective shares ranging from 2% to 37%. Our long-term relationships with these customers also offer excellent opportunities for the future. However, a concentration of this kind also poses risks in the event that there is a significant reduction in business volume or profitability from these customers. As part of its diversification strategy, AT&S succeeded in winning additional IC substrate customers, in particular in the area of server ICs. Likewise, major new customers were won in the PCB business and profitability was significantly increased. These measures support the rapid compensation of potential negative developments among individual key customers. Nevertheless, adverse changes in the markets can have a negative impact on AT&S, as the customers operate in similar market segments.

## 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 2022/23 was on the availability of raw materials and on price development. In particular, the Ukraine-Russia war and its impact on the availability of materials and energy, and subsequently the pricing situation, was challenging for AT&S. Raw material prices are expected to stabilise in the coming financial year. In particular, the prices and availability of raw materials such as copper can have a massive impact on the business development. Raw

material shortages lead to longer lead times and uncertainties in terms of delivery dates. However, AT&S was able to reduce the procurement risk through targeted supplier management. Capacity shortages of production materials, components and equipment can also occur in the growth markets targeted by AT&S in the future and influence the business development of AT&S.

### Suppliers

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

## BUSINESS ENVIRONMENT

### Location-specific risks

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

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

### 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 war between Ukraine and Russia, which has been ongoing since February 2022, has an impact on the entire global economy. In addition to the resulting humanitarian disaster, this war also affects the availability of materials and energy, which is also reflected in their price development. Uncertainties regarding energy supply, in particular electricity, can also have a negative effect on AT&S. To mitigate this risk, measures have been taken to enable the Company to respond quickly if required. Furthermore, AT&S is working on an energy strategy for all production sites, which includes security of supply in addition to the sustainability aspect. Nevertheless, far-reaching sanctions and other unexpected geopolitical developments can have negative effects on the business operations of AT&S.

A potential aggravation of the trade conflict between the USA and China could lead to an increase in punitive tariffs on imports of certain goods in both countries as well as trade restrictions for technology companies. From the current perspective, the trade conflict only has an insignificant influence on AT&S. Nevertheless, ongoing monitoring of the affected goods is necessary. Moreover, provocations in East Asia increased over the past months (in particular China and Taiwan, but also in the Korea conflict). An escalation of these conflicts could have a negative effect on business activities. In addition, resulting macroeconomic developments may have an adverse effect on the business of AT&S.

### Compliance

Amendments to regulatory requirements (for example REACH and ROHS), such as the prohibition of specific processes or materials, might lead to a rise in production costs. AT&S might be subject to payment of substantial damages or penalties should any breach of customer confidentiality agreements or statutory provisions occur. AT&S has implemented organisational measures aimed at preventing or minimising the occurrence of compliance risks. The extension of such measures is ongoing. As a rule, AT&S follows a zero-tolerance policy and expects 100% compliance

with all applicable laws and regulations from its employees. The Governance, Risk & Compliance Committee (GRC Committee) supports the Enterprise Risk Management in monitoring the risk landscape and helps promote compliance with legal and regulatory requirements. In addition, AT&S introduced the whistleblowing platform “We Care”, which enables employees and external third parties to report potential compliance violations.

### Fraud, data security and cybercrime

To continue to successfully prevent attempted fraud, internal controls were further intensified in the past few financial years and initiatives to raise awareness among employees with regard to such fraud schemes were increased. Based on an analysis of internal processes regarding the use of personal data, the required measures were assessed and implemented in order to ensure the protection of sensitive data. Following the successful certification of all European locations in accordance with ISO 27001, the Information Security Management System (ISMS) was rolled out at all production locations and certification according to ISO 27001:2013 was performed. Alignment with international IT standards ensures safe handling and appropriate access to information, and the availability of reliable systems.

## 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 to ensure high product quality, AT&S not only meets general international quality standards (ISO 9001) but also further standards for the automotive (e.g. IATF 16949), aviation (e.g. NADCAP accreditation) and medical technology (e.g. DS/EN ISO 13485) sectors. Furthermore, the Group is insured against major risks by virtue of an (extended) product liability insurance policy taking into account exclusions of coverage and customary coverage limits.

### Intellectual property

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

### Technology and project development

The establishment and expansion of capacity for IC substrates in Chongqing and Kulim lead to specific risks given the significant investment volume. The market for IC substrates is influenced by technological changes. The establishment of an R&D centre including prototype production in Austria is also intended to serve the development of new technologies, thus mitigating the market risk of IC substrates. However, this technological progress includes the general risk of new technology developments. Complications in advancing these technological developments and project implementation could result in major burdens on business development and the existing financial and administrative resources.

### Cost control

AT&S has initiated comprehensive cost optimisation programmes in order to mitigate effects resulting from weak demand, price pressure and inflation. These programmes focus on increasing the scope of continuous improvement measures, on accelerating their implementation and on eliminating the inefficient use of materials and resources as far as possible. Continuous cost reduction and efficiency



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

## ORGANISATION

### Employees

The collective industry experience and management expertise of the employees of the AT&S Group are the foundation for using future opportunities. The two major projects (Leoben and Kulim) require a high number of qualified personnel. Should it not be possible to hire sufficient qualified staff, this might have a negative impact on the progress of these major projects. AT&S continuously develops strategies for retaining key employees, recruiting additional valuable personnel and further expanding the skills of its staff.

## FINANCE

### Foreign exchange risk

Exchange rate fluctuations can have considerable positive or negative effects on the results of the Group. To minimise the transaction effects, the Group employs a hedging strategy by generating opposing cash flows in the respective currencies. The high investments in Asia of the past few years and the related strong revenue growth result in significant translation risks related to the RMB and MYR. The extent of these risks is continuously analysed. The results are incorporated in strategies to implement efficient currency management.

### Financing and liquidity

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

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

### Tax risk

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

## ESG

ESG risks, i.e. risks regarding environmental, social and governance issues, have also been considered as part of corporate risk management. For further information regarding material ESG risks, please refer to the non-financial report 2022/23, section "Anchoring sustainability".

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

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

of 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 control targets described for financial reporting. The Internal Control System aims to ensure the effectiveness and efficiency of the business activities, reliable financial reporting and compliance with the applicable legal requirements and internal regulations.

Further principles of the ICS are:

- Identification of operating risks and definition and implementation of adequate control measures
- Ensuring an adequate separation of functions
- Ensuring the correctness and completeness of accounting
- Ensuring transparency and traceability
- Disclosure of damage already done
- Protection of property, plant and equipment and intangible assets

The accounting procedures are documented in separate process instructions. These processes are standardised across the Group and are presented in a standardised documentation format. Additional requirements for accounting procedures result from specific local regulations. The basic principles of accounting and reporting are documented in the process descriptions and in detailed process instructions, which are also filed in the central document management system. 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. The necessary control measures in connection with accounting processes, for example access authorisations and separation of functions, are documented in the Internal Control System. Their implementation and effectiveness is regularly reviewed by Internal Audit and any improvement measures are identified.

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 Finance and Corporate Controlling departments. 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

While the global COVID pandemic continued, the global economy was also hit by other shocks in 2022. These included geopolitical upheavals such as the Russian invasion in Ukraine and the tensions between China and the United States, but also macroeconomic shocks such as persistent inflation on a broad basis and a tightening of monetary policy in numerous economies. The global economic output (GDP) grew by an estimated 3.4% in 2022. The gross domestic product increased by 3.5%,% in the euro area, by 3.0% in China and by 2.0% in the United States. According to forecasts, the global GDP will grow by 2.9% in 2023.<sup>43</sup>

The geopolitical tensions between China and the United States continued to increase the pressure on the global electronics supply chain in 2022. The tensions not only led to a limitation of technology exports to China, but also to strengthening the resilience of the supply chain through investments in production capacities outside China. A potential aggravation of the trade conflict could result in an increase in punitive tariffs on imports of certain goods in both countries as well as in trade restrictions for tech companies. The trade conflict currently only has an insignificant influence on AT&S. Nevertheless, it will be necessary to monitor the goods concerned continuously.

Market analyses anticipate a declining trend of 3% for printed circuit boards and of 6% for IC substrates for the calendar year 2023. For further information on industry and technology trends please refer to Section 1 "Market and industry environment" of the Management Report.

### Structural trends drive growth

Depending on the market development, AT&S will continue to push ahead the investment project in Kulim and the expansion of the site in Leoben and implement technology upgrades at other locations in the financial year 2023/24. In view of the highly volatile environment, the ongoing investment projects will be reviewed at frequent intervals and adapted to the respective current situation if required.

The expectations for AT&S's segments are currently as follows: In the markets for IC substrates, demand for notebooks in 2023 is expected to be lower than in 2022. The

negative impact on the supplier chain will be aggravated by high inventory levels. According to current forecasts, this will affect the first half of 2023 in particular, with a recovery of demand anticipated towards the end of the year. Demand for IC substrates for servers will benefit from the technology shift towards heterogeneous integration<sup>44</sup> in the medium term.

In the area of mobile devices, the 5G mobile communication standard as well as the module printed circuit board business will remain positive drivers. In the Automotive segment, the semiconductor shortage should continue to ease and the growth trend should consequently intensify as the share of electronics per vehicle continues to increase. In the Industrial and Medical segments, AT&S expects a continued positive development for the current financial year.

### Investments

As part of the strategic projects, the management is planning investments totalling up to € 800 million for the financial year 2023/24 depending on the market environment and progress of projects.

Roughly € 100 million are budgeted for basic investments. Planned investments of approximately € 200 million in the financial year 2022/23 have been postponed to the financial year 2023/24.

As a result, the currently planned investment volume totals up to € 1.1 billion.

### Overall guidance for the financial year 2023/24

AT&S expects the deterioration of the market environment in the second half of 2022/23, in particular in the market for IC substrates, to continue in the first half of 2023/24. Continued high inflation rates, rising interest rates, recession risks as well as geopolitical developments represent additional elements of uncertainty for the end markets. The company expects that inventories in the supply chains will have normalised by the second half of 2023/24 and that demand picks up again. In this highly volatile environment, AT&S expects revenue in the range of € 1.7 to 1.9 billion. Not including effects from the start-up of the new production capacities in Kulim and Leoben totalling approximately

<sup>43</sup> IMF, World Economic Outlook Update, January 2023

<sup>44</sup> Heterogeneous integration means that the different functionalities of a single microchip are split up into chiplets, which reduces costs and increases performance. However, this requires

significantly larger and more complex IC substrates to ensure the connection between the individual chiplets.

€ 100 million, the adjusted EBITDA margin is expected to range between 25 and 29%.

Leoben-Hinterberg, 15 May 2023

The Management Board

Andreas Gerstenmayer m.p.

Peter Schneider m.p.

Peter Griehsnig m.p.

Petra Preining m.p.

Ingolf Schröder m.p.

# AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2022/23

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, 2023, 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, 2023, 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.

### Recoverability of deferred tax assets

#### ▪ Description and Issue

In the balance sheet as of March 31, 2023, the company reports deferred tax assets of TEUR 38.050 (prior year: TEUR 18.024). This amount comprises deferred tax assets from deductible temporary differences amounting to TEUR 4.167 and deferred tax assets from tax loss carryforwards amounting to TEUR 33.883. Based on the current tax planning as of March 31, 2023, deferred tax assets were recognised for the entire tax loss carryforwards amounting to TEUR 147.317. In the prior year deferred tax assets were recognised for a part of the tax loss carryforwards amounting to TEUR 52.596 and for tax loss carryforwards amounting to TEUR 55.634 no deferred tax assets were recognised, since it was not sufficiently probable that these could be used in the foreseeable future.

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

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

#### ▪ Our Response

We have

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

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

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

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

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

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

### Report on the Audit of the Management Report

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

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

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

#### *Opinion*

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

#### *Statement*

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

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

We were appointed as auditors by the annual general meeting on July 7, 2022 and commissioned by the supervisory board on September 21, 2022 to audit the financial statements for the financial year ending March 31, 2023. We have been auditing the Company uninterrupted since 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 Gerhard Marterbauer.

Vienna

15 May 2023

Deloitte Audit Wirtschaftsprüfungs GmbH

Gerhard Marterbauer m.p.  
Certified Public Accountant

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



# STATEMENT OF ALL LEGAL REPRESENTATIVES

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

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

Leoben-Hinterberg, 15 May 2023

The Management Board

Andreas Gerstenmayer m.p.  
Chief Executive Officer

Peter Schneider m.p.  
Member of the Executive Board,  
EVP BU Electronics Solutions,  
Deputy CEO

Peter Griehsnig m.p.  
Chief Technology Officer

Petra Preining m.p.  
Chief Financial Officer

Ingolf Schröder m.p.  
Member of the Executive Board,  
EVP BU Microelectronics

