Annual Report 2020/21

AT&S

Consistency in Change

First choice for advanced applications

AT&S AT A GLANCE

MISSION

AT&S sets the highest quality standards in the industry, industrialises leading-edge technologies, cares about people, reduces its ecological footprint – AT&S creates value.

KEY FIGURES

	Unit	2017/18	2018/19	2019/20[1)]	2020/21	Change prior year in %
Revenue	€ in millions	991.8	1,028.0	1,000.6	1,188.2	18.8
EBITDA	€ in millions	226.0	250.1	194.5	245.7	26.3
EBITDA margin	%	22.8	24.3	19.4	20.7	–
EBIT	€ in millions	90.3	117.2	47.4	79.8	68.3
EBIT margin	%	9.1	11.4	4.7	6.7	–
Profi/(loss) for the period	€ in millions	56.5	89.0	19.8	47.4	>100
ROCE	%	7.7	9.7	2.8	5.8	–
Net CAPEX	€ in millions	141.7	100.8	218.5	435.8	99.4
Operating free cash flow	€ in millions	1.5	69.7	(33.4)	(251.1)	–
Net debt	€ in millions	209.2	150.3	246.7	508.5	>100
Earnings per share	€	1.38	2.08	0.30	1.01	>100
Dividend per share[2)]	€	0.36	0.60	0.25	0.39	56.0
Employees[3)]	–	9,981	9,811	10,239	11,349	10.8

1) Adjustment Hedge Accounting
2) 2020/21: Proposal to the Annual General Meeting
3) incl. contract staff, average

€ 1.2 billion
Revenue

Approx. 11,300
Employees

€ 246 million
EBITDA

34%
Equity ratio

Consistency in Change

We are where we are today because our customers can rely on us as a partner and on the quality we provide. And this will remain so because we continuously have the right answers for a changing world.

PROFILE

AT&S is one of the globally leading manufacturers of high-end printed circuit boards and IC substrates. At its locations in Europe and Asia, AT&S develops and produces high-tech solutions for its global partners, especially for applications in the areas of communication, computer and consumer electronics, mobility, industry and medical technology. AT&S will continue to drive the digital megatrends and grow profitably in the coming years. To do so, AT&S will increase vertical integration and work even more closely together with its customers as a solutions supplier.

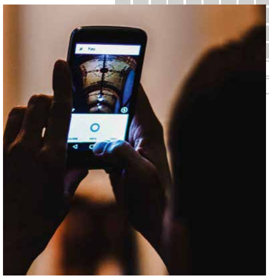
PRODUCTION PLANTS

1 – LEOBEN, AUSTRIA
2 – FEHRING, AUSTRIA
3 – NANJANGUD, INDIA
4 – CHONGQING, CHINA
5 – SHANGHAI, CHINA
6 – ANSAN, SOUTH KOREA

SALES SUPPORT OFFICES

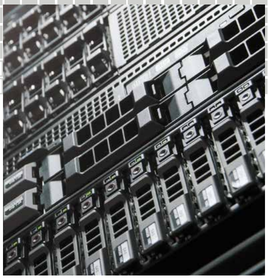
1 – SAN JOSE, USA
2 – DÜREN, GERMANY
3 – BANGALORE, INDIA
4 – TOKYO, JAPAN
5 – TAIPEI, TAIWAN
6 – HONG KONG, CHINA (HOLDING)

MARKETS AND APPLICATIONS



MOBILE DEVICES

_ Smartphone
_ Wearables (smart glasses, earphones, smart watches)
_ Laptops und tablets
_ Consumer electronics (action cameras and drones)



IC SUBSTRATES

_ High-performance computers
_ Servers
_ Client PCs
_ Cloud and Edge Computing
_ 5G base stations
_ Networking
_Gaming

AUTOMOTIVE

_ Advanced driver assistance systems
_ Autonomous driving (radar, camera, vehicle-to-X communication)
_ Power supply for motor systems

INDUSTRIAL

_ Smart building, grid, lighting, manufacturing, retail and transportation
_ Telecom infrastructure
_ Power management
_ Robots

MEDICAL

_ Diagnostics and imaging systems (X-ray, MRI, ultra-sound)
_ Therapy devices/applica-tions (pacemakers, neuro-stimulators, hearing aids, prostheses, drug delivery)
_ Patient monitoring (activity trackers, glucose monitors)

SEGMENTS

Mobile Devices & Substrates

€ 882 million
Segment revenue*

€ 219 million
Segment EBITDA

Automotive, Industrial, Medical

€ 307 million
Segment revenue*

€ 26 million
Segment EBITDA

** With external customers*

we love green

For us, there is only one way to shape the future: responsibly. As a globally active company, we take social, ecological and economic factors into account in all our decisions and processes, in line with all applicable legal requirements. And this doesn't just apply to us, but to all players in the value chain.

45%
renewable energies (including large-scale hydropower)

34%
percentage of female employees

21%
Vitality Index

100%
codes of conduct signed by major suppliers

Find our sustainable success stories online here_

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Steady success

19 % increase in revenue in 2020/2021

Demand for high-end interconnect solutions is growing rapidly. The successful development of AT&S shows that we are serving the right industries and understand the needs of different markets. Our strategic decisions of the past years have stood the test of time.


in
eventful
times

Identifying industry trends – and exploiting them

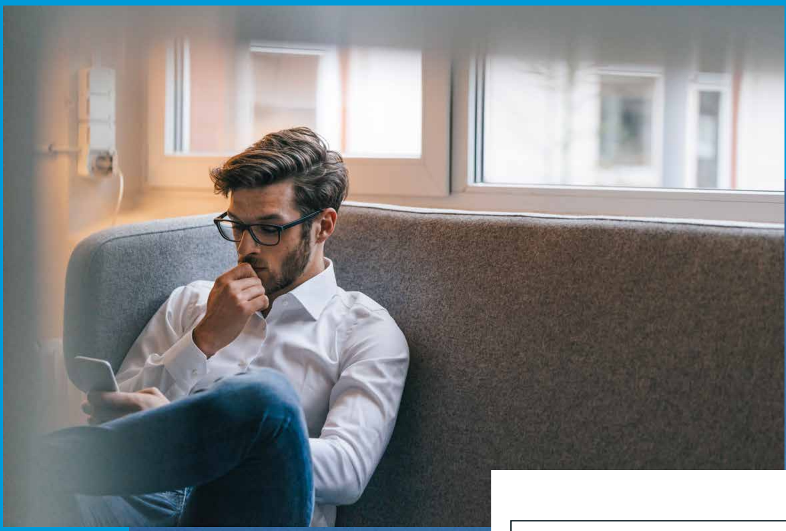
In the cloud

PLUS 30 TO 50%: COVID-19 caused data volume to virtually explode last year and catapulted the ongoing digitalisation process forward by years. Video calls, working from home, surfing the Internet, video streaming – the growth rates have exceeded all expectations of the beginning of 2020. The data volume transmitted on mobile broadband, i.e. data exchange via smartphones, also increased considerably – even though many users were on the road to a lesser extent in 2020, thus spending less time outside the WLAN range of their home.

But even without the pandemic, all signs still point to growth for data traffic: In only a few years, there will be far **more than three billion 5G-capable mobile devices.** Many countries are currently pushing the establishment and expansion of 5G. The new standard will once again take data volume to a new level. High speed – and, along with it, data processing capacity – provide the automotive industry with the basis for implementing **autonomous driving.** On the way there, the share of electronics used in cars will see a significant increase. The implementation of the climate targets additionally drives the introduction of technologies designed to prevent emissions, and consequently electrification.

More efficient power supplies (48V board net) and electric motors require the transmission and switching of ever greater loads. Modern technologies from the printed circuit board and semiconductor segment allow the reduction of switching losses and better heat dissipation. This enables more compact, lighter and more efficient electronics, which increases range and reduces the carbon footprint.

On the device



Mobile Devices

While the infrastructure for 5G networks is not even in place yet, research is already focusing in the next generation: 6G will enable high-speed internet with transmission speeds of up to one terabit per second in the foreseeable future. This would make it possible to download 25 Netflix movies with 5 gigabytes of data each to a mobile device in one second.

IC substrates

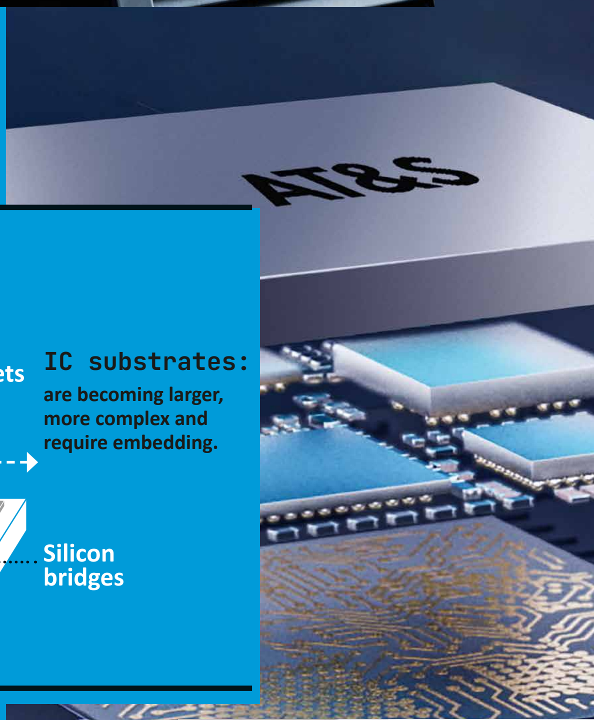
Multi-chip solutions push the limits of miniaturisation and allow increasing performance as needed for example in laptops or servers.

+30–50%

more data volume in the past year

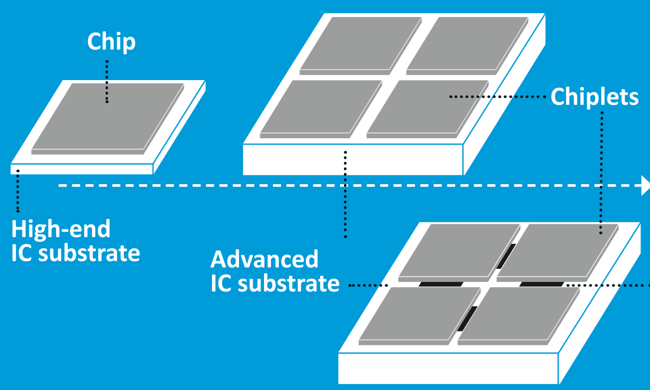
FIRST CHOICE
FOR ADVANCED APPLICATIONS

Automotive



Heterogeneous integration

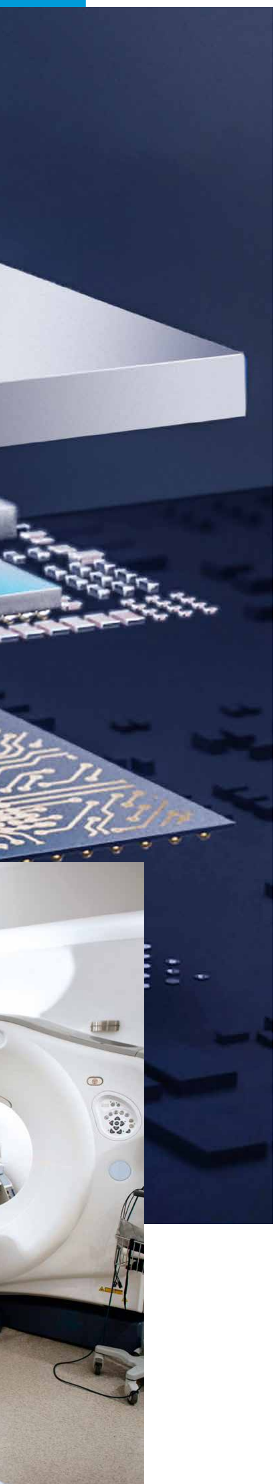
Increasing size and complexity of substrates



IC substrates: are becoming larger, more complex and require embedding.

Industry

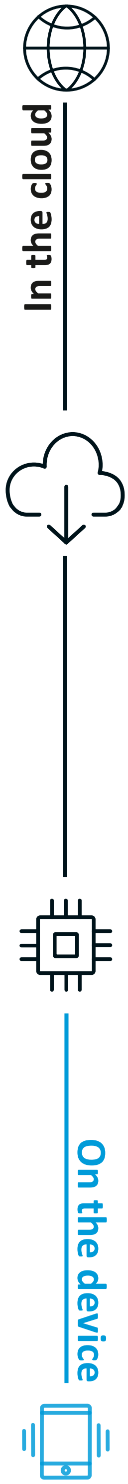
Medical technology



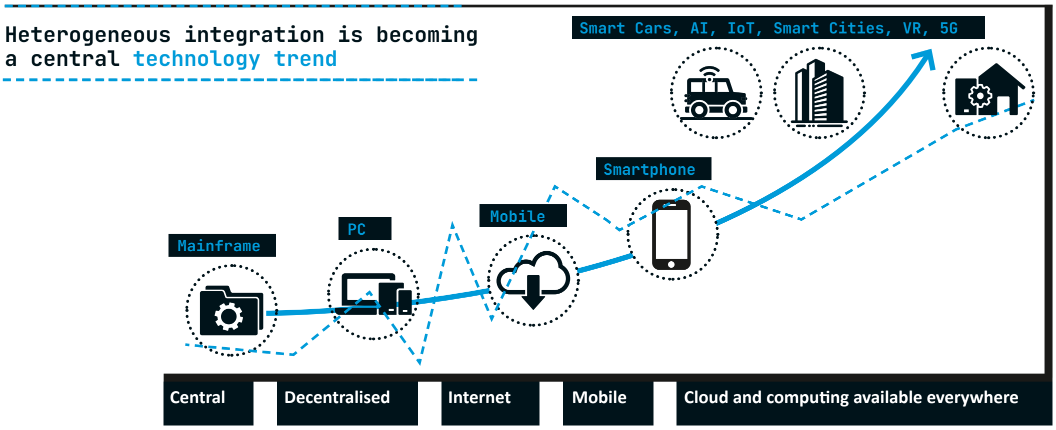
MEDICAL TECHNOLOGY is also on the verge of a data revolution: wearables, smart watches or blood pressure apps on smartphones will supply their owners with nearly all relevant vital data in the future. They record cholesterol and blood pressure levels, take the pulse or analyse the breathing rhythm and sleep phases. The evaluation helps doctors to identify patterns and enables targeted treatment. Pharmaceutical research currently shows the enormous power of big data: Usually, the development of new drugs takes years or decades. With the help of digital intelligence, an active ingredient against the coronavirus was successfully developed in significantly less than a year.

All of these developments drive the demand for processors, for which AT&S provides an important interconnect platform. This platform has to process ever more data on ever less space. In terms of technology, AT&S achieves this by manufacturing larger and more powerful IC substrates with more layers. In doing so, it is now possible to assemble not just one silicon element onto the IC substrate, but rather multiple elements of different process nodes at the same time. In technical terminology this is referred to as **"heterogeneous integration".** The separately manufactured components integrate into a higher level assembly that in the aggregate provides enhanced functionality and improved operating characteristics.

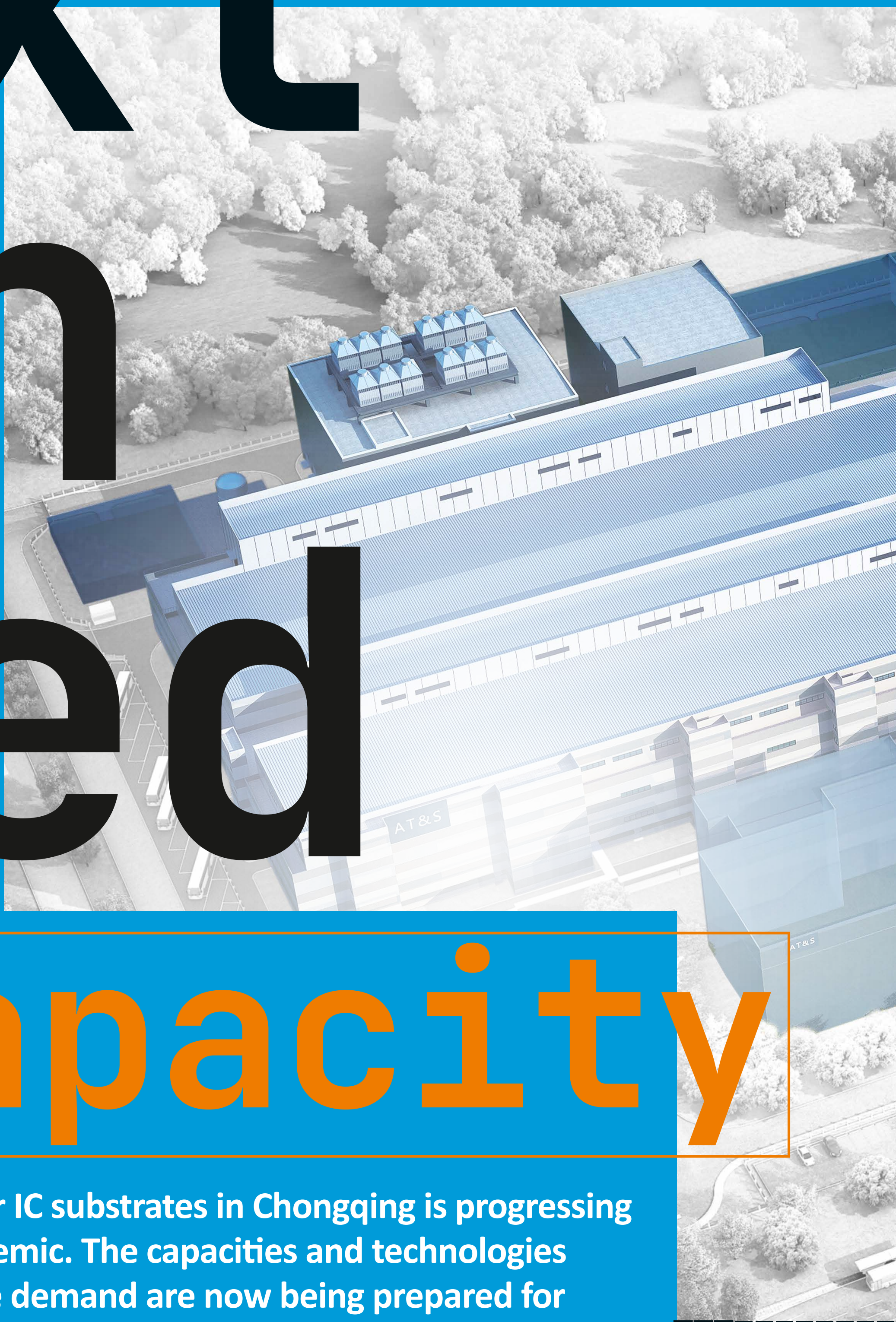
Having positioned AT&S as a high-end supplier for decades is paying off. Based on this aspiration we have permanently expanded our expertise and can easily keep up with the high pace of technological development that the market is currently confronted with – in communication technology, in medical technology and several industries, some of which AT&S is yet to enter into.



Ever more demanding requirements for electronic components



Extended capacity



The expansion for IC substrates in Chongqing is progressing despite the pandemic. The capacities and technologies created for future demand are now being prepared for series production in 2021. In view of strong demand, the investment volume originally budgeted was recently further increased. As a result, capacity can be multiplied six-fold.

Auditing – it also works virtually

In regular supplier audits, the customers of AT&S confirm the performance of the organisation and its compliance with customer specifications in the course of production. Under normal circumstances, an audit of the products and processes on site during ongoing production is part of this process. During the pandemic this was not possible, so AT&S created the necessary basis for conducting audits virtually: using a helmet camera or a gimbal, a technician can present important process steps to a person or a group with virtual access rights. The participants can take part in the virtual audit via a collaborative tool. The auditor can access all necessary documents and communicate with the participants in real time.

for micro techno logy

Creating capacity – to serve the right trends

6x

When Chongqing III is completed, we will have six times as much capacity for IC substrates.

65,000 m² of production area

/Chongqing III will produce high-end IC substrates that enable even faster connections based on their more complex structure./

MARKET DEMAND increased faster than expected in 2020. Therefore, it was all the more important to advance the capacity expansion nearly as planned in 2020. The capacity for IC substrates was nearly doubled through the full expansion at the Chongqing I plant. Thanks to the constructive cooperation with customers and auditors we managed to successfully complete the complex audits – often also digitally. As a result, the plant can now produce at full capacity.

The establishment of Chongqing III is also making good progress. Here we benefit from the broad experience we gained while building Chongqing I. More than 1,000 construction workers ensured, even under challenging conditions in 2020, that an additional 65,000 m² of production area will soon be available for the production of high-end substrates. This area will be used for manufacturing high-end IC substrates that have more layers, are larger and more energy-efficient and enable faster connections at the same time. Several hundred production machines have been set up at the plant since January and have undergone the required audits so that one of the world's most modern IC substrate pants will start series production here in the current financial year.

Owing to the current shortages in the market and the strong demand expected in the future, we decided in spring to fully use the newly available space for the production of IC substrates based on ABF material (so-called ABF substrates). These substrates are based on the currently dominant technology for the application in high-performance computers located at the heart of servers, personal computers, 5G base stations and in the future in vehicles. To intensify the capacity expansion process, we are planning on investing approximately 200 million euros over the next four years.

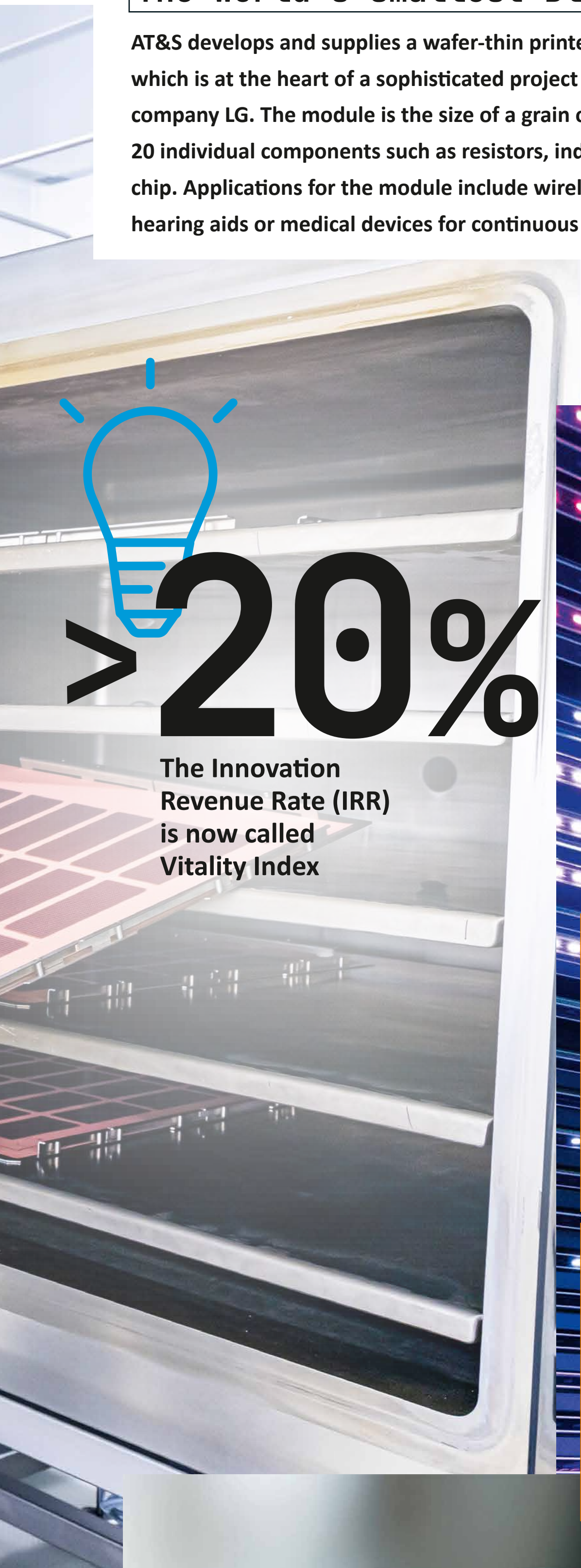
As a result of the accelerated capacity expansion and strong market demand, we expect to achieve our goal – exceeding the two-billion-euro revenue mark – already in 2023/24, one year ahead of the original schedule. This underscores our goal to move up to the top three ABF substrate suppliers in the coming years.

Strong position in

In the growing market for high-end substrates we have long been an established partner for our customers and set the benchmark for quality standards. On this basis AT&S is now also developing the market for modules. With this approach we are implementing our “More than AT&S” strategy and expanding our position in the value chain.

The world's smallest Bluetooth module

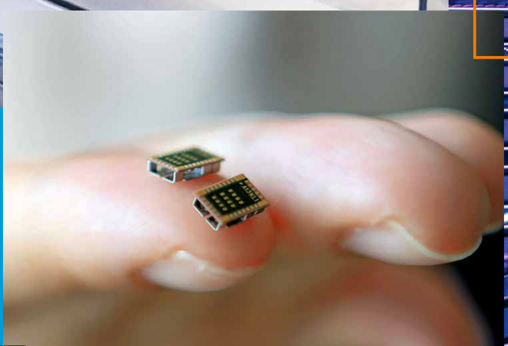
AT&S develops and supplies a wafer-thin printed circuit board substrate, which is at the heart of a sophisticated project of the South Korean high-tech company LG. The module is the size of a grain of rice and contains more than 20 individual components such as resistors, inductors and a communication chip. Applications for the module include wireless headphones, hearing aids or medical devices for continuous glucose monitoring.



>20%

The Innovation Revenue Rate (IRR) is now called Vitality Index

growing segments



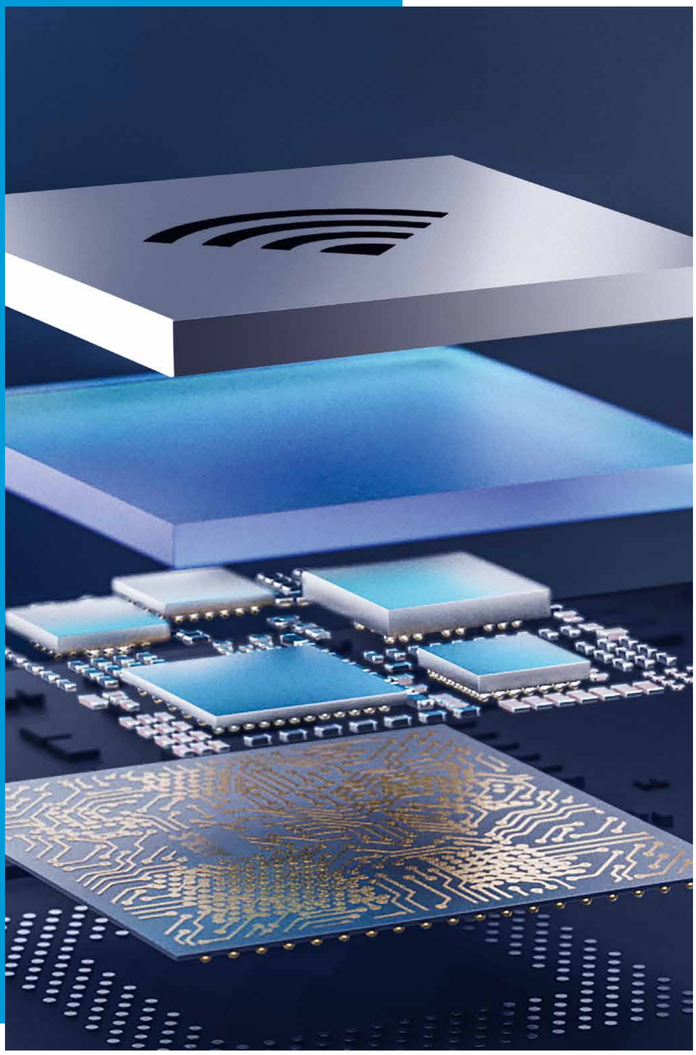
Integrating solutions – for the next interconnect generation

Growing technical performance requirements and ever shorter product life cycles will continue to boost the trend towards modularisation in the years to come. AT&S has prepared for this development and already taken a visible step in this direction with the full expansion of Chongqing II, which started in 2019. The plant will be a central module hub for our company in the future.

This is also reflected in our strategy: in the future, our goal is to be not only the first choice for high-end printed circuit boards and IC substrates, but also a leading supplier of modules and the corresponding system and interconnect solutions. The basic conditions are good: We have decades of experience in the printed circuit board business and know exactly what counts in the high-end segment. We are already working very closely with our customers in the field of modules and they actively involve us in the development of solutions. And we engage in intensive innovation activities: we make more than one in five euros with new products.

We follow a clear roadmap on our journey: During the first stage, we are stepping up the production and provision of IC substrates and substrate-like printed circuit boards (SLPs) for the rapidly growing module market segment. In a second step, we will gradually expand our service range in the value chain by offering additional module integration services such as design, assembly and test services – until AT&S can offer its customers complete solutions in the not too distant future. This advanced positioning enables us today to develop additional business opportunities tomorrow.

The extended positioning will bring significant benefits for device manufacturers: With the integration of previously tested modules, they can incorporate entire systems into their production more easily and rapidly and thus launch their products on the market even faster, while at the same time saving costs. Because the application of the AT&S Toolbox with printed circuit boards, IC substrates and the embedding of components comprehensively supports module integration.

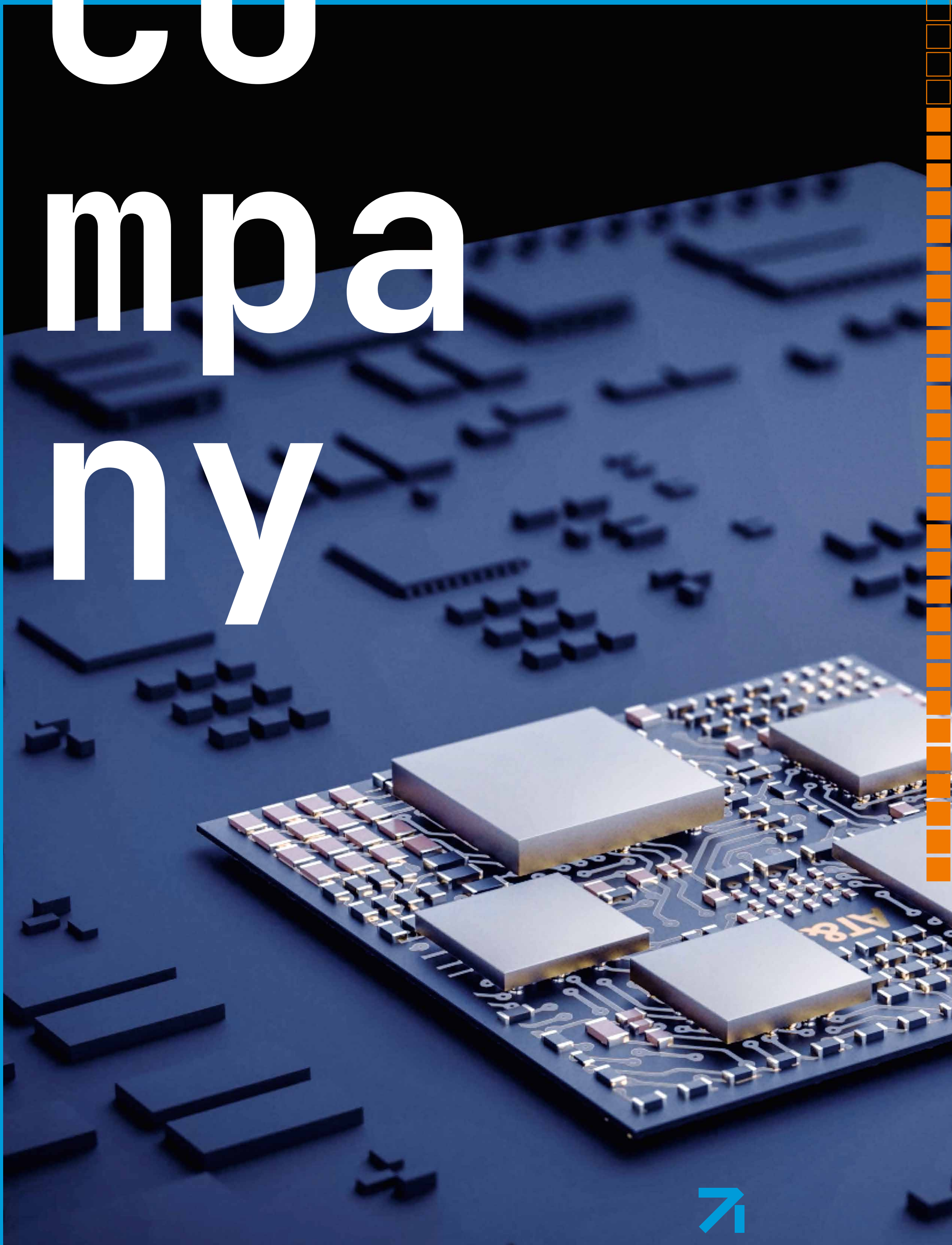


Modules are already applied in many different ways, especially in mobile devices.

MODULE A module integrates multiple electronic components and can therefore perform a variety of functions: in a smartphone, for example, modules integrate transmitting and receiving units or identify features of the surroundings in cars (e.g. camera modules).

INTERCONNECT SOLUTIONS Our interconnect solutions consist of printed circuit boards and IC substrates with embedding functions. They shorten electrical lines between the components and save space.

Company



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Interview

_ Ingolf Schröder COO _ Heinz Moitzi CTO _ Simone Faath CFO _ Andreas Gerstenmayer CEO

Mr Gerstenmayer: Looking back at the last year, what is your overall assessment?

Andreas Gerstenmayer_ We had a very successful financial year. We were able to generate significant growth during the most severe economic crisis since World War II. The team delivered a great performance even under challenging conditions. Meeting our business targets despite coronavirus while at the same pushing ahead a new plant on schedule is an achievement that cannot be taken for granted in any way. We also succeeded in remaining a reliable partner to our customers in this environment.

This success proves the resilience of our business model and shows that we are pursuing the right path with our strategy. We succeeded in investing in the right segments at the right time. In the market for IC substrates, we currently stand at the beginning of the next development cycle. We are well prepared and will be able to play a major role here in the years to come.

Ms Faath: How do you view the business development of AT&S in the past year?

Simone Faath_ Very positively. Our revenue grew by 19%. We raised our EBITDA margin by 130 basis points. And we also recorded a significant increase in return on capital employed: this indicator, which is very important for our shareholders, climbed from 2.8% to 5.8%. We are definitely moving in the right direction.

Also on the stock exchange?

Simone Faath_ After the general crashes in early 2020, our share initially recovered relatively slowly. But then the price picked up significantly and reached its all-time high to date at the beginning of this financial year.

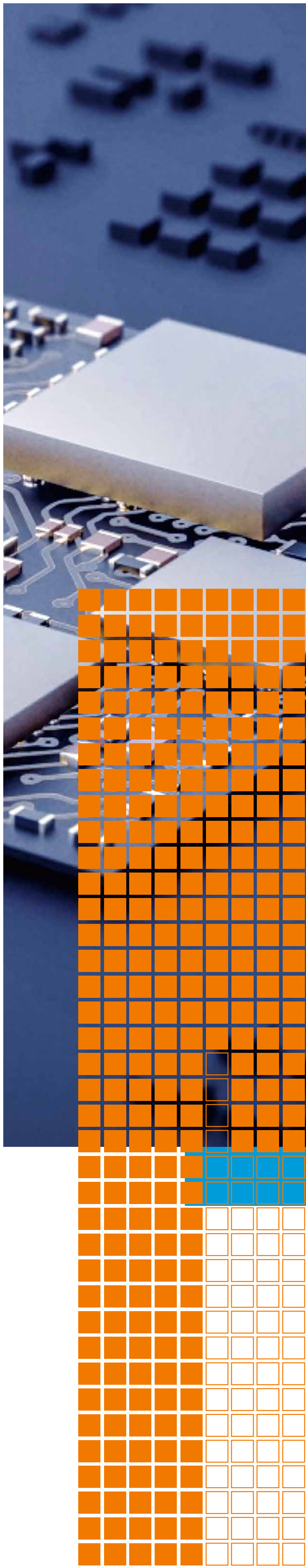
Andreas Gerstenmayer,
Chief Executive Officer

5.8%

ROCE increased by 3 percentage points.

"This success proves the resilience of our business model and shows that we are pursuing the right path with our strategy."

Andreas Gerstenmayer



How would you summarise the development in the individual market segments?

Andreas Gerstenmayer_ We saw a heterogeneous picture, although even the markets that were difficult last year remained stable for us when looking at the year as whole. The Industrial, Automotive and Medical segments were massively affected by the turmoil surrounding the pandemic in the first half of the year: The automotive segment declined by up to 30%. The medical sector shifted its focus almost completely to fighting the pandemic. Investments also dropped sharply in the industrial sector.

Not so in mobile communications: Here, the market developed significant momentum, however, without taking off. With the introduction of 5G, we expect even more from this segment in the future. The renaissance of notebooks and tablets came rather unexpectedly. Due to the population's changed living and working situation, demand for these products was strong — a trend that is likely to continue in the years to come, among other things due to catch-up effects. As data volume keeps increasing, the data management segment has seen a very strong development. We expect massive growth for our business in this area in the coming years.

Mr Moitzi, after 40 years at AT&S you will step down from the Management Board at the end of the month. How do you feel about that?

Heinz Moitzi _ Very good! I know that my responsibilities are in very good hands with my successor Ingolf Schröder and my team. The time to hand over my tasks is well chosen – for me and for AT&S. People who breathe fresh air into the business and young dynamism – that is exactly what the company needs in the phase that it is entering right now. Apart from that, I will continue to support the company in a consulting role in the near future. That makes the transition easy for me.

Ms Faath, you have been on board since 1 November. You have of course set an agenda for your area of responsibility …

Simone Faath_ Absolutely. One topic that is very important to me is capital market communication. As I mentioned before, I see that our pool of investors is growing and becoming more international. There are also many interested investors in the Asian region now. We will respond to this growing interest and further increase our presence at important conferences. I want the market to understand the company story as well as possible.

Ingolf Schröder
Chief Operations Officer

Now, in the phase of digital transformation, the company is enjoying increasing attention from international investors. Last year we grew clearly in the double-digit range – and we expect this development to continue this year. It is wonderful that Austria has such a top-class technology company, and I am delighted to have the opportunity to help shape its path as its CFO.

Mr Schröder, you have been on board since 1 September. Which areas will you focus on in the near future?

Ingolf Schröder_ AT&S has grown significantly over the past years. The focus was naturally on building up capacity and ensuring the ability to supply our customers. Now that we are growing to a completely new size category, it will be important to adjust the relevant structures and systematics to our new size. We will have to review and comprehensively align the entire value chain, from suppliers to customers. In doing so, we will examine not only our structures with a view to end-to-end processes but also total costs, standards, quality and excellence methods. We will use the possibilities offered by digitalisation even more extensively by enhancing efficiency through further automation and by improving utilization. My goal is to establish a "Future Production", in which we align ourselves more closely to semiconductor production. We are already using similarly complex machinery in many areas today and have comparable cleanliness standards, for example. This approach could be a game changer for us.

"Now that we are growing to a completely new size category, it will be important to adjust the relevant structures and systematics to our new size."

Ingolf Schröder

9%
Avg. revenue growth in the last five years

How does the demand for high-end IC substrates increase with digitalisation? What is the correlation here?

Andreas Gerstenmayer_ To put it simply, not only data volume increases significantly with digitalisation, but also the requirements on data management. We generate data. We transmit data. We process data. And we analyse data. High-performance microprocessors are needed everywhere in this chain. Whether it is mobile phones or notebooks, server farms or, in the future, autonomously driving cars. The processing components built into them must become more powerful based on new architecture concepts. And this requires high-performance IC substrates. The IC substrates of the future are larger, have more layers, are more integrated and have additional functionalities.

This is where a key element of our growth story lies: It is not just quantitative growth that matters to us, but especially value growth. Requirements for IC substrates, as well as those for substrate-like printed circuit boards, will increase and the number of suppliers is limited. We have already defined our goal in this context: We aim to move up from 5th place to 3rd place in the area of ABF substrates within the next three years.

Is this also why you recently decided to speed up the expansion of Chongqing III?

Andreas Gerstenmayer_ In the end, we follow the growing market demand with this decision. Our analyses have shown us that there is a massive shortage of capacity in the market for IC substrates. This shortage was further aggravated by the most recent digitalisation boost. Even though we — and our competitors — implemented all expansion projects, a significant shortage of supply will remain for the time being. This reassures us that we are making the right investments.

Simone Faath
Chief Financial Officer

Ms Faath: Does the digitalisation trend increase the awareness of AT&S in the capital market?

Frau Faath_ The number of talks, also with new potential investors, has increased significantly. I see two reasons for this: On the one hand, the currently overheated capital market for large caps is driving investors to increasingly look for small and medium caps now. That plays into our hands. Of course investors are well aware of our very solid growth: over the last five years we grew be an average of 9%. On the other hand, they also see that we are excellently positioned in a rapidly growing market: In particular the substrate market, which is highly profitable for us, we will grow by roughly 9% per year according to current forecasts. Here I see significant potential for our share.

Mr Schröder, how strong was the impact of the COVID-19 phase on the operating processes?

Ingolf Schröder_ We were able to address the situation very rapidly at the different locations, and the overall effect on the operating business was minor. In India, we partially had to take intensive protection measures. In China, where we employ around 9000 people, it was significantly easier to make it through the critical phase. In Austria, the impact was also low, despite temporarily having to implement furlough in the production for the Automotive segment. On a very positive note, we were able to implement our construction project in Chongqing without any limitations, on schedule and on budget. Moreover, we learned a lot for our communication processes during the crisis: today, we hold the majority of our meetings virtually. Among other things, we have also found a virtual format for customer and certification audits at the respective sites.

420+

active patents

Which impact does the miniaturisation trend have on your production processes?

Ingolf Schröder_ In general, we distinguish between two areas: classic printed circuit boards and IC substrates/module technology. The second area in particular is strongly tied to a high level of automation and complex structures. Both will further increase with miniaturisation. We are working on a production environment in which we will work even more intensively with data by incorporating AI and data analytics in the future. The interfaces and connection points are already included in the design of our future machines so that the data generated in the processes can be used for controlling processes but also for decision-making.

Mr Gestenmayer, to what extent does AT&S think about acquisitions in view of the expansion of the value chain?

Andreas Gerstenmayer_ So far, we have developed very well organically. When a company is among the top players in a highly specialised market, it is difficult to buy the right business. Nevertheless, at some point we will have to make a decision regarding module integration services: To what extent is it enough for us to grow organically? And where will it be necessary to consider inorganic growth steps? This is part of our preparation activities for the further roll-out of our strategy.

Ms Faath, AT&S is currently investing large sums. What does the financing situation look like?

Simone Faath_ Our current projects, including Chongqing III, are fully funded. And we are also in a solid position regarding upcoming refinancing. The indicator relevant to us, the ratio of net debt to EBITDA, was 2.1 for the past financial year, which is clearly below the target of 3.

Things are also looking good for future investments: Here we have all the options we need to cover increased capital requirements if need be. To ensure that this does not change, we are in a continual exchange with our banks and review our capital structure on a regular basis. Whenever we make an investment decision, we always take care to maintain the right balance.

How would you describe the R&D strategy of AT&S?

Heinz Moitzi_ Then as now, we take a close look at megatrends and try to determine: What does this trend mean for the needs of our customers? Today, devices should become smaller, use less energy and have more functions. For us this means, for example, that we reduce the heat in printed circuit boards, create space for batteries and shorten the information transport paths.

Podcast

You can listen to the podcast with the Management Board on our website. The new Chief Sales Officer, Peter Schneider, also joined for a chat.

Moreover, we realised at an early stage how important our knowledge is – and that it is a good idea to protect it. Today we have more than 420 active patents. And every year, another 40 to 60 are added. In addition to the close collaboration with our customers and suppliers, our cooperation with universities is also very important to expand our knowledge. Today we conduct research with renowned universities in China, India, Japan, Germany and Austria.

While industry is currently discovering the topic of sustainability for itself, AT&S has long been active in this area. At AT&S, this merit is attributed to you, Mr Moitzi ...

Heinz Moitzi_ It is true that sustainability has been important to us for a long time. On the one hand, because we are convinced of its importance. On the other hand, because it pays off. We started as early as 2005 to assess our energy and water consumption through indicators. Both are highly relevant resources, which are not readily available at all locations. We have included these requirements in our machine specifications for quite a while now. Building a sustainable organisation does not happen overnight. That's why I am pleased that we are also very well positioned in the areas of environmental protection, occupational safety and fire protection.

Heinz Moitzi,
Chief Technology Officer

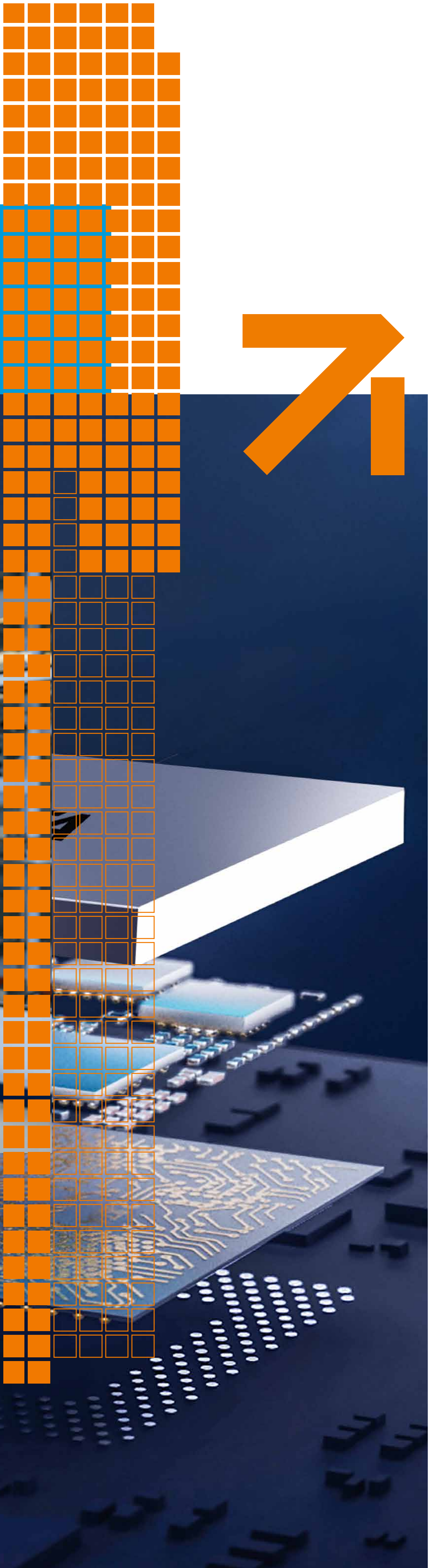
"It is true that sustainability has been important to us for a long time. On the one hand, because we are convinced of its importance. On the other hand, because it pays off."

Heinz Moitzi

Future insights

Mr Gerstenmayer: On which areas will you focus your work over the next few years?

Andreas Gerstenmayer_ Due to the market environment and the current investments, one focus will remain on IC substrates. Another focus will be our level concept for modules: We got off to a good start with level 1, printed circuit boards for modules, this year. Here we concentrate on further diversification, in terms of both applications and customers. Furthermore, it will be important to prepare level 2, module integration, so that we can adequately implement the performance range as soon as opportunities arise. Along with that, we will keep our basic business, printed circuit boards, stable and continue to maintain our customer relationships.



How do you see future market opportunities for opening up new areas?

Andreas Gerstenmayer_ In theory, but also in practice, countless doors are open for us in the future. This is because we have succeeded in developing an application-driven strategy. In all segments in which we operate we have identified the applications and of course the customers for whose challenges we want to offer solutions.

In other words: It is the applications and customers and not so much entire market segments that are crucial for us. As soon as we identify a trend in certain markets, industries, or among customers, we can analyse which applications are relevant there and decide whether we want to go there with our technology. That makes us very flexible.

What is the outlook for the financial year 2021/22?

Andreas Gerstenmayer_ After a good last year despite the pandemic, we are also optimistic for the current year. The health crisis is likely to level off. The boom markets will keep growing and markets that experienced temporary weakness will recover. Against this backdrop we assume that our capacity utilisation will improve in all segments in 2021/22. Moreover, we were able to communicate a few weeks ago that we are ahead of schedule with the ramp-up in Chongqing so that we can put additional capacity on the market earlier than planned.

Ms Faath, what does the financial outlook for 2021/22 look like?

Simone Faath_ The general direction is still positive. Our revenue guidance ranges between plus 13 and plus 15%. We expect an EBITDA margin between 21 and 23%. This value is adjusted for the start-up effects in Chongqing of 40 million euros. As for investments, we will spend a total of up to 630 million euros this year. This is the highest amount AT&S has invested in maintenance and expansion in one year.

“The general direction is still positive. We expect an EBITDA margin between 21 and 23%.”

Simone Faath

As in the past, your shareholders can also look forward to a dividend this year …

Simone Faath_ That’s true. We will propose a dividend of 39 cents per share to the Annual General Meeting – that is 14 cents more than last year. We continue our policy of sharing the profit generated for the year with our shareholders – but always considering upcoming investments. We try to reward our investors as a matter of principle, even if it may be a little less in some years. Our investors put their trust in us and we do our best to live up to their expectations through our work with their money. ■

STRATEGY

"MORE THAN AT&S": GROWING PROFITABLY WITH THE MARKETS

We aim to continue our resilient and successful growth course and creating added value: for our customers, shareholders, employees, the company and all other relevant stakeholders. In doing so, our efforts focus on business and operational excellence, customer orientation, as well as premium service and growth, driven by innovative and profitable applications. A broadly anchored innovation culture, the continuous pursuit of technology leadership, pronounced quality awareness and a focus on cash flow generation are at the centre of our endeavours. Our ambitious ESG targets guide us in all our activities.

Smart connection across all areas of work and life will continue to exponentially increase the data volume transported and further drive the demand for AT&S technology in the future. With its technologies, understanding of applications and high level of manufacturing expertise, AT&S has achieved an excellent position in corresponding markets. AT&S will use the associated opportunities to continue to grow faster than the market in the future. Profitability should consequently also increase steadily. We consistently invest largely to expand our performance. Our long-term corporate goals reflect our clear growth ambitions in profitable market segments and applications.

VISION AND STRATEGIC GOALS

We aspire to be the first contact of choice for our customers in our market segments based on top performance – for high-end printed circuit boards and IC substrates, for modules and the corresponding system and interconnect solutions. Our strategy follows the vision "First choice for advanced applications". On our path to implementation, we are guided by four strategic goals:

1. Expansion of technology leadership

We strive to be the leading provider of advanced interconnect solutions. To achieve this, we aim for a Vitality Index (our innovation revenue rate) greater than 20%. When it comes to strategic implementation, we use a dual approach: the industrialisation of new interconnect solutions and the positioning as a proactive system development partner. We industrialise new interconnect solutions as part of the AT&S Toolbox (the right mix of existing and new technologies). In the course of this approach, we increasingly position ourselves as a proactive system development partner for our customers who will take care of the entire production process

STRATEGIC GOALS

FIRST CHOICE FOR ADVANCED APPLICATIONS

1 **EXPANSION OF TECHNOLOGY LEADERSHIP**
_Leading provider of advanced interconnect solutions
_Vitality Index: >20%

2 **FOCUS ON SUSTAINABLE PROFITABLE GROWTH**
_2023/24: revenue target of € 2 billion
_2023/24: EBITDA margin target of 25% to 30%

3 **CREATE SHAREHOLDER VALUE**
_Long-term ROCE of ≥12%

4 **SUSTAINABLE MANAGEMENT**
_80% renewable energy
_Life cycle assessment of product groups
_30% women in leadership positions

for them – from the production of printed circuit boards and IC substrates to module integration services. As a result, AT&S is transforming from a manufacturer to an interconnect solution provider.

2. Sustainable profitable growth

We strive to exceed the revenue mark of € 2 billion by the financial year 2023/24 maintaining a high EBITDA margin profile (in the range of 25% to 30%). We use four levers for the strategic implementation:

a) Customer orientation and highest service level: We support our customers by providing technical advice as well as additional design, simulation and test services in order to enable the optimum interconnect solution.

b) Business and Operational excellence: In our processes, we focus on efficiency, productivity with highest capacity utilisation and a competitive cost structure. In doing so, we are also prepared for particularly complex and individual manufacturing requirements in different lot sizes in premium quality.

c) Focus on fast-growing and profitable applications: We concentrate on technologically advanced applications with disproportionately high market growth and double-digit EBITDA margin potential.

d) Focus on cash flow generation and optimisation of the financing structure: We strengthen our internal financing power for further investment cycles by maintaining our key figures at a high level: We aim for an equity ratio >40% and a debt repayment period <3 years.

3. Creation of shareholder value

The interest on the capital employed by our shareholders (ROCE) should amount to at least 12% in the long term. Within the peer group ROCE is thus in the upper range. At the same time, we pursue a transparent dividend policy based on investment cycles and profit for the year.

4. Sustainable management

Only then will we be able to expand our technology leadership and achieve sustainable profitable growth, if our actions are value-based and we generate added value for all stakeholder groups. Compliance with high standards in the areas of ethics, working conditions, health and safety, environment and quality are basic requirements on the road to success. The Responsible Business Alliance, the OECD Guidelines for Multinational Enterprises, the Sustainable Development Goals of the United Nations (SDGs) and our company values serve as our compass.

Our strategic focus areas are derived from the above as well as the AT&S materiality analysis, customer requirements and global developments in environmental and social matters.

STRATEGIC FIELDS OF ACTION

One of the strengths of AT&S is that the company understands its customers' challenges and develops customised interconnect solutions together with them early on. This is an ability we will maintain and expand on in the future. In this context, AT&S increasingly focuses on combining the possibilities of the core business with new technologies.

We drive our business based on the following four strategic fields of action:

1. Expansion of the core business

AT&S strengthens its core competence in the area of high-end printed circuit boards and IC substrates and continues to develop its business in the existing market segments; here, the market promises solid growth.

2. Expansion of customer and application portfolio

AT&S uses proven technologies to implement innovative solutions for other (groups of) customers and applications, thus extending the life cycle of existing technologies and expanding its earnings base.

3. Proactive solutions development

AT&S intensifies its collaboration with customers during early development phases and develops innovative solutions for specific customer requirements by combining the core business with new technologies.

4. Industrialising new technologies

AT&S drives the development of new technologies and broadens its positioning in the value chain, among other things through new solutions for the module business. AT&S thus generates additional revenue and increases its leading edge over competitors.

MARKET GROWTH DRIVERS: EXPONENTIALLY GROWING DATA VOLUME

Driven by increasing digitalisation, the number of connected things and the requirements in terms of data processing, transmission and storage are also growing. We serve the corresponding applications with our system and interconnect solutions, which enable sustainable, profitable growth.

This boosts, among other things, the business of data centres and cloud computing applications. For AT&S this development offers significant growth opportunities in the field of IC substrates for server and network applications. The required performance and computing power of the processors lead to massively growing technological requirements on IC substrates. At the same time, the digitalisation trend drives the growing need for computing performance in end devices (edge computing), which opens up interesting opportunities for AT&S in terms of profitable growth in the printed circuit board business in all market segments.

TECHNOLOGICAL GROWTH DRIVERS: MINIATURISATION AND FUNCTIONAL INTEGRATION

The development of the electronics industry is currently strongly influenced by the trends of miniaturisation and functional integration. Besides, the life cycles of products are also getting shorter. This boosts the trend towards modularisation, i.e., the development of highly integrated functional components featuring a defined performance spectrum, which can be used in different applications and devices. The use of these pre-developed modules enables suppliers of devices to further reduce the time to market. This process will fundamentally change the supply chain in the electronics industry. Based on the modules' high integration density, a wide variety of technologies will be combined to achieve for the production of the modules.

"MORE THAN AT&S" – CORPORATE STRATEGY

EXPANSION OF CORE BUSINESS
in all market segments

EXPANSION OF THE PORTFOLIO
to implement innovative solutions for other customers and applications

PROACTIVE SOLUTIONS DEVELOPMENT
for specific customer requirements

INDUSTRIALISATION
of new technologies

COMBINING OUR CORE BUSINESS WITH NEW TECHNOLOGIES

MODULARISATION TREND: ADDITIONAL BUSINESS OPPORTUNITIES

The trend towards modularisation in electronics is becoming increasingly apparent not only in consumer, computer and communication products, but also in automotive, industrial and medical applications. As part of its growth and diversification strategy, AT&S addresses the growth potential on three levels:

Level 0: Expansion of the classic printed circuit board business – with a continued focus on the high-end segment.

Level 1: Providing of IC substrates and high-end printed circuit boards for the rapidly growing market segment of modules.

Level 2: Broadening the service spectrum in the value chain through additional module integration services such as co-design, simulation, architectural optimisation, assembly and test services with the objective of offering comprehensive solutions for modules.

With this approach, we are expanding our position in the value chain and opening up additional business opportunities by entering the field of module integration.

We will finance this growth largely from our own cash flow. The implementation of the strategy will lead to further diversification of our application and customer portfolio in a high-tech market segment and enable AT&S to position itself in an important future market early on. AT&S has gradually built crucial capabilities required for the implementation of the strategy over the last few years (with the AT&S Toolbox). At the same time, all possibilities for the establishment of additional required technologies and capabilities are being revised. In this context, AT&S is considering both organic and non-organic measures.

“MORE THAN AT&S” – GROWTH AND DIVERSIFICATION STRATEGY

		Market size[1]	Market growth[2]	Share of module value
MIDTERM	**2 MODUL INTEGRATION SERVICES** Additional capabilities needed	**US$ 67 billion**	**9%**	**20%**
AT&S HEUTE	**1 IC SUBSTRATE, PCB FOR MODULES** High growth potential	**US$ 25 billion**	**9%**	**3%**
AT&S HEUTE	**0 PCB BUSINESS** Focus on high-end segment	**US$ 74 billion**	**5%**	

1) In 2026
2) Compounded annual growth rate 2021-2026
Source: Prismark, April 2020; A.T. Kearney, August 2018; AT&S Analysis

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

AT&S closed a challenging year – marked by the corona pandemic – with an impressive performance and recorded double-digit growth in revenue and earnings. We have proven that we keep developing continuously, even in difficult times, and grow faster than the market with high profitability. Revenue increased by 19% to a record level of € 1,188.2 million (previous year: € 1,000.6 million). EBITDA amounted to € 245.7 million (previous year: € 194.5 million) and nearly reached the historic high (€ 250.1 million) of the financial year 2018/19.

Profit for the year rose from € 19.8 million in the previous year to € 47.4 million due to the higher operating result.

ACTIVITIES OF THE SUPERVISORY BOARD

The Supervisory Board met six times during the financial year 2020/21.

In the financial year 2020/21, the Supervisory Board performed the tasks for which it is responsible in accordance with the law, the articles of association and rules of procedure. During the financial year from 1 April 2020 to 31 March 2021, the Supervisory Board was regularly informed by the Management Board about the market situation, strategy, operating and financial position of the Group and its investments, staff situation and planned capital expenditures in plenary and committee meetings, as well as in comprehensive oral and written reports. The Supervisory Board made the respective decisions accordingly. At these meetings, there was a comprehensive exchange between the Management Board and the Supervisory Board about the business development and situation of the AT&S Group, including the financial performance. The Chairman of the Supervisory Board and his deputies, and subsequently also the full Supervisory Board, were regularly informed about relevant developments by the Management Board, also between meetings of the Supervisory Board.

The activities of the Supervisory Board also focused on the preparation of the budget for the financial year 2021/22 and the further technological development. In the past financial year, the consulting activities and decisions of the Supervisory Board were also related to advancing the company's strategic development, which the Management Board coordinated with the Supervisory Board in detail on a regular basis, the expansion projects at the various production sites, in particular the expansion project of a new plant at the Chongqing site, and the design of the Group's financing structure.

SUPERVISORY BOARD COMMITTEES

Within the Supervisory Board, the Audit Committee, the Nomination and Remuneration Committee as well as the Finance Committee, as standing committees, exercise certain tasks assigned to them through the rules of procedure of the Supervisory Board. The respective committees carried out detailed analyses of particular matters where necessary and reported their findings to the Supervisory Board:

The Audit Committee, consisting of Regina Prehofer (Chairwoman), Gertrude Tumpel-Gugerell (finance expert), Georg Riedl, Wolfgang Fleck and Günther Wölfler, focused primarily on the review of the annual and consolidated annual financial statements for the year ended 31 March 2020, and on planning and preparation for the audit of the annual and consolidated financial statements for the financial year 2020/21 and, in particular, the preparation of a proposal for the election of the statutory auditor. By means of discussions with the auditor, inspection of relevant documents and discussions with the Management Board, it obtained a comprehensive view. The Audit Committee also monitored the effectiveness of the company-wide internal control system and the Group's internal audit and risk management systems. The Audit Committee reported to the full Supervisory Board with respect to this monitoring and found no deficiencies. The Audit Committee convened three times in the past financial year. The meetings, which were attended by all committee members, were chaired by Regina Prehofer.

In accordance with a decision made by the Supervisory Board, the members of the Nomination and Remuneration Committee are Georg Riedl (Chairman), Hermann Eul (Deputy Chairman, from 9 July 2020 (AGM 2020)), Robert Lasshofer (from 9 July 2020), Wolfgang Fleck and Günther Wölfler. During the reporting period, Hannes Androsch and Willibald Dörflinger were members of the Nomination and Remuneration Committee from 1 April 2020 to 9 July 2020. This committee held four meetings in the past financial year, which focused in particular on matters related to succession planning for the position of the COO and of the CFO, the remuneration policy and the remuneration report as well as the expansion of the Management Board by the CSO function in the person of Mr. Schneider with effect from 1 June 2021. The committee put a particular focus on updating the allocation of responsibilities.

The following Supervisory Board members were appointed members of the Finance Committee:

The members of the Finance Committee are Hannes Androsch (Chairman), Regina Prehofer (Deputy Chairwoman), Robert Lasshofer, Georg Riedl, Wolfgang Fleck and Günther Wölfler. During the reporting period, Willibald Dörflinger was a member of the Finance Committee from 1 April 2020 to 9 July 2020.

The Finance Committee met twice during the financial year 2020/21 and discussed matters of general Group financing as well as project financing.

SELF-EVALUATION OF THE SUPERVISORY BOARD

The Supervisory Board annually carries out a self-evaluation, and did so again for the financial year 2020/21. This evaluation performed by the Supervisory Board based on a digital questionnaire confirmed that its practices meet the Good Governance requirements and that its organisation, work practices and target orientation are efficient and effective.

ANNUAL FINANCIAL STATEMENTS AND DIVIDEND

The Supervisory Board of AT&S proposed to the 26th Annual General Meeting that Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, be appointed Company and Group auditors for the financial year 2020/21. The proposal was approved by the Annual General Meeting of 9 July 2020.

The annual financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft and the consolidated financial statements for the year ended 31 March 2021 were audited by Deloitte Audit Wirtschaftsprüfung GmbH, Vienna, and awarded an unqualified audit report. The Management Report and the Group Management Report for the financial year 2020/21 were consistent with the annual financial statements and the consolidated financial statements. Based on the prior discussions of the Audit Committee, and following its own detailed discussions and examination, the Supervisory Board approved the Company's annual financial statements for the year ended 31 March 2021 in accordance with Section 96 (4) of the Austrian Stock Corporation Act (AktG) at its meeting on 2 June 2020. With regard to the Non-financial Report, the Management Board obtained a statement by the auditor prior to the audit as well as a review of the Corporate Governance Report, which were submitted to the Supervisory Board. Moreover, based on the prior discussions of the Audit Committee, and after its own detailed consideration and examination, the Supervisory Board approved the consolidated financial statements drawn up in accordance with IFRS pursuant to Section 245a of the Austrian Commercial Code (UGB) as well as the Management Report, the Group Management Report, the Corporate Governance Report and the Non-financial Report. The Supervisory Board review, which included extensive discussions with the auditors, did not give rise to any objections. Pursuant to the recommendation of the Audit Committee, the Supervisory Board of AT&S will propose to the 27th Annual General Meeting that Deloitte Audit Wirtschaftsprüfung GmbH, Vienna, be appointed Company and Group auditors for the financial year 2021/22.

The Supervisory Board supports the proposal of the Management Board: it will be proposed to the Annual General Meeting that out of the total profit of € 68,547,554.76 a dividend of € 0.39 per no-par share outstanding on the payout date and entitled to dividend be distributed and an amount of € 53,396,054.76 of the aforementioned total profit carried forward to free reserves.

THANKS TO THE MANAGEMENT BOARD AND ALL AT&S EMPLOYEES

Our sincere thanks go to the Management Board and all employees for our success and the work that made it possible, and to our shareholders for their support. We are convinced that together we will continue to advance the AT&S Group and achieve even more success!

On behalf of the Supervisory Board

Leoben-Hinterberg, 2 June 2021

Hannes Androsch m.p.
Chairman of the Supervisory Board

CONSOLIDATED CORPORATE GOVERNANCE REPORT

The Austrian Code of Corporate Governance (as amended in January 2021) is a regulatory framework for stock corporations regarding the management and supervision of the company. The objective of the Code is the responsible management and control of enterprises and groups for the purposes of sustainable, long-term value creation. This is intended to achieve a high level of transparency for all stakeholders of the company. The Code is based on the provisions of Austrian company, stock exchange and capital market law, the EU recommendations regarding the responsibilities of supervisory board members and the remuneration of directors and the principles of the OECD Guidelines for Corporate Governance.

COMMITMENT TO THE AUSTRIAN CODE OF CORPORATE GOVERNANCE

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft ("AT&S") has expressly committed to compliance with the rules of the Austrian Code of Corporate Governance (ACCG) since its admission to listing on the Vienna Stock Exchange on 20 May 2008. This Corporate Governance Report is based on the status of the Code as amended in January 2021. In key report items, matters of the entire Group are included, if necessary. This Corporate Governance Report was audited by the auditor.

The Code can be accessed at **www.corporate-governance.at**.

As an internationally operating listed company, AT&S considers the responsible and sustainable management of the AT&S Group a fundamental prerequisite to achieving the corporate goal of a sustainable increase in company value considering ecological, social and economic aspects.

EXPLANATION OF DEVIATIONS (FROM C-RULES)

Based on the following explanations, AT&S ensures behaviour consistent with the Code in accordance with the ACCG:

C RULES 27 AND 27A AND ALL RELATED PROVISIONS

These rules were amended in the course of the review of the ACCG in December 2009 and came into force on 1 January 2010, whereby Rules 27 and 27a only applied to contracts concluded after 31 December 2009. C-Rules 27 and 27a were therefore not applicable with respect to the original agreement appointing Heinz Moitzi to the Management Board as of 1 April 2005 and were also not applied in full when that agreement was extended by the Supervisory Board in 2016. Overall, it was ensured in drawing up the Management Board contracts that existing contracts would not be interfered with and Management Board contracts concluded at a later time would also be consistent with the relevant regulations regarding remuneration. The following deviations regarding the Management Board contracts in the reporting period require explanation:

A long-term incentive programme ("LTI programme") for the Management Board and key staff was implemented by resolution of the Supervisory Board on 3 July 2014 based on stock appreciation rights ("SAR"). The Management Board and Supervisory Board work continuously to increase the performance of the AT&S Group with respect to non-financial targets and cooperate closely regarding the long-term development of the company. However, in order to maintain the transparency and traceability of target achievement as it relates to variable long-term remuneration, no fixed non-financial criteria for remuneration are stipulated under the long-term incentive programme. This LTI programme was continued essentially unchanged for the period from 2017 to 2019 and the year 2020 and extended for the period from 2021 to 2023. Details regarding the LTI programme can be found in the Remuneration Policy and the Remuneration Report, which can be viewed on the company's website upon presentation to the Annual General Meeting.

The variable remuneration of the Management Board (not in the form of SAR) is currently dependent on the achievement of two (as of the coming year: three) performance indicators defined in the budget for the respective financial year: return on capital employed (ROCE) with a weighting of 90% (as of the coming year 80%, Renewable Energy Share (RES) 10%) and the Vitality Index with a weighting of 10%. The inclusion of Vitality Index is of major importance in giving variable remuneration a long-term focus because innovation strength – the development of new technologies, products or product types – is a crucial factor for the future business success of the Group. It can also be measured reliably. The Vitality Index represents the share of total revenue generated from technologically innovative products introduced in the past three years. The three-year reference period provides a long-term component of variable remuneration. The key figure RES reflects the company's commitment to sustainability and also takes account of external stakeholders' growing interest in incorporating environmental sustainability goals in corporate management.

The combination of short-term and long-term incentive programmes promotes the desired long-term, sustainable steering effect over several years while at the same time accentuating the targeted dynamic company growth.

Management Board members are contractually entitled to termination benefits in accordance with the Salaried Employees Act, applied mutatis mutandis ("old system for severance pay"), if their appointments are terminated. As a result, severance payments may exceed the amount of two annual remunerations in exceptional cases. The same could also apply in the event of a premature termination of a Management Board member's appointment by the respective Board member for reasonable cause, or where the function becomes obsolete for legal reasons.

The contracts of all members of the Management Board include a "Change of Control" clause, which defines the benefits related to the termination of the Management Board appointment as a result of a change of control. A change of control exists in the event that a shareholder has obtained control of the company in accordance with Section 22 of the Austrian Takeover Act (ÜbG), 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 the event of a change of control, the Management Board member is entitled to resign for good cause and to terminate the Management Board contract within a defined period of time ("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 his/her 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. If a termination benefit has been agreed in the Management Board contract, the Management Board member is also entitled to this termination benefit in the event the special termination right is exercised or the Management Board contract is terminated by mutual consent in the event of a change of control. Beyond that, there are no entitlements. The agreement of such a contract clause is considered market standard by the Nomination and Remuneration Committee and serves to ensure that Management Board members exercise their tasks in the best interests of the company in such situations.

C-RULE 43

The Nomination and Remuneration Committee is chaired by Mr Riedl, Deputy Chairman of the Supervisory Board. In view of Mr Riedl's expertise as a practising lawyer in the field of drawing up contracts and his intensive work related to topics of management board remuneration and the relevant experience of the other members of the Nomination and Remuneration Committee, the required membership of the Chairman of the Supervisory Board in this committee was dispensed with when appointing members to this committee.

Management Board

AT&S AG Management Board

	Assigned Group functions	Date of first appointment	End of current appointment
Andreas Gerstenmayer, CEO born 1965	Sales & Market Intelligence; Strategy & Transformation; Human Ressources; Public Affairs; Communication & PR; Corporate Social Responsibility; Information Technology	01/02/2010	31/05/2026
Simone Faath, CFO born 1966	Finance and Accounting; Controlling, Legal; Internal Audit; Investor Relations	01/11/2020	31/10/2023
Monika Stoisser-Göhring, CFO born 1969	Finance and Accounting; Controlling, Legal; Internal Audit; Information Technology; Human Resources; Corporate Social Responsibility	02/06/2017	15/05/2020
Heinz Moitzi, CTO born 1956	Research & Development (R&D); Corporate Social Responsibility; Advanced Interconnect Solution Services (AISS)	01/04/2005	31/05/2021
Ingolf Schröder, COO born 1972	Operations; Purchasing; Quality Assurance; Business & Operational Excellence	01/09/2020	31/08/2025

COMPOSITION, WORKING PRACTICES AND ORGANISATION

As of 31 March 2021, the Management Board consisted of Andreas Gerstenmayer as Chairman of the Management Board (CEO), Simone Faath as Chief Financial Officer (CFO), Heinz Moitzi as Chief Technology Officer (CTO) and Ingolf Schröder as Chief Operations Officer (COO).

As a collective executive body, the Management Board is jointly responsible for the management of the company. In addition to the collective responsibility, each Management Board member is also responsible for defined areas of business. The assigned corporate functions are shown in the table.

Composition of the Supervisory Board

AT&S AG Supervisory Board

	Date of first appointment	End of current appointment	Membership of other Supervisory Boards	Independent according to ACCG rule
Hannes Androsch Chairman of the Supervisory Board born 1938	30/09/1995	31st AGM 2025	–	–
Regina Prehofer First Deputy Chairwoman of the Supervisory Board born 1956	07/07/2011	30th AGM 2024	Member of the Supervisory Board of Wienerberger AG, Vienna, Austria	53, 54
Georg Riedl Second Deputy Chairman of the Supervisory Board born 1959	28/05/1999	30th AGM 2024	Member of the Supervisory Board of Vienna Insurance Group AG, Vienna, Austria	53
Gertrude Tumpel-Gugerell Member of the Supervisory Board born 1952	04/07/2019	30th AGM 2024	Member of the Supervisory Board of Vienna Insurance Group AG, Vienna, Austria Member of the Supervisory Board of OMV AG, Vienna, Austria Member of the Supervisory Board of Commerzbank AG, Frankfurt, Germany	53, 54
Robert Lasshofer Member of the Supervisory Board born 1957	09/07/2020	31st AGM 2025	Member of the Supervisory Board of Flughafen Wien AG, Schwechat, Austria	53, 54
Georg Hansis Member of the Supervisory Board born 1973	09/07/2020	31st AGM 2025	–	53
Hermann Eul Member of the Supervisory Board born 1952	09/07/2020	31st AGM 2025	–	53, 54
Karin Schaupp Member of the Supervisory Board born 1950	07/07/2011	30th AGM 2024	–	53, 54
Lars Reger Member of the Supervisory Board born 1970	09/07/2020	31st AGM 2025	–	53, 54
Wolfgang Fleck Member of the Supervisory Board born 1962	03/09/2008	–	–	n.a.
Günter Pint Member of the Supervisory Board born 1976	19/09/2017	–	–	n.a.
Siegfried Trauch Member of the Supervisory Board born 1960	28/01/2016	–	–	n.a.
Günther Wölfler Member of the Supervisory Board born 1960	10/06/2009	–	–	n.a.

The Supervisory Board monitors and supervises management, and is responsible for decisions that are of fundamental importance to, or involve the strategic focus of, the Group.

Throughout the financial year from 1 April 2020 to 31 March 2021, the Supervisory Board received written and oral reports from the Management Board on the Group's policies and performance, and was closely involved in all business issues. The Supervisory Board met six times during the financial year 2020/21.

At these meetings, the Management Board and the Supervisory Board discussed the economic position of the AT&S Group in detail. The Management Board comprehensively informed the Chairman of the Supervisory Board or his Deputy, also between Supervisory Board meetings, and the Supervisory Board as part of the Group's ongoing reporting process and at all board meetings, of the Group's operating and financial position, and of its investments in other companies, the staff situation and planned capital expenditures. In the past financial year, discussions and decisions of the Supervisory Board addressed, in particular, the Group's future strategic development and the ongoing development in the capacity expansion for IC substrates.

The Supervisory Board annually carries out a self-evaluation in accordance with Rule 36 of the Code of Corporate Governance, and did so again for the financial year 2020/21. This evaluation performed by the Supervisory Board based on a digital questionnaire confirmed that its practices meet the Good Governance requirements and that its organisation, work practices and target orientation are efficient and effective.

INDEPENDENCE OF SUPERVISORY BOARD MEMBERS

In accordance with C-Rule 53 of the ACCG, the Supervisory Board has established the following criteria to be used in determining the independence of its members: Supervisory Board members are to be regarded as independent if they have no business or personal relationships with the company or its Management Board which could be cause for material conflicts of interest and therefore liable to influence the behaviour of the member in question. The detailed criteria for the assessment of a Supervisory Board member are defined in the Rules of Procedure of the Supervisory Board, Appendix 1: Criteria of Independence of the members of the AT&S Supervisory Board. The Rules of Procedure of the Supervisory Board can be viewed at **www.ats.net/company/supervisory-board/**.

In March 2021, the members of the Supervisory Board appointed by the Annual General Meeting each declared in writing whether they were independent as determined by the above criteria. Seven of the eight members of the Supervisory Board representing shareholder interests declared that they were independent. Mr Androsch declared that he was not independent.

C-Rule 54 specifies that, for companies with a free float in excess of 50%, at least two Supervisory Board members who are independent in accordance with C-Rule 53 should also not be shareholders with interests in excess of 10%, or representatives of such interests. Six of nine Supervisory Board members representing shareholder interests declared themselves independent within the meaning of this rule.

DIVERSITY

When selecting members of the Supervisory Board, the focus is on expertise and management experience. Diversity is also a consideration in its composition. Currently, three members of the Supervisory Board are women, representing a proportion of female members of 23%, a value below the average of listed Austrian companies. The company strives to further raise this percentage in accordance with legal requirements. The age of Supervisory Board members ranges from 44 to 82 years on 31 March 2021. All members of the Supervisory Board representing shareholder interests have extensive experience in international business. In the financial year 2017/18, a diversity concept was prepared, which is continuously developed further. Details regarding the diversity concept and the advancement of women in leadership roles are provided in chapter "Material topics" of the non-financial report.

RELATED PARTY TRANSACTIONS

In connection with various projects, the Group obtained services totalling € 365 thousand (previous year: € 363 thousand) from AIC Androsch International Management Consulting GmbH, where Chairman of the Supervisory Board Hannes Androsch has full authority to act on behalf of the company as its Managing Director.

COMMITTEES

In order to provide effective support and to properly address complex technical matters, the Supervisory Board has established three permanent committees for detailed analysis of particular issues and regular reporting to the Supervisory Board.

Audit Committee

In the reporting year, the Audit Committee consisted of:

- Regina Prehofer (Chairwoman)
- Gertrude Tumpel-Gugerell (Finance expert)
- Georg Riedl
- Wolfgang Fleck
- Günther Wölfler

The Audit Committee monitors the accounting process and the work of the statutory auditor, monitors and reviews the statutory auditor's independence, reviews the preparation and audit of the annual financial statements and reviews the proposed distribution of profits, the Management Report and the Corporate Governance Report as well as other reports and declarations to be presented as part of the preparation of the annual financial statements. The committee is responsible for reporting on the results of its reviews to the Supervisory Board. The Audit Committee also carries out preparatory work for the Supervisory Board on all issues in connection with the audit of the consolidated financial statements, consolidated management report and the consolidated accounting process. It also submits a proposal for the appointment of the statutory auditors and reports on this matter to the Supervisory Board. The Audit Committee is responsible for monitoring the effectiveness of the Group-wide internal control system and, where appropriate, the Group's internal audit and risk management systems. The Audit Committee convened three times in the financial year 2020/21. Its activities focused on the discussion and reviews of the annual and consolidated financial statements as of 31 March 2020, the planning and preparation of the audit of the annual and consolidated financial statements for the financial year 2020/21, the preparation of a proposal for the election of the statutory auditor as well as the discussion of the risk management, internal control and internal audit systems.

Nomination and Remuneration Committee

This committee consisted of the following members:

- Georg Riedl (Chairman)
- Hermann Eul (from 9 July 2020)
- Robert Lasshofer (from 9 July 2020)
- Wolfgang Fleck
- Günther Wölfler

The Nomination and Remuneration Committee submits proposals to the Supervisory Board for appointments to fill vacancies on the Management Board whenever necessary. It deals with succession planning issues and the remuneration of Management Board members. All of the committee members representing shareholders possess knowledge of and experience in the area of remuneration policies. The Nomination and Remuneration Committee is also authorised to make decisions in urgent cases. This committee met four times in the financial year 2020/21, which focused primarily on the succession planning for the position of the COO and the CFO as well as the expansion of the Management Board by the function of the CSO in the person of Mr Schneider with effect from 1 June 2021. In this context, the committee focused in particular on the updating of the distribution of responsibilities.

Finance Committee

A Finance Committee has been established to address the complex and specific tasks of financing as efficiently as possible. The members of the Finance Committee are:

- Hannes Androsch (Chairman)
- Regina Prehofer (Deputy Chairwoman)
- Robert Lasshofer (from 9 July 2020)
- Georg Riedl
- Wolfgang Fleck
- Günther Wölfler

The Finance Committee met twice in the financial year 2020/21 and discussed matters of general Group financing as well as project financing.

DIRECTORS' DEALINGS

Purchases and sales carried out by members of the Management Board, the Supervisory Board and related persons are reported to the Financial Market Authority in accordance with Art. 19 of Regulation (EU) No. 596/2014 and published via an EU-wide disclosure system as well as on the AT&S website, **www.ats.net/company/corporate-governance/directors-dealings/**.

NON-FINANCIAL REPORT

Statement of the Management Board

The financial year 2020/21 was an exceptional year. The COVID-19 pandemic turned social life upside down and confronted us with new challenges at AT&S. Thanks to effective crisis management, we were able to ensure a stable and sustainable business development and continue to pursue our growth strategy. Without a doubt, COVID-19 has accelerated global trends and, above all, massively boosted digitalisation. However, sustainability topics such as the rapid implementation of strict measures to protect our employees, clear communication and strong partnerships quickly turned out to be key factors in overcoming the crisis. The increasing vulnerability of our ecosystem, resource shortages and climate change will also be on the global agenda after COVID-19. To account for all this and to meet the ambitious climate targets, a renewable energy component will be incorporated in the calculation of the performance-based remuneration as of the financial year 2021/22.

Sustainability in all its dimensions is highly relevant in the activities, decisions and strategic orientation of the company. This is reflected in solid ratings by ESG rating agencies, which consistently exceed the industry average. The following non-financial report for the Group as a whole and Austria Technologie und Systemtechnik Aktiengesellschaft (in the following referred to as the "company") meets the requirements in accordance with the Austrian Sustainability and Diversity Improvement Act (section 243b and section 267a of the Austrian Commercial Code (UGB), NaDiVeG).

Beyond that, AT&S's non-financial reporting is intended to provide transparency vis-à-vis all stakeholders and present the annual progress achieved in all those areas contributing to the company's future success. The following report covers the strategic fields of action derived from the sustainability strategy and addresses the material topics assigned to them with management concepts, due diligence processes and indicators.

Rated by*)

* You can find the full list, including details of the assessments, on our website.

AT&S is committed to important international frameworks such as the Sustainable Development Goals (SDGs) of the United Nations, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights, the International Labor Organization (ILO), the Responsible Business Alliance (RBA) and the Responsible Minerals Initiative (RMI). This report was prepared in partial compliance with the standards of the Global Reporting Initiative (GRI). The specific contents of the GRI Standard that have been applied can be found in the GRI Index at the end of the non-financial report. In addition, reporting integrates climate-related information in accordance with the EU guideline for the disclosure of climate-related information and the Task Force on Climate-related Financial Disclosures (TCFD). The technical assessment criteria of the EU Taxonomy Regulation comprise first rules and disclosures for two of the six environmental goals – climate protection and adaptation to climate change. The company always strives for transparency and reviews any reporting obligations arising from the EU Taxonomy Regulation for the financial year 2021/22.

What we stand for

RBA (**Responsible** Business Alliance)	**SDGs** (Sustainable Development Goals)
ILO (International Labour Organization)	**OECD** Guidelines
RMI (Responsible Minerals Initiative)	**ISO** (International Organization for Standardization)

Our goals

80%
renewable energies by 2025

Decarbonisation of all AT&S production facilities by
2030

30%
Women in leadership positions

45%
Proportion of female employees

Life cycle assessments
at product group level

Stronger partnerships
with suppliers

What we are proud of

45%
renewable energies

100%
Code of Conduct signed by all key suppliers

34%
Proportion of female employees

Start of life cycle assessments

Strong crisis management
during the COVID-19 pandemic

High standards in the area of environment, energy, quality, occupational health & safety

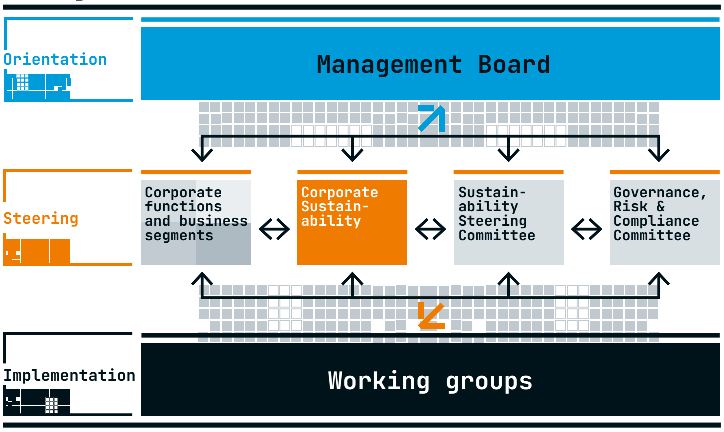
Embedding and managing sustainability

BUSINESS MODEL AND MANAGEMENT STRUCTURE STAND FOR SUSTAINABILITY – THIS IS CLEARLY REFLECTED IN OUR COMPANY VISION

High-end printed circuit boards, substrates and modules are the core of AT&S's business activities. The multi-faceted and highly complex printed circuit boards serve as the central nervous system in nearly all electronic devices. High-end interconnect solutions enable powerful high-tech applications for customers in the mobile devices, IC substrates, automotive, industrial and medical segments. AT&S is a global player in these areas and at the same time a technology and quality leader in the printed circuit board and substrate industry. With a total of 11,349 employees (annual average) and production sites in Austria, India, China and South Korea, complemented by sales service companies, AT&S has a global presence. Quality, customer orientation and passion for our work are the key to business success. Regardless of technologies that are evolving, AT&S provides the interconnect solution technology of the future. This is the vision of the company.

Sustainability is firmly embedded in both the business model and in the corporate culture. All decisions and processes take into account social, ecological and economic aspects in accordance with the applicable legal requirements. The continuous development of the AT&S sustainability strategy is the responsibility of the Corporate Sustainability team, which coordinates the strategy with the Management Board, the segments and the corporate functions. In addition, the team, which is also represented in relevant steering committees, is responsible for coordinating the sustainability agenda and reports directly to the Management Board. This ensures a sustainable corporate culture that extends across all areas of the company and is an investment in the future success of the core business.

Management structure_



RESPONSIBILITY ALONG ALL PARTS OF THE VALUE CHAIN

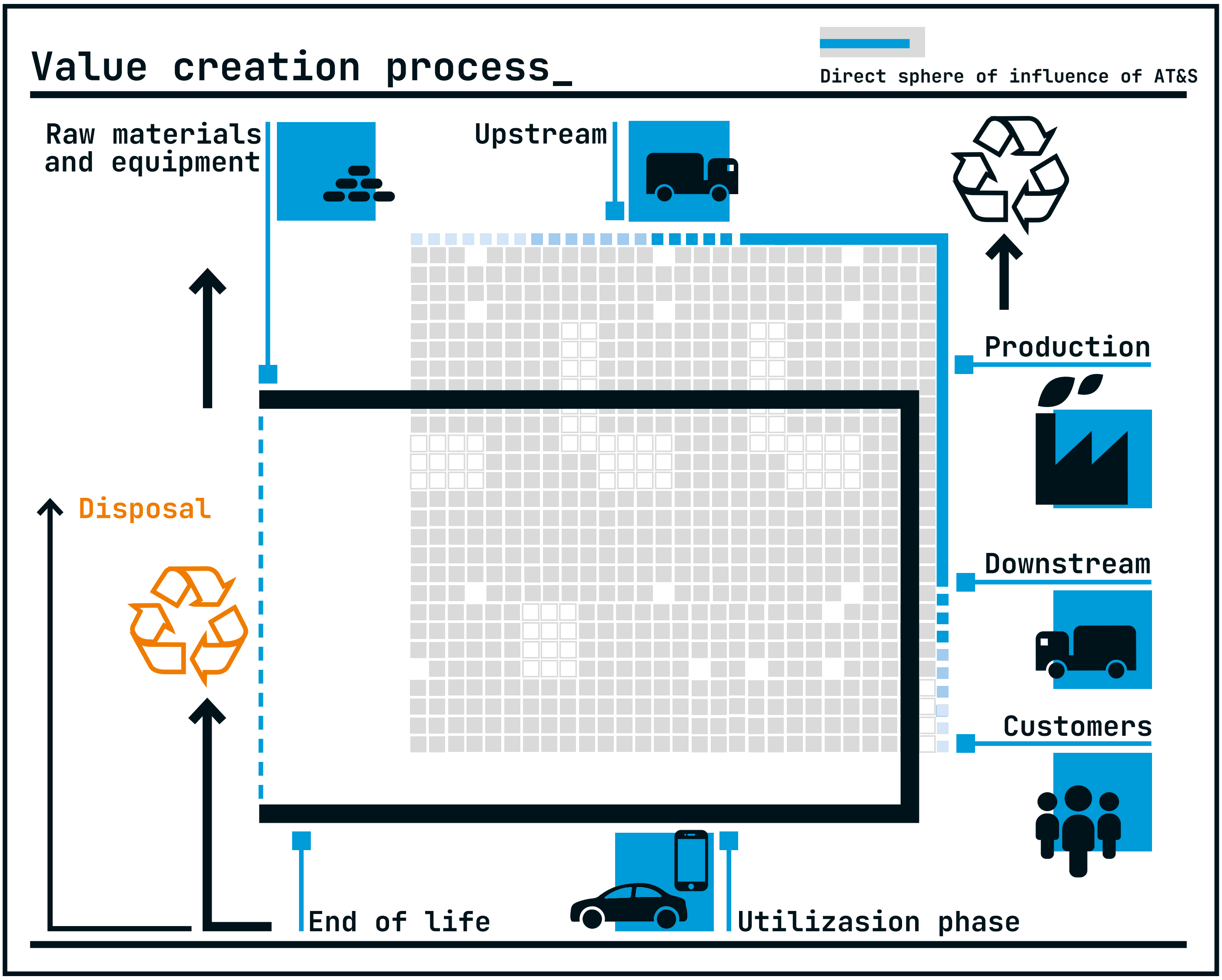
AT&S is closely connected with partners along the value chain, both on the customer and on the supplier side. We bank on outstanding customer service and innovative, sustainable solutions that have made it to the top in the printed circuit board and substrate industry. In doing so, it is important to not just focus on internal processes, but rather view the entire value chain in a holistic and integrated manner.

In addition to pricing, we also focus on sourcing methods and the availability and quality of raw materials

AT&S already puts a focus on sustainability when sourcing raw materials such as gold and copper. The company maintains sustainable partnerships with its suppliers and in addition to pricing also takes into account non-financial factors such as delivery reliability, quality, business ethics, respect for human rights and compliance with environmental standards. Along with the sourcing of raw materials, the production of key materials such as laminates and chemicals, the choice of equipment, the energy used and water supply are also relevant topics. Special importance is attached to setting joint targets with partners.

Storage, production and transport as part of the value creation process

Along with the supply chain, there are other key factors that have a significant influence on non-financial performance. They include the transport and storage of precursor materials, production and product packaging as well as delivery. The company strives to be "best in class" and to ensure that all its actions are lawful, efficient and climate-friendly. To this end, appropriate storage of the materials and careful use during production are indispensable. The company also relies on strong partnerships with employees and supplier companies in this context. Moreover, AT&S consistently



works on continuously improving processes and on reducing the consumption of water, energy and raw materials to a minimum.

As a leading high-tech company, AT&S attaches great value to highest management standards in all business segments to meet the needs and business targets of our most important stakeholders and promote a sustainable development. This approach is also reflected in a variety of certifications and standards (see following table) which cover quality, the environment, occupational safety and data security, focus on customer needs and are established at the different production locations.

Responsibility beyond the AT&S system boundaries

AT&S is responsible for its products beyond its own system boundaries. The company collaborates closely with its customers and suppliers to ensure quality and functionality along the supply chain and in line with circularity as far as possible. Regarding the appropriate disposal of products, AT&S appeals to end users' sense of individual responsibility. Nevertheless, the company does not neglect its duties regarding disposal in areas on which it has direct influence. Production employees are called upon to dispose of waste properly. Waste is either recycled and reused within the company's processes or utilised based on a variety of methods.

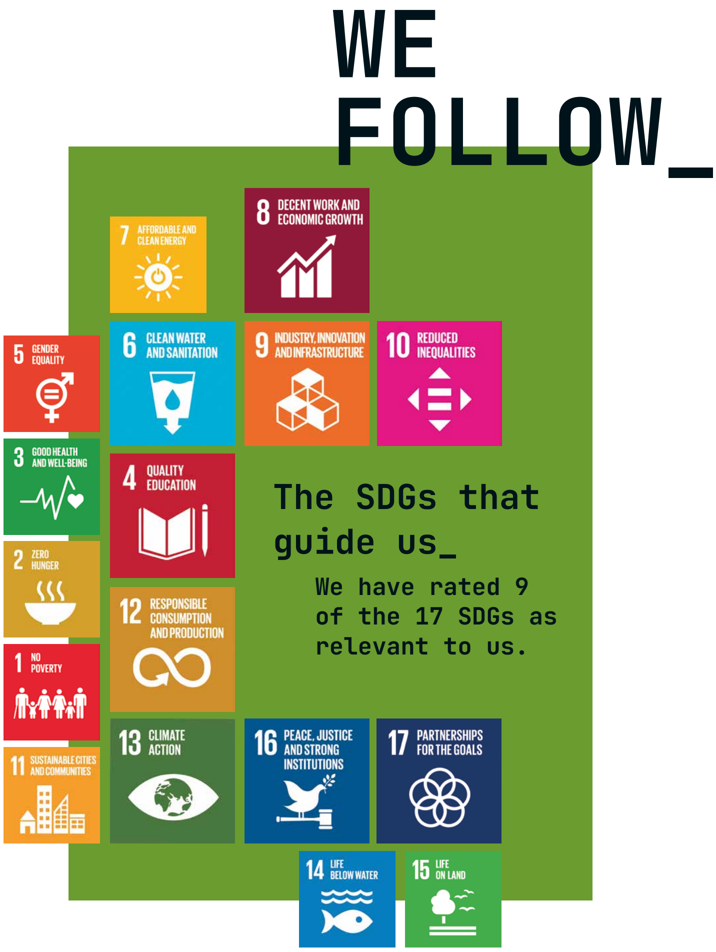
In doing so, AT&S aims to reduce the impact of its business activities on people and the environment as far as possible and go beyond the minimum legal requirements.

WITH OUR SUSTAINABILITY STRATEGY WE MEET BUSINESS, ECOLOGY AND SOCIAL DEVELOPMENT ON AN EQUAL FOOTING

A shared sustainable orientation can only be accomplished in an exchange with all key stakeholder groups. By embedding sustainability in the company strategy and the AT&S mission, the company focuses on strong partnerships along the value chain. Only this way can we be the first choice for advanced application. With this holistic and future-oriented mindset, AT&S, as a leading high-end interconnect solution provider, aligns the interests of business, ecology and social development while at the same time creating added value for the company.

Standards and certificates

Certification	Description	Leoben	Fehring	Nanjangud	Ansan	Shanghai	Chongqing
ISO 9001:2015	Certification of quality management systems to prove high quality standards of products	X	X	X	X	X	X
EN 9100:2018	European quality standard for the aerospace industry	X	X				
DS/EN ISO 13485:2016	International quality standard for the design and production of medical devices	X	X				
DIN EN ISO 50001:2018	International standard for energy management to increase energy efficiency	X	X	X			
ISO 45001: 2018	Standard for the management of occupational health and safety to minimise risks and increase productivity	X	X	X	X	X	X
ISO 14001:2015	Global standard for environmental management systems, to optimise processes, reduce costs and minimise risks	X	X	X	X	X	X
IATF 16949:2016	Globally recognised standard in automotive industry	X	X	X	X	X	
ISO/IEC 27001:2013	International standard for information security	X	X	X		X	X
NADCAP Accreditation	Accreditation for a uniform quality standard in the aerospace industry to harmonise production and audit processes of aircraft components	X					
AEO Certificate	Authorised Economic Operator of the European Union	X	X				
UL Listing	Standard to ensure electrical and mechanical safety of electronic components	X	X	X	X	X	X
Sony Green Partner Certificate	“Green Partner Environmental Quality Approval System” for cross-company cooperation for the manufacturing of sustainable products	X	X			X	
IECQ QC 080000:2017	International Technical Specification for Process Management of Hazardous Substances					X	
ANSI/ESD S20.20-2014	Electrostatic discharge standard					X	
IPC-QL-653 standard	Certification of Facilities that Inspect/Test Printed Boards, Components and Materials	X					



We address the needs of all stakeholder groups and communicate openly with partners

The sustainability strategy was developed in the financial year 2019/20 in line with the Group-wide strategic orientation. Particular importance was attached to the integration of the needs and perspectives of all key stakeholder groups such as employees, customers, suppliers and shareholders. The requirements of all relevant stakeholders were considered as part of the materiality analysis and the associated stakeholder survey in the financial year 2018/19. The material topics identified in this analysis address the impact of AT&S's business activities, the supply chain and products, and are among the central components of the sustainability strategy. In the financial year 2019/20 the material topics were reflected upon by the Corporate Sustainability team and the Management Board. The material topics subject to another review for currency and completeness are based on the requirements of key customers in the financial year 2020/21. The topics previously addressed were confirmed so that no adjustments or changes were necessary.

We actively contribute to the Agenda 2030 for sustainable development of the United Nations

In addition to international guidelines and frameworks, other aspects were also integrated in the development of the sustainability strategy. Based on the commitment to the SDGs, the impact of AT&S's activities were assessed for all 17 goals and 169 subgoals. Three SDGs were rated as central and another six as relevant goals (see following illustration). AT&S thus underlines its own responsibility for climate protection, sustainable production and the reduction of inequality in accordance with the SDGs.

Opportunities and risk management as a central component of sustainable management

In the financial year 2019/20, non-financial opportunities and risk management was integrated into the existing Group-wide risk management. The key risks – those related to the environment, social matters and responsible governance – were identified, allocated to the existing risk categories and evaluated over a five-year horizon for AT&S and the environment.

For a more detailed description of the process of opportunities and risk assessment please refer to the Annual Report 2019/20, section "Opportunities and Risks" (p. 108 ff.). An overview of non-financial opportunities and risks including risk categories, mitigation measures and allocation of the issues is presented in the table on the following page. Material risks are those rated at a risk level of four or higher before mitigation measures over the next five years and which are caused directly by the operating activities of AT&S, its supply chain or its products. For a detailed risk assessment with a focus on AT&S's business activities and explanations regarding the risk levels and risk management, please refer to the Group Management Report, section "Opportunities and Risks".

The above-mentioned further relevant risks include occupational accidents and corruption. These risks were assessed at a lower risk level in the risk assessment process. As mitigation measures have already been implemented and are very well established within the company, the probability of occurrence is reduced and, on the other hand, the expected impact on the environment of AT&S is mitigated; accordingly, the risk was rated as relatively low.

In accordance with the EU Guideline for reporting climate-related information and the TCFD, climate-related risks are also included in risk assessment. Here, the physical risks for the business activities and the environment of AT&S which are triggered by chronic or acute effects of climate change and global warming are analysed. Moreover, risks and opportunities resulting from the transition to a low-carbon, climate-resilient economy are also evaluated.

AT&S generally considers this transition an opportunity. In this context, an energy strategy with ambitious decarbonisation targets has been developed, enabling the company to counter potential transitional risks, which could arise from future laws and regulations as well as customer requirements. At the same time, AT&S uses the opportunity to position itself as climate-resilient company. Sustainable innovation and the related life cycle assessment project reduce the potential danger emanating from technological transitional risks.

Risks such as pandemics, extreme weather events or global warming, which can have a significant impact on relevant stakeholder groups, are also part of the assessment process. These risks are not, or only to a limited extent, caused by AT&S. However, that does not mean that the company and the employees do not make any efforts to contribute their share.

Overview of material and other relevant risks

	Risk category	Risk	Mitigation	Opportunities	NaDiVeG issues
Material risks	OPERATIONAL	Inefficient use of resources	Energy strategy, projects to increase efficiency and effectiveness, water recycling	Cost reduction, climate-resilient business model, industry benchmark, image improvement	Environmental issues
Material risks	MARKET	Use of AT&S products in unethical applications	Code of Conduct, commitment to RBA, internal guidelines, training	Protection of human rights, avoidance of support of armed conflicts and environmental degradation, image improvement, increased employee motivation	Environmental issues, social issues, respect for human rights
Material risks	PROCUREMENT	Non-compliance with ESG-relevant requirements	Supplier Code of Conduct, clear processes for careful selection of suppliers, supplier audits, commitment to RBA & RMI	Protection of human rights, image improvement, increased attractiveness of the company for sustainable financing, avoidance of support of armed conflicts, increased employee motivation	Social issues, employee issues, environmental issues, respect for human rights
Other relevant risks	OPERATIONAL	Disruption of operations/pandemics	Business continuity management, ISO 45001, highest safety standards, COVID-19 task forces at all production sites	Image improvement, strong crisis management, strong cohesion and loyalty of staff	Employee issues, social issues
Other relevant risks	OPERATIONAL	Occupational accidents	ISO 45001, protective clothing, handling of dangerous goods, training	Increased employee motivation, low fluctuation	Employee issues
Other relevant risks	ENVIRONMENT	Extreme weather events, natural disasters	Business continuity management, ISO 45001, employee sensitisation and training	Strong cohesion, loyalty of staff, stronger adaptability	Environmental issues, social issues
Other relevant risks	ENVIRONMENT	Global warming	Energy strategy, employee sensitisation and training	Cost reduction, climate-resilient business model, industry benchmark, image improvement	Environmental issues, social issues
Other relevant risks	ORGANISATION	Corruption and unethical behaviour	Code of Conduct, anti-corruption guidelines, capital market compliance, training, GRC committee	Image improvement, trustful partnerships, competitive advantage	Employee issues, combating corruption and bribery

Our fields of action as a positive contribution to sustainable company success

The sustainability strategy underlines the company's stringent approach to integrate all dimensions of sustainability into decisions and strategic processes. Four strategic fields of action form the basis of this approach: Environment & Resources, Sustainable Innovation, Employees & Society, Sustainable Supply Chain (see following illustration). Clear and ambitious goals have been defined for each field of action and will be implemented based on specific measures. The degree of target attainment is transparently managed and controlled.

The sustainability strategy makes a significant contribution to minimising the negative impact of AT&S's business activities on the NaDiVeG issues while at the same time maximising the positive aspects. It helps to optimally use opportunities. Details regarding the qualitative and quantitative goals, management concepts, due diligence processes and key figures, as well as reference to the SDGs are provided in the following chapters. The report is structured according to strategic fields of action, to which the material topics are assigned as shown in the following illustration. It is not always possible to make a clear allocation: for example, efficient production is in part only possible on the basis of innovative solutions. Since all measures regarding energy, CO_2, water and waste aim at making production and the use of resources more efficient, the material topic efficient production has been assigned to the chapter Environment & Resources.

The fields of action Employees & Society and Sustainable Supply Chain also show that a clear-cut allocation is not always possible: the material topic human rights can be allocated to both Employees & Society and to the field of action Sustainable Supply Chain. Since the risk of human rights violations is relatively low within the AT&S system boundaries in comparison with the supply chain, the topic of human rights was allocated to the supply chain, where control measures, targets and indicators are reported. The crucial aspects for the decision are direct controllability within the company and well-established mitigation measures. In addition, the measures to prevent human rights violations within AT&S are reported in the chapter Employees & Society.

Corporate strategy

Stakeholders

Opportunities and risks

Partnerships

Global trends

SDGs

AT&S Sustainability strategy 2025

4 Strategic fields of action and our material topics_

Environment & Resources

_ Efficient production

Sustainable Innovation

_ Innovation

Employees & Society

_ Occupational health and safety
_ Knowledge
_ Diversity
_ Anti-corruption

Sustainable Supply Chain

_ Human rights

OPEN-MINDEDNESS, RESPONSIBILITY AND COMMITMENT
are the values that guide us in achieving our strategic goals.

Environment & Resources

Given the strong focus on sustainability and efficiency in its activities, it goes without saying that AT&S attaches great importance to using resources efficiently. The company considers it its duty to ensure maximum economic and ecological sustainability in its operations, especially in production.

Based on an analysis of the Sustainable Development Goals (SDGs) of the United Nations, the effects of the operating activities of AT&S in the area of Environment & Resources have the greatest impact on SDG 6, SDG 8, SDG 9, SDG 12 and SDG 13. Accordingly, comprehensive measures are required in this area to help accomplish these goals.

The concept of sustainability is often associated with scarce resources and the destruction of the natural environment. As the global economy is continuously increasing in volume, it is all the more important to contain resource consumption based on the principles of circular economy and highest efficiency. This approach is reflected in the strategic field of action Environment & Resources, to which the material topic efficient production technologies is allocated. As a producing company with a large number of wet-chemical processes, AT&S pays special attention to efficient material resource use as well as to climate protection and water. Details on the contributions of AT&S to achieving the SDGs are summarised in the following table.

Our contribution to the SDGs Field of action: Environment & Resources_

6 CLEAN WATER AND SANITATION	**AT&S is committed to** the prevention of water pollution and releasing chemicals and hazardous substances. All our locations have ISO 14001 certification and comply with REACH and RoHS. Our high water recycling rates help to ensure maximum efficiency.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Our ISO 14001 and ISO 50001 certifications** highlight our stringent sustainability management approach across our production operations. This ensures the efficient use of resources, the prevention of emissions and adherence to circular economy principles. Transparent reporting provides a clear picture of these activities.
8 DECENT WORK AND ECONOMIC GROWTH	**Through global measures,** higher productivity, technological development and innovation, we are decoupling economic growth from environmental impact. The copper recycling project and a number of Lean Six Sigma projects are ways in which we contribute to this goal.	13 CLIMATE ACTION	**To achieve our climate targets,** the AT&S energy strategy and the climate protection measures derived from it are central aspects of our sustainability strategy.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Ecological and social sustainability** determine economic success. This goes hand in hand with a resilient infrastructure and sustainable innovation. We consider this to be strongly associated with SDGs 13 and 17. After all, our energy strategy only works when resource efficiency meets eco-friendly technologies and strong partnerships.		

THE PATH TO A LOW-CARBON FUTURE THROUGH EFFICIENT PRODUCTION AND OPTIMISED USE OF RESOURCES

The products of AT&S stand for highest quality and reliability as well as product innovation. They are manufactured in efficient processes using innovative technologies. The company strives to keep the consumption of energy, material and water as low as possible. Likewise, emissions and waste are prevented wherever possible in order to ensure that value is added efficiently to the materials used. AT&S achieves this through a holistic approach which always keeps track of the process as whole. The company's high quality and environmental awareness are proven, among other things, by certifications according to the international quality and environmental standards ISO 9001 and ISO 14001 at all production sites. In addition to annual recertification audits to maintain these standards, AT&S also possesses further industry- and location-specific certifications for the automotive sector (ISO/TS 1649), aviation (AS/EN 9100) and the medical sector (DS/EN 13485).

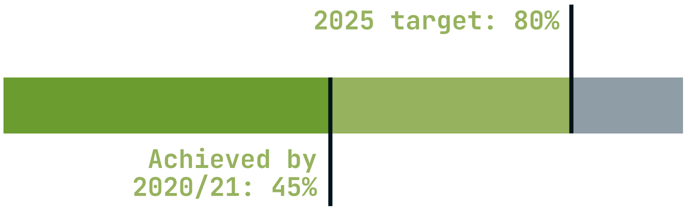
Our target: decarbonisation of our production processes

AT&S always keeps an eye on market and mega trends, considers the needs of stakeholders and works on ambitious measures as part of its sustainability strategy and the energy strategy derived from it. This strategy contributes directly to achieving the UN Sustainable Development Goals.

It includes sourcing at least 80% of the energy required by the Group from renewable energy sources (including large hydropower plants) by 2025. Moreover, all fossil fuels within AT&S's own production sites worldwide (Scope 1 emissions) will be replaced by 2030, which means that long-term goals are defined in addition to striving for annual energy savings of 5%. At present, the AT&S Group already sources 45% of its total energy needs from renewable energy sources. This way we meet the increasing requirements regarding scarce resources on the part of politics, society and, not least, customers and make a contribution to the 2-degree goal. Currently, all emissions of the company are screened as part of a project of the Climate and Energy Fund. The project focuses on indirect emissions, which are created in the value chain. The results of the project form the basis for potentially joining the Science Based Targets initiative, which AT&S is currently reviewing.

The AT&S energy strategy focuses on the collaboration with stakeholders and suppliers in order to support the transition to decarbonisation and consequently moving away from carbon-based energy sources in the process chain. The company thus not only invests in environmentally friendly technologies, but also contributes to saving resources thanks to climate-friendly behaviour in production.

Share of renewable energies



The certification according to ISO 50001 is valid for the plants in Austria and India. Energy audits are performed at all production sites. As a result, savings potential was identified and measures derived from these results have been implemented as far as possible.

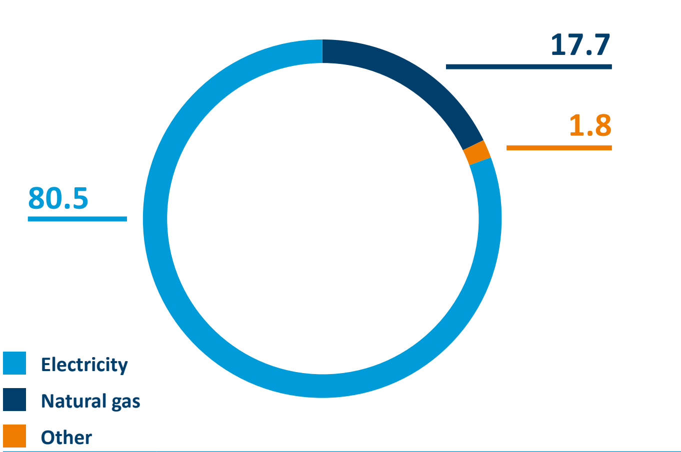
Our AT&S energy strategy has already achieved notable successes

An analysis of the ongoing projects and the results of the energy audits conducted over the past years already show cost savings due to energy efficiency and sustainable energy measures at different locations. Circular economy is considered an integrated item in energy supply, and waste heat from production processes is reintroduced to the heat cycle through intelligent multi-stage utilisation. Energy efficiency is thus improved through heat recovery, and the company's electricity and gas consumption is reduced.

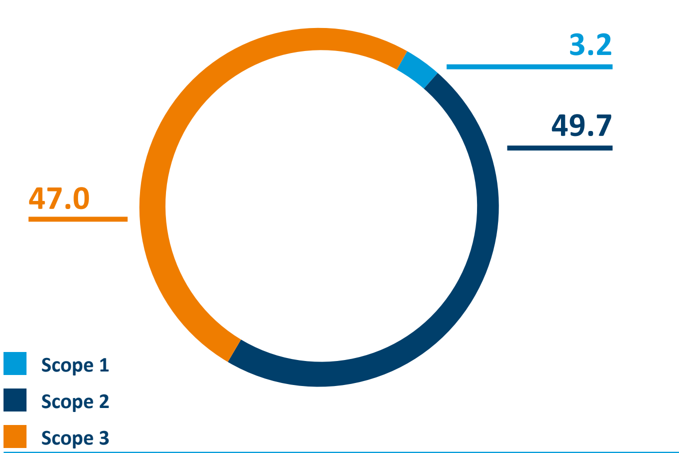
Energy savings

4.8 GWh
(previous year: 13.4 GWh)

Energy consumption by energy source
in %



Split of carbon footprint by scope
in %



In the financial year 2020/21 it was possible to save 4.8 GWh and 3.9 kt of CO_2 based on energy efficiency measures (previous year: 13.4 GWh and 10.9 kt of CO_2). In total, the measures implemented since the financial year 2017/18 have led to savings of 51.1 GWh.

The company is aware that both digitalisation and digital technologies offer great potential to drive decarbonisation. Using a digital twin, AT&S works in a consortium to improve energy efficiency and reduce energy consumption.

In addition to reducing greenhouse gas emissions, increasing the share of purchased renewable energy and the compensation for emissions are also integrated in the energy strategy to achieve the goal of decarbonisation.

Always keeping an eye on our emissions

AT&S reports its emissions in accordance with the Greenhouse Gas (GHG) Protocol, which distinguishes between three different categories, from Scope 1 to Scope 3. Scope 1 comprises all direct emissions generated from the company's own or controlled sources. They include the combustion of natural and liquefied gas, diesel and heavy oil at all AT&S locations. Scope 2 covers indirect emissions from the production of purchased electricity and vapour. Scope 3 refers to all indirect emissions generated in the company's value chain, for example those of suppliers. The calculation of emissions of direct energy sources is based on the factors of the Federal Economic Agency; the other CO_2 indicators are based on the conversion factors of the ecoinvent database version 3. For reasons of consistency, country-specific conversion factors are used to calculate Scope 2 emissions because market-specific conversion factors are currently not available for all locations of the AT&S Group. As a

Energy consumption

	Absolute energy consumption (in GWh)			Relative energy consumption (in kWh per € GVA)		
	2020/21	2019/20	*Change in %*	2020/21	2019/20	*Change in %*
Mobile Devices & Substrates segment	601.1	518.2	16.0	1.54	1.68	(8.5)
Automotive, Industrial, Medical segment & Others	144.6	146.5	(1.3)	0.93	1.02	(8.2)
Total Group	745.7	664.6	12.2	1.36	1.47	(7.0)
thereof attributable to parent company	71.9	70.0	2.7	0.66	0.69	(3.7)

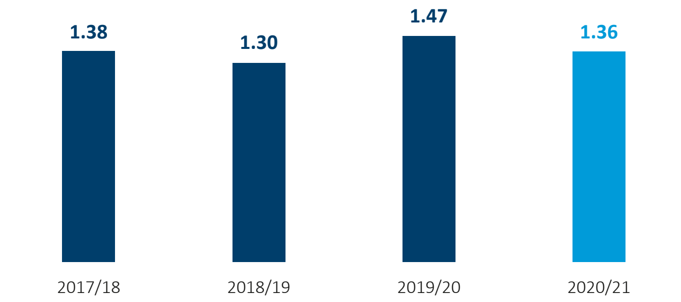
result, the increased share in renewable energy sources is not yet reflected to an equal extent in the reporting of CO_2 emissions. All indicators are CO_2 equivalents.

The chart on page 55 shows that electricity is the main energy source of AT&S, resulting in a high Scope 2 share of CO_2 emissions of 49.7%. At the same time, Scope 3 emissions, which are again reported in detail this financial year, are substantial at 47.0%. In the financial year 2020/21, an additional category was added to the reporting of Scope 3 emissions: the commuting behaviour of employees is included as a category in the Scope 3 emissions for the first time this year along with all air travel of AT&S employees, the shipping of products to our customers, fuel- and energy-related emissions as well as the CO_2 emissions of key stocked materials. This new category takes into account all emissions generated by employees commuting between their home and workplace.

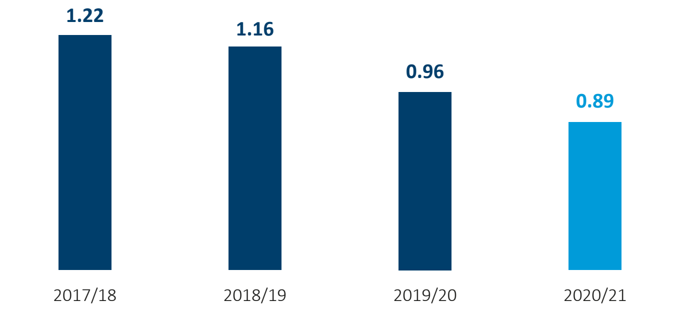
In the financial year 2020/21, relative energy consumption was reduced by 7.0% compared to the previous year. This was mainly driven by the capacity expansion at the Chongqing plant. The increase in absolute energy consumption by 12.2% results from the higher production volume and a growing share of highly complex printed circuit boards and is also reflected in an increase in energy expenses by roughly € 2.2 million (as explained in the consolidated statement of profit or loss and in the notes to the consolidated financial statements). Like energy consumption, the relative carbon footprint (Scope 1 + 2) was reduced by 7.0% compared with the previous year. An increase was recorded in absolute emission volume of Scope 1 and 2 and Scope 3 due to the higher production volume.

The relative indicators refer to the gross value added (GVA), which is calculated based on EBIT plus depreciation/amortisation and wage and salary expenses.

Relative energy consumption
in kWh per € GVA



Relative carbon footprint (scope 1 + 2)
in kg CO_2 per € GVA



Carbon footprint (scope 1 + 2)

	Absolute carbon footprint (scope 1 + 2) (in kt CO_2)			Relative carbon footprint (scope 1 + 2) (in kg CO_2 per € GVA)		
	2020/21	2019/20	*Change in %*	**2020/21**	2019/20	*Change in %*
Mobile Devices & Substrates segment	403.0	346.5	16.3	1.03	1.12	(8.3)
Automotive, Industrial, Medical segment & Others	82.9	86.8	(4.5)	0.53	0.60	(11.1)
Total Group	485.9	433.3	12.1	0.89	0.96	(7.0)
thereof attributable to parent company	19.5	17.6	10.5	0.18	0.17	3.6

Carbon footprint (scope 3)

	Absolute carbon footprint (scope 3) (in kt CO_2)			Relative carbon footprint (scope 3) (in kg CO_2 per € GVA)		
	2020/21	2019/20	*Change in %*	**2020/21**	2019/20	*Change in %*
Mobile Devices & Substrates segment	346.3	309.8	11.8	0.88	1.00	(11.8)
Automotive, Industrial, Medical segment & Others	85.2	92.6	(8.1)	0.55	0.64	(14.5)
Total Group	431.5	402.4	7.2	0.79	0.89	(11.1)
thereof attributable to parent company	31.7	32.1	(1.1)	0.29	0.32	(7.3)

WATER AND WASTE AS AN INTEGRAL PART OF A HOLISTIC APPROACH FOR A CLIMATE-RESILIENT FUTURE

In addition to our energy efficiency and climate protection efforts, we attach great importance to the effective use of resources, avoiding unnecessary materials and waste, and to the sustainable withdrawal and provision of water.

Manufacturing our products requires a large number of wet-chemical and water-intensive processes. In addition, water is used to cool the machines in exothermal chemical reactions in production processes. Special attention is paid to treating wastewater in biological and in-house chemical-physical wastewater systems. Whenever possible, freshwater is used multiple times, whether for cooling, process water treatment, biofilter facilities or cooling towers. In compliance with legal requirements, the company also tries to reduce the environmental impact to a minimum at all locations.

Minimising water consumption is associated with increased energy consumption in some processes. The company is aware of the resulting conflict with the defined energy targets; therefore, a focus has been put on developing a water strategy in addition to the energy strategy.

Towards sustainable water usage

The global target of the water strategy is to reduce water consumption across locations, paying particular attention to regions where water is scarce.

In the financial year 2020/21, the actual state of all water flows was assessed and the current water situation at the Hinterberg location was analysed to identify the main consumers at the equipment and process levels, losses and data gaps. Similar analyses will be performed at other production locations in the future.

Long-term goals will be defined with respect to water in the course of strategy development in the future in order to assume responsibility for corporate activities. AT&S strives for a sustainable water policy and adheres to its goal to decrease water consumption and recycle water wherever possible, thus reducing fresh water consumption to a minimum.

Water consumption

	Absolute water consumption (in m^3 million)			Relative water consumption (in litres per € GVA)		
	2020/21	2019/20	*Change in %*	**2020/21**	2019/20	*Change in %*
Mobile Devices & Substrates segment	5.66	4.70	20.3	14.45	15.22	(5.1)
Automotive, Industrial, Medical segment & Others	0.54	0.58	(7.3)	3.48	4.03	(13.8)
Total Group	6.19	5.28	17.3	11.34	11.66	(2.8)
thereof attributable to parent company	0.24	0.18	31.7	2.22	1.80	23.5

In view of globally deteriorating water security, there is no question that the company must continuously increase the water recycling rate at production sites which are located in high-risk areas according to the Aqueduct Water Risk Tool. AT&S has already taken extensive measures for the sustainable use of water over the past years.

In the financial year 2020/21, the water recycling rates amount to up to 53% at the Nanjangud site and 26% at the Shanghai plant. Water consumption relative to the gross value added was therefore reduced to 11.34 litres per € of gross value added in the financial year 2020/21, down 2.8% on the previous year, while absolute water consumption rose by 17.3%.

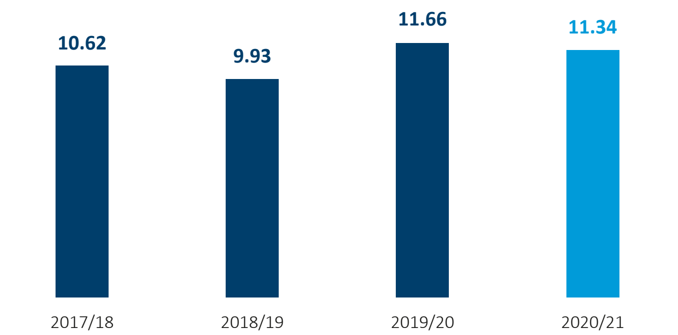
Along with water, the reduction of waste, in particular hazardous waste, is a central element of the AT&S sustainability strategy and contributes to achieving SDG 12 "responsible consumption and production" and SDG 6 "clean water".

Similar to energy and water consumption, a decline by 8.0% was recorded in relative total volume of waste in the financial year 2020/21, while volume increased in absolute terms. The share of hazardous waste remained constant. AT&S strives to further reduce this share in the coming years by further advancing the copper recycling project already initiated.

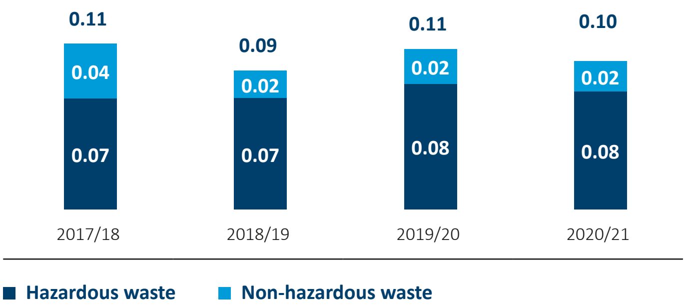
Towards efficient use of resources based on the principles of circular economy

Copper is one of the basic materials for the production of printed circuit boards. In the financial year 2020/21, 3,637 tonnes of copper were used, making it one of the key raw materials employed at AT&S. Copper-containing flows generated in the production of the conductive pattern are currently predominantly fed to the company's internal wastewater treatment plant and subsequently reprocessed externally in the form of copper-containing sludge, which is predominantly classified as hazardous waste. However, supplying copper-containing concentrates to the wastewater system requires intensive use of chemicals to treat these large amounts of waste.

Relative water consumption
in litres per € GVA



Relative waste amount
in kg per € GVA



Waste amount

	Absolute waste amount (in kt)			Relative waste amount (in kg per € GVA)		
	2020/21	2019/20	*Change in %*	2020/21	2019/20	*Change in %*
Mobile Devices & Substrates segment	36.3	31.6	14.8	0.09	0.10	(9.5)
Automotive, Industrial, Medical segment & Others	16.8	16.2	3.5	0.11	0.11	(3.7)
Total Group	53.1	47.8	11.0	0.10	0.11	(8.0)
thereof attributable to parent company	5.3	5.7	(7.9)	0.05	0.06	(13.6)

With its copper recycling project, AT&S questions the necessity of this material flow and relies on recycling the required copper and the corresponding acid to prevent waste and increase raw material efficiency.

In addition to reducing waste and the usage of chemicals, the recovery of copper also allows utilising this essential raw material in printed circuit board production much more efficiently. As a responsible company, AT&S therefore endeavours to recover the highly pure copper, which is indispensable for production, from the treated material flows.

In the financial year 2020/21, the concept for copper recovery was optimised by additional environmental aspects, including the continuous reduction of water consumption by using rinsing waters multiple times and by optimising ion exchangers.

Future efforts clearly aim to digitally monitor the recycling system and the wastewater used and to extend the measures and the concept to all locations.

KEEPING AN EYE ON KEY MATERIALS – WE STRIVE FOR HIGHEST EFFICIENCY IN PRODUCTION

In addition to electricity and water, manufacturing AT&S products also requires the use of valuable raw materials and other materials. These include gold, palladium, copper, laminates and chemicals. In the financial year 2020/21, the volume of copper purchased decreased by 10.6% compared with the previous year. This is attributable to the increase in inventories in the previous year, which was carried out to ensure smooth production during the COVID-19 pandemic. The amount of gold required strongly depends on the product mix and was 6.7% lower than in the previous year. The purchase volume of chemicals rose by 11.3% year-on-year, which is related to higher production volumes and an increase in inventories. Based on the transparent breakdown using GHS classification, it becomes evident that the share of toxic chemicals was up only 4.5%, while the share of non-hazardous chemicals rose by 20.4%.

To ensure efficient production, AT&S follows all aspects of using resources responsibly. Compliance with EU Regulation 1907/2006 REACH (Registration, evaluation, authorisation and restriction of chemicals) in all products is a matter of course. This also applies to the RoHS Regulation of the EU, which governs putting hazardous materials in electronic devices and electronic components on the market.

Purchase of significant materials
Total Group

	Unit	2020/21	2019/20	*Change in %*
Gold	kg	475	508	(6.7)
Palladium*	kg	268	154	74.5
Copper	t	3,637	4,066	(10.6)
Laminate	million m²	14.0	13.8	1.9
Chemicals	thousand t	163.8	147.1	11.3

** From fiscal year 2020/21, activators etc. with a comparatively low palladium content are also included in addition to the palladium standard solutions.*

Purchase of significant materials
attributable to parent company

	Unit	2020/21	2019/20	*Change in %*
Gold	kg	58	99	(41.2)
Palladium*	kg	6	0	n. a.
Copper	t	262	396	(33.7)
Laminate	million m²	1.2	1.3	(5.1)
Chemicals	thousand t	9.4	9.5	(1.0)

** From fiscal year 2020/21, activators etc. with a comparatively low palladium content are also included in addition to the palladium standard solutions.*

Classification of chemicals purchased
in %

		2020/21*	2019/20*	*Change in %*
Explosive	GHS01	–	–	n. a.
Flammable	GHS02	0.21	0.22	(6.2)
Oxidising	GHS03	2.52	2.83	(11.0)
Compressed gas	GHS04	1.61	1.78	(9.7)
Corrosive	GHS05	78.63	79.11	(0.6)
Toxic	GHS06	0.64	0.61	4.5
Irritant	GHS07	31.44	32.02	(1.8)
Health hazard	GHS08	4.79	4.59	4.4
Environmental hazard	GHS09	2.10	2.07	1.4
Non-hazardous	–	14.67	12.18	20.4

** Since one chemical can be included in several hazardous substance categories, the total of all categories is greater than 100%.*

Sustainable Innovation

AT&S relies on innovative strength when industrialising leading-edge technologies. To ensure and further expand this capability going forward, a broad positioning in research and development and teamwork are the key to success. In the financial year 2020/21 an average of 12.6% of all employees worked in one of the research and development departments, or were members of an engineering team.

When it comes to implementing and achieving the climate and energy targets, which among other things include waste reduction, the efficient use of resources and material recycling, it is not enough

Our contribution to the SDGs Field of action: Sustainable Innovation_

6 CLEAN WATER AND SANITATION

Reducing water in the production process is a key objective; this is also dependent on the development of sustainable innovation.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Preventing waste and taking recyclability into account is factored into the development of new technologies. It is sometimes precisely these innovations that make sustainable production possible in the next stage of the process as well.

8 DECENT WORK AND ECONOMIC GROWTH

By taking human rights and social standards into account, AT&S makes a key contribution to SDG 8 right from the innovation development stage and in terms of strategy, market and economic efficiency criteria.

13 CLIMATE ACTION

New innovative solutions make it possible to achieve the climate and energy targets that are part of the AT&S energy strategy. The energy strategy is a central aspect of our sustainability agenda.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Our R&D departments and engineering teams combine environmental awareness with economic growth through their focus on efficiency, productivity gains and technological innovation.

17 PARTNERSHIPS FOR THE GOALS

In the development of sustainable innovation, exchanging knowledge is key. AT&S therefore maintains global partnerships with various universities, NGOs and agencies.

to focus on effectiveness and efficiency. Rather, it takes innovative approaches to accomplish these goals in the long term and incorporate them into the processes.

When the sustainability strategy was developed it was already clear that the fields of action Sustainable Innovation and Environment & Resources would partially overlap. Such overlaps occur in the evaluation of the effects of AT&S's business activities on non-financial issues and on the Sustainable Development Goals (SDGs) of the United Nations.

Despite these overlaps, it is important to view Sustainable Innovation separately from Environment & Resources. From the perspective of the company and our stakeholders, innovation has the highest relevance, as is also shown by the materiality matrix. In addition, it is crucial to firmly embed sustainability in the innovation strategy and in all research and development processes – not least taking into account SDGs 17 "Partnerships for the Goals". To ensure successful project management and the industrialisation of new ideas it is essential to work together on an equal footing. This collaboration is not just about in-house teamwork but strong partnerships and joint development projects with customers, suppliers and research institutions.

WE HELP SHAPE THE FUTURE BY STRIVING FOR INNOVATION

The AT&S innovation strategy is based on sustainability criteria, ensuring that AT&S operates in the interests of future generations and only leading-edge technologies make it to the industrialisation phase. Along with the strategy and market aspects, criteria such as energy and resource consumption, process efficiency and effects on health and safety are taken into account in the evaluation of projects.

Vitality Index

20.7%

(previous year: 30.8%)

The Vitality Index, which reflects the share of total revenue generated with product groups that have been on the market for less than three years, serves as an indicator of innovative strength. AT&S has set the clear goal to further expand technology leadership, meaning that a Vitality Index of at least 20% per year must be attained. The target was met this year with an index value of 20.7%. The costs for research and development projects amounted to € 118.9 million in the financial year 2020/21, which corresponds to a research rate of 10.0%.

The number of patents granted amounted to 429 at the end of the financial year 2020/21, while 67 new applications were submitted. The section "Research and Development" of the Management Report provides further details on due diligence processes, the Vitality Index and patents including year-on-year comparisons.

Research rate (relative to revenue)

10.0%

(previous year: 9.5%)

INNOVATIVE STRENGTH THRIVES ON CREATIVE EMPLOYEES WHO CAN REALISE THEIR IDEAS

Innovation makes a significant contribution to achieving the company's vision "First choice for advanced applications". New and promising ideas continuously emerge in different parts of the company. AT&S relies on continuous activities and constant exchange to boost innovative strength and optimally utilise our employees' creativity. In this context, technically or economically relevant ideas can be submitted through the Idea Tracker. The tool concurrently reviews technical feasibility, analyses projects for their economic benefits and offers possibilities for networking and multiplication.

In 2015, AT&S introduced the Innovation Awards to look for particularly innovative projects of smart and creative employees, who boost the company's innovative strength through their outstanding work. Projects that stand out thanks to their ingenuity can be submitted in the categories technology and administration. The company thus recognises employees who put exceptional passion into their project work, and at the same time increases motivation for the development and implementation of new projects.

The projects are evaluated based on defined categories in line with the AT&S vision and mission. The sustainability aspect of the innovation presented is a key evaluation criterion. Ten out of a total of 16 submitted projects in the financial year 2020/21 fell under the technology category and six under the administration category. In the CSR category, four out of eight finalist projects were rated above or on average.

Along the winning projects in the technology and administration categories, there was also a prize for the most sustainable Innovation Award project. The winning project addresses intelligent manufacturing in line with Industry 4.0, which contributes to efficiency and capacity improvements.

FOCUS ON THE ENVIRONMENTAL IMPACT OF PRODUCTS – OUR ROADMAP TO LIFE CYCLE ASSESSMENT

AT&S has carried out preliminary work in R&D to establish a life cycle assessment (LCA) at the product group level. This is a systematic approach to the analysis of environmental impacts.

A concept for the introduction of an LCA process at AT&S is being developed as part of a research and development project in cooperation with external partners. As a pilot project, a life cycle assessment is carried out for the copper recycling process.

Building on this, the implementation of a large-scale life cycle assessment project at the product group level will provide an extensive overview of all relevant material, process and energy flows. The aim is to identify and reduce manufacturing losses, to optimise resource use and to enable cost improvements. The LCA at the product group level aims to provide sustainable effects and environmental indicators of AT&S products.

WE DRIVE DIGITAL TRANSFORMATION AND HANDLE INFORMATION AND DATA PROTECTION RESPONSIBLY

The industrialisation of leading-edge technology includes the digitalisation of many processes. AT&S attaches great importance to dealing responsibly with information and data protection, which includes an external, independent audit by the competent institutions. Hence, the locations in Hinterberg, Fehring and Düren have been certified according to the ISO 27001 Information Security standard for several years. During the reporting year, this certification was extended to another three sites: Shanghai, Chongqing and Nanjangud. Hacker attacks, attempted online fraud and cyber espionage have been booming during the COVID-19 pandemic. The AT&S IT department has implemented a comprehensive set of measures featuring barriers to block such attacks, thus providing for information security at the office or when working remotely.

After the Digital Transformation Programme (DTP) gained further momentum in the financial year 2019/20, AT&S took the next steps in 2020/21. The content was already addressed in detail in cooperation with the Fraunhofer Institute in the previous financial year, and a total of six fields of action were defined. Along with management and organisational development, employee development, data management and automation of production and administrative processes, the Industry 4.0 technology constitutes the sixth field of action. The objective of DTP is to coordinate and manage all digitalisation and Industry 4.0 projects and to promote the company in a digital world. To this end, it will be necessary to work together even more closely in the future. In the financial year 2020/21, the Digital Transformation Programme mainly focused on structures and the strategy to provide efficient and targeted support in the progressing digitalisation of AT&S.

The number of projects submitted to the AT&S Innovation Awards once again underscores the priority of the topic of digitalisation. In the financial year 2020/21, 44% of the projects submitted supported digital transformation, compared with 39% in the previous year, thus once again showing a slight increase in projects with a digitalisation character.

Employees & Society

The success of AT&S is founded on highly qualified, motivated and satisfied employees. The company bears great responsibility towards them, as well as beyond its own system boundaries. Compliance with anti-corruption laws and human rights, considering diversity and safeguarding health and safety are material topics with suppliers and customers on which AT&S places great value. The strategic field of action Employees & Society comprises all measures related to social responsibility; the focus is on SDGs 4, 6, 8, 10, 16 and 17. AT&S strictly stands for respecting human rights and takes its responsibility as an employer very seriously in this regard. Therefore, any form of child and forced labour is rejected. The topic of human rights including the management approach, due diligence process and the related indicators is allocated to the field of action Sustainable Supply Chain. Nevertheless, the company would also at this point like to emphasise the importance of complying with social standards and respecting human rights, which is associated with SDG 8. It goes hand in hand with SDG 16 and AT&S's policy of zero tolerance towards any form of corruption. The company's contribution to the relevant SDGs can be seen in the following table.

THE AT&S CODE OF CONDUCT PROVIDES THE FOUNDATION FOR PEOPLE AND SOCIETY

The AT&S Code of Conduct lays down all principles that determine our actions with respect to business ethics, working conditions, and health and safety. It also reflects environmentally relevant topics which have a direct and indirect influence on people and society. The rules of conduct are based on the requirements of the Responsible Business Alliance (RBA) and apply to all of AT&S's activities worldwide. Based on these ethical principles and compliance with applicable laws, AT&S strengthens its credibility as a company. Both are fundamental prerequisites for long-term partnerships and sustainable success. AT&S respects and promotes the rights to freedom of opinion and association as well as fair remuneration – not only within our own company but also among business partners. As a responsible employer, the company also ensures that the legally defined working hours are complied with.

Our contribution to the SDGs Field of action: Employees & Society_

4 QUALITY EDUCATION	**AT&S is a responsible employer** that provides all its employees with professional and personal training and development. We do not tolerate any discrimination and are also working on making the importance of sustainability an integral part of how we operate.	10 REDUCED INEQUALITIES	**AT&S stands for economic inclusion,** and firmly believes that diversity is an important factor in ensuring economic and social success. We are therefore committed to equal opportunities for all people with different backgrounds, genders, religions, origins and physical conditions.
6 CLEAN WATER AND SANITATION	**It goes without saying** that we provide all employees worldwide with drinking water and clean sanitary facilities. In addition, we also support water supply projects in the neighbourhood of our plant in Nanjangud, India.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**We commit to complying with** the Austrian Code of Corporate Governance and with our Code of Conduct, reject any form of violence, abuse or taking advantage of children. AT&S has established a whistle-blowing platform so that possible infringements can be reported.
8 DECENT WORK AND ECONOMIC GROWTH	**We are committed to respecting** human rights worldwide and do not tolerate any form of child or forced labour. Decent work also includes high health and safety standards, which we provide based on ISO 45001 certification at all our production sites.	17 PARTNERSHIPS FOR THE GOALS	**Sustainable development** requires collaboration beyond the boundaries of our own systems. AT&S therefore maintains partnerships with various universities, NGOs and agencies.

Well-established processes to prevent corruption and ensure compliance

AT&S pursues a policy of zero tolerance of any form of corruption. Based on the Group-wide anti-corruption directive, which was implemented in 2016, the company ensures that the highest technical and business standards are met at any time. The directive applies to all employees and representatives of AT&S across the globe and defines standards for appropriate business conduct. The content of the directive is conveyed via a range of communication channels in order to raise awareness among employees. In addition, the company pursues a risk-based approach by training employees who are exposed to special risks in connection with their position and responsibilities on special corruption topics. In the financial year 2020/21, 1,216 employees were trained in e-learning courses. Thanks to the high level of acceptance of the new format, an increase by 74% was achieved in comparison with the precious year. The training is completed by taking a final test to review the understanding of the contents conveyed.

The AT&S Capital Market Compliance Guideline aims to prevent abuse of compliance-relevant and inside information in line with the applicable laws and the Austrian Code of Corporate Governance (ACCG). The guideline is applicable to all AT&S employees and corporate bodies including the Supervisory Board. In interactive training courses via the Learning Management System, the persons concerned learn how to act in accordance with the law and regulations and which mandatory requirements must be complied with in the context of anti-corruption, capital market and antitrust laws. 85% of the 244 employees pertaining to one of the areas of confidentiality successfully completed the training in the financial year 2020/21, thus achieving the same level as in the previous year.

It is of central importance to AT&S that its business activities are conducted properly. To enable employees and third parties to report compliance violations regarding AT&S, the AT&S whistleblowing platform “We Care” was set up. The company encourages employees and third parties to anonymously report any misconduct on this platform, whether it is abuse of human rights, suspected corruption, inadequate working conditions or any other violations. The Internal Audit department is responsible for treating all reports confidentially. In the financial year 2020/21 nine reports were filed via the platform and other channels, seven of them anonymously. Six of the reports required detailed investigations, with further measures being initiated as needed.

MORE EMPLOYEES, MORE RESPONSIBILITY

At the end of the financial year 2020/21, AT&S employed 12,059 people. This corresponds to a year-on-year increase by 14.7%, which is due to the growth strategy and the associated increase in the headcount at the Chongqing plant. 2.1% of all employees are contract workers, with the level remaining constant compared with the previous financial year.

Fair remuneration as a basic principle

Employees are remunerated at market conditions and in accordance with the applicable laws, in Austria at least according to the collective agreement. A bonus system, which governs the performance-based share of remuneration, is implemented throughout the Group. This component is linked to the economic performance of AT&S (EBIT, ROCE), its innovative strength (Vitality Index) and the employees’ personal performance. Starting in the financial year 2021/22, the share of renewable energy will additionally be included in the calculation.

The ratio of personnel costs to revenue was 24.4% in the financial year 2020/21, down 3.4% on the previous year. Details are provided in the notes to consolidated statement of profit or loss in the notes to the consolidated financial statements.

Lower attrition rate shows team spirit during the crisis

The attrition rate is an indicator of the satisfaction and motivation of the workforce. The low attrition rate of 13.6%, compared with 15.3% in the previous year, demonstrates that team spirit at AT&S is also strong in times of crisis. AT&S strives to keep the attrition rate as low as possible. In the Mobile Devices & Substrates segment attrition is high among blue collar workers in specific countries. Therefore, standardised employee surveys are conducted at locations with high attrition rates.

THRIVING DIVERSITY AS PART OF OUR CORPORATE CULTURE

As a globally operating company, AT&S always strives to optimally promote and value employees' diversity. Diversity within the workforce also means diverse views, which lead to new ideas and promote creative thinking out of the box. AT&S considers the diversity of its employees a strength of the company. Appreciation of the entire staff increases the satisfaction, motivation and loyalty of employees to the company, enhances efficiency and can have a positive effect on attrition.

Skills and personalities must be identified among the employees and used in a targeted manner to enable the company to respond to globalisation and demographic change with economic success. With its voluntary commitment to the Diversity Charter, AT&S contributes to a working environment in which all employees experience the same appreciation and support, regardless of their nationality, ethnic origin, religion, ideology, disability, age and sexual orientation and identity. The company is committed to creating and maintaining an organisational culture based on mutual respect and appreciation, making diversity and its values an internal and external dialogue and including all employees of the company.

Headcount (at year-end)
in heads

		2020/21			2019/20		
		Male	Female	Total	Male	Female	Total
	White collar	2,848	883	3,731	2,236	741	2,977
Category	Blue collar	5,067	3,261	8,328	4,692	2,842	7,534
	Europe & USA	993	699	1,692	927	653	1,580
Region	Asia	6,922	3,445	10,367	6,001	2,930	8,931
	Mobile Devices & Substrates	5,505	3,248	8,753	4,542	2,759	7,301
	Automotive, Industrial, Medical	2,232	778	3,010	2,236	717	2,953
Segment	Others	178	119	296	150	107	257
	Full-time	7,873	3,934	11,807	6,891	3,384	10,275
Type of employment*	Part-time	35	184	219	29	173	202
Total Group		7,915	4,144	12,059	6,928	3,583	10,511
thereof attributable to parent company		964	675	1,639	898	630	1,528

** excl. inactive employees, e.g. parental or educational leave*

Attrition rate
in %*

	2020/21	2019/20	*Change in %*
Mobile Devices & Substrates segment	16.7	18.7	(10.8)
Automotive, Industrial, Medical segment	5.8	7.5	(22.4)
Others	2.6	5.1	(48.5)
Total Group	13.6	15.3	(11.2)
thereof attributable to parent company	5.4	6.8	(20.2)

** Terminations of contracts by employees compared to average headcount (incl. inactive employees, excl. internships, excl. employees of sales companies).*

AT&S sets ambitious diversity goals

AT&S aims to be an attractive employer for women, people of any age, people of different cultural, national or ethnic backgrounds as well as people with disabilities.

The company already set ambitious goals in the course of developing a comprehensive AT&S diversity strategy. By 2025, the target is a total share of women of 45% and a share of female employees in management positions of 30%.

At 34.4%, the share of women at AT&S was raised slightly compared with the previous year. This also applies to the direct reporting line to the Management Board, where 15.4% of the positions are held by women in the financial year 2020/21, thus exceeding the prior-year value of 13.6%. The share of female employees in management positions amounts to 19.8%. Overall, people of 57 nationalities were employed in the company at the end of the financial year. The average length of service, at 6.0 years, was 6% lower than in the previous year, which is attributable to the significant increase in personnel. The average age in the Group was nearly constant at 33.5 years. The age spread between the youngest and the oldest employee at AT&S is 53 years. As of 31 March 2021, 46 people with a disability worked in the company, 80% of them at the Austrian locations. In the previous year, we employed 49 persons with a disability, also 80% of them in Austria.

The roadmap to achieving the diversity targets

AT&S strives to overcome barriers of any form. Regardless of gender, origin, religion as well as physical and mental disabilities, the company interacts with all people as equals. Intercultural training and language courses in German, English and Mandarin serve to overcome language barriers and explain cultural differences.

All job vacancies in Europe are advertised in an inclusive way using m/f/d, thus also granting intersexual persons a right to an adequate designation in the register of persons in accordance with a ruling of the Austrian Constitutional Court of 15 June 2018.

Diversity of employees (at year-end)
in %, total Group

		2020/21		2019/20	
		White collar	Blue collar	White collar	Blue collar
Gender	Female	23.7	39.2	24.9	37.7
	Male	76.3	60.8	75.1	62.3
Age group	<30 years	31.3	42.3	26.1	43.7
	30–50 years	60.7	53.2	64.9	51.7
	>50 years	8.0	4.4	9.0	4.6

Diversity of employees (at year-end)
in %, parent company

		2020/21		2019/20	
		White collar	Blue collar	White collar	Blue collar
Gender	Female	34.0	47.7	34.6	46.7
	Male	66.0	52.3	65.4	53.3
Age group	<30 years	23.3	27.0	20.5	26.9
	30–50 years	51.3	42.1	54.2	42.6
	>50 years	25.4	30.8	25.3	30.5

The coordination of different areas of life such as work, spare time and family may represent a challenge for many employees. Therefore, the company tries to support the compatibility of work and family life as best possible. This increases motivation while reducing stress and lowering attrition. Depending on the respective circumstances, the company offers more than 100 different working time models and provides courses and seminars to help overcome challenging situations.

To see diversity as an integral part of the company's orientation, diversity and inclusion must be considered in both a local and a global context. Management of diversity across countries requires understanding the social, legal and political environment of each country in which AT&S operates production sites. The implementation of country-specific action plans is planned for the financial year 2021/22.

Diversity in the governing bodies

AT&S pursues the following targets when filling Supervisory Board mandates in accordance with Section 86 para. 7 of the Austrian Stock Corporation Act (AktG): At least 30% women and 30% men should be represented. The age spread between the youngest and the oldest member should be at least 25 years and experience in international companies is mandatory. Interdisciplinary expertise is equally important. The members' expert knowledge should comprise at least topics such as technology/research, electronics/semiconductor industry, law, business and human resource management as well as sustainable management.

The share of women in the Supervisory Board amounts to 23%. With the appointment of Simone Faath, one of four Management Board positions is held by a woman. When advertising positions, AT&S bases its decisions for new appointments on the best qualification irrespective of gender; all qualifications being equal, preference will be given to the underrepresented gender. For further information regarding age and gender of governing bodies, please refer to the Corporate Governance Report.

BRIGHT MINDS HELP US EXPAND OUR TECHNOLOGY LEADERSHIP

Lifelong learning and continuous improvement are among the core elements of AT&S's corporate values and accompany the company in its transformation from a high-end printed circuit board manufacturer to a high-end interconnect solution provider. The goals of AT&S are challenging, the demands placed on employees are growing and there is an increased focus on handling ever more complex projects. Here, the company considers it its duty to support its employees in lifelong learning through competence-oriented training and development addressing specific target groups, enabling individual employee development at a professional and personal level.

Feedback culture must be filled with life and consistently strengthened

In addition, AT&S pursues an open communication and feedback culture promoting the dialogue with employees. The annual appraisal and development interviews, which serve both individual development planning and the communication and feedback culture, play a key role in personnel development. In these interviews, our corporate values – open-mindedness, commitment and responsibility – are a platform for reflection and an important contribution to the promotion of individuals and personal development within the company. As in the previous year, appraisal interviews were conducted with 97% of the salaried employees in the financial year 2020/21. The completion rate of the development interviews, which take place in autumn, was 94%. The fulfilment rate of the previous year was therefore exceeded. The development needs derived from the interviews have a direct influence on the preparation of the training offered in the future.

E-learning on the rise – accelerated by COVID-19

New learning concepts and the successful handling of digital media are continuously gaining importance. The COVID-19 pandemic has additionally accelerated these developments. The aim is to expand the offering of virtually held training units and the e-learning offering, which will result in many new training and development opportunities for the employees. The extensive and diverse range of training offered is adapted to the needs of the respective locations and to the current COVID-19 situation. AT&S already uses a variety of e-learning formats and will increasingly rely on the establishment of further virtual learning offers in addition to in-person training in the future. Examples include "LinkedIn Learning" and the online language training courses of "Speexx".

Total employees_Absolute

12,059

Proportionally represented in the following countries_in %

China	72.2
Austria	13.6
India	11.3
South Korea	2.2
Other	0.7

Number of female employees_Absolute

4,144

Proportionally represented in
_in %

Total staff	34.4
Management Board	25.0
Supervisory Board	23.1
First management level	15.4
Management positions	19.8

Number of nationalities
_Absolute

57

Average age
_of all employees in years

33

Average age
_by country in years

China	32
Austria	41
India	33
South Korea	37

As of 31 March 2021

Every employee completed an average of 14.5 hours of training in online or in-person classes in the financial year 2020/21. In addition, the familiarisation training of new employees as well as continuous training and qualification are held directly at the workplace. AT&S invested a total of € 828 thousand in external training and development measures in the financial year. These costs are reported under the expense type “Other” in the consolidated statement of profit or loss in the notes to the consolidated financial statements.

Career with an apprenticeship at AT&S

AT&S also attaches great importance to promoting young people in order to provide for the next generation of specialists. AT&S currently offers training in mechanical engineering, process technology, chemistry, physics, mechatronics and in the commercial area. At the end of the financial year 2020/21, AT&S trained 35 apprentices, 34 of them in Austria and one in Germany. 17 people successfully completed their apprenticeship, while 16 new apprentices started their training.

Austrian-Indian research cooperation

With a new research cooperation between universities in Austria and India, AT&S is building on optimally connected players in the area of high-frequency research. This combination of studying abroad and applied teaching at AT&S opens up the opportunity to obtain new research findings on the one hand and, on the other hand, directing the attention of young talents to the opportunities at AT&S, also in an international context.

HEALTHY EMPLOYEES FOR A HEALTHY WORKING CLIMATE

The success of AT&S is to a significant extent based on the performance of its employees, their motivation, engagement and potential. However, employees will only be able to deliver top performance when their work environment is conducive to satisfaction and wellbeing. This includes identifying and eliminating risks and hazards in the workplace in advance since only employees who feel good in their workplace and are physically healthy can perform optimally and thus create added value for the company.

High safety standards minimise the risk of occupational accidents

Prevention measures, targeted training as well as compliance with RBA requirements with respect to occupational health and safety are part of the company's high safety standards. All locations are certified according to the occupational health and safety standard ISO 45001. Continuous workplace inspections and evaluations are part of the management systems and due diligence processes of the certification. In addition, the AT&S plant in Shanghai has received the new QC 080000 Hazardous Substance Process Management System Certificate as a result of thoroughly addressing the handling of hazardous substances.

During the financial year 2020/21, the rate of occupational accidents (per 1 million working hours) declined again from 2.5 to 1.8. The average monthly days lost (per 1,000 FTE) rose from the very low prior-year value of 6.2 to 7.4. At 0.7%, the rate of absences was also lower than in the previous year (0.9%). Absences related to quarantine and/or illness due to COVID-19 were measured separately and amounted to 0.04%. This low percentage shows that the right measures were taken at the right time.

The company's endeavour to minimise accident risk is underscored by its functioning occupational safety management. No fatal accident occurred in the entire Group. As a responsible employer, the company continuously works on protecting its employees' health and to prevent work-related stress and occupational accidents as far as possible. Contract workers are considered an integrated part of the occupational safety indicators. Accidents on the way to and from work are not included in occupational accidents.

AT&S offers all employees at the Austrian locations the opportunity to use professional psychological online advice free of charge and anonymously within the framework of an external collaboration. Whether private or job-related topics, the platform will deal with the issues of those seeking advice in a variety of different areas.

Expenditures on external training
in thousand €

	2020/21	2019/20	Change in %
Mobile Devices & Substrates segment*	276	371	(25.8)
Automotive, Industrial, Medical segment	242	393	(38.3)
Others	310	471	(34.2)
Total Group	828	1,235	(33.0)
thereof attributable to parent company	541	821	(34.1)

** Expenditures in the Mobile Devices & Substrates segment corrected for training measures that did not take place due to COVID-19.*

Dealing with the COVID-19 pandemic to protect our employees throughout the Group

In the past financial year AT&S always strived to minimise the dangers and effects of the COVID-19 pandemic – and did so successfully. AT&S was able to protect the health of all employees as best possible and position the company safely in this challenging environment.

The risk of infection was high over the past months and is still exists at present. An increased incidence of COVID-19 cases would have particularly severe consequences for ongoing operations in companies. In order to counter this challenge with appropriate measures, a COVID-19 task force was installed for all production sites. The goal of this task force was, and still is, a close exchange between the locations among other things. We were able to learn from the colleagues at the Chinese locations and implement effective measures quickly.

The measures implemented to protect our employees' health ranged from temperature measurements when entering the company premises and testing possibilities, remote working regulations and information platforms to strict distancing rules, mandatory mask-wearing and issuing masks and disinfectants. There were only minor variations depending on the requirements of the locations.

In the course of the pandemic-related expansion of the remote working regulations previously in place, investments were also made in the required IT infrastructure and security in order to guarantee a stable and secure environment.

To show how everyone's daily work routine changed from one day to another due to the COVID-19 pandemic, the ALL. TOGETHER. STRONG. campaign was initiated. With team spirit and mutual support, people in the company managed to work together successfully even during this difficult phase. AT&S is convinced that maximum protection for all employees will continue with the measures taken. The flexibility and dynamic management of AT&S was proven in this exceptional situation. The occurrence of infections will also be monitored continuously in the future and appropriate measures will be taken as required.

WE TAKE SUSTAINABLE ENGAGEMENT SERIOUSLY – AS PROVEN BY NUMEROUS AWARDS

AT&S attaches great importance to safeguarding the needs and business goals of our key stakeholders and promoting sustainable development. In addition to the best customer service, this includes the highest quality, production, environmental and social standards. In the financial year 2020/21, the company received around 15 awards and prizes from different stakeholder groups.

Together with other renowned Austrian stock corporations, AT&S was a member of the VÖNIX sustainability index again in 2020/21.

Occupational safety

	Ratio of accidents (with ≥ 1 lost working day per 1 million working hours)			Ratio of average monthly lost working days (per 1,000 FTE)		
	2020/21	2019/20	*Change*	2020/21	2019/20	*Change*
Mobile Devices & Substrates segment	1.0	2.1	(1.1)	7.5	7.0	0.4
Automotive, Industrial, Medical segment & Others	4.0	3.2	0.7	7.1	4.3	2.8
Total Group	1.8	2.5	(0.6)	7.4	6.2	1.1
attributable to parent company	5.2	4.6	0.6	7.6	6.0	1.6

The index rates the performance of companies with regard to ecological and social activities.

Numerous awards for our Asian plants make the relevance of environmental protection visible. The Chongqing plant was evaluated in terms of compliance with environmental laws and regulations and awarded the "Environmental Protection Credible Enterprise" certificate for the fourth year running. AT&S Shanghai consolidated its leading position in the area of environmentally friendly production in the industry and was awarded the "Cleaner Production Audit" certificate for the third consecutive time by the authorities and the "Production Safety Excellence" certificate for the sixth consecutive time.

AT&S prevailed over strong competition in the financial year 2020/21 and received the Export Prize 2020 in gold in the category "Industry". In addition to innovative strength and decade-long success, AT&S in many areas serves as a role model of how industrial enterprises can approach the topic of sustainability.

Social and societal engagement as part of our corporate culture

At the Austrian locations, the AT&S Social Fund has been established. Following the motto "We care about people", this fund is financed by employees and the company. The type and amount of the support are defined in an anonymised decision by a committee specifically set up for this purpose.

Inclusion, mutual appreciation and support are a vital part of the everyday work environment at AT&S. As part of the cooperation with a Down syndrome centre in Leoben, the company enables the centre's employees to enter into an interactive exchange with business, creating added value for all those involved.

AT&S engages with a wide range of institutions and initiatives in the communities of our production sites. The employees of AT&S Shanghai visited the retirement home in Zhuangiao again. Since 2015, AT&S Chongqing has supported a number of local childcare activities in cooperation with the local government. AT&S colleagues voluntarily help out with the holistic support of pupils of the Changxin elementary school in Tongnan with extensive measures regarding health, education, and loving and proper care.

In the turbulent times when the COVID-19 pandemic and the related social isolation have a massive impact on people's normal life, AT&S India helps them out. The AT&S team in India joined together to provide the local people with direct support. AT&S India continues its multi-faceted CSR initiatives to support the fight against COVID-19 and provided the people living in the villages of Kanaka Nagar and Chamalapura Hundi with food packages.

AT&S India regularly carries out social initiatives like these. The CSR activities include health care and sanitary provision, education and environmental issues.

Sustainable Supply Chain

AT&S bears responsibility for its ecological, economic and social actions. This also applies beyond its own system boundaries and includes responsible sourcing and functional supplier management. The probability of risks of compliance violations, human rights abuses, poor working conditions or environmental offences increases the further away processes are from the company's direct control. To counter such risks, the Sustainable Supply Chain field of action considers all dimensions of sustainability with the material topic human rights. In addition, responsible governance includes business partners beyond our own system boundaries. Therefore, the UN Sustainable Development Goals (SDGs) that underline both sustainable business practices and the promotion of collaboration with suppliers were identified as central SDGs. AT&S relies on exchanges on an equal footing, strong partnerships with all suppliers who, like AT&S, reject human rights abuses, corruption and discrimination and consequently comply with all applicable legislation.

OUR ENGAGEMENT GOES BEYOND AT&S SYSTEM BOUNDARIES

The AT&S Supplier Code of Conduct was established to ensure that economic, ecological and social standards are complied with along the supply chains. The Code is based on the guidelines of the Responsible Business Alliance (RBA) and is publicly accessible on the website, along with the General Terms and Conditions of Purchase and Guidelines for the Regulation of Environmental Related Substances in accordance with the REACH Regulation. With the Supplier Code of Conduct, AT&S provides its partners and suppliers with a framework for a balance between ethical responsibility and profit optimisation, taking into account topics such as business ethics, management practices, health and safety, labour and human rights as well as environmental protection. 80% of AT&S's purchasing volume is covered by approximately 140 suppliers who are considered to be essential. All of these suppliers had signed the Supplier Code of Conduct at the end of the financial year 2020/21. As a result, the target of 100% was met. Furthermore, the Code was signed by 83% of those suppliers who account for another 15% of AT&S's purchasing volume.

Proportion of Code of Conduct signed (material suppliers)

100%

(previous year: 95%)

THE INTEGRATION OF SUSTAINABILITY ASPECTS ALONG THE VALUE CHAIN PREVENTS NEGATIVE IMPACTS ON THE ENVIRONMENT AND SOCIETY

In the financial year 2020/21, an audit schedule was prepared on the basis of an established, risk-based approach. Despite the difficult situation due to the COVID-19 pandemic, 46 audits were performed, of which 17 audits covered business ethics and compliance with human rights in addition to general social and ecological topics. During these 17 audits, 14 minor deviations in the areas of business ethics, working conditions and human rights were registered. The company is working on eliminating these deviations together with the suppliers concerned. In the previous year, 55 audits were carried out, of which 34 audits covered business ethics, working conditions and compliance with human rights.

Our contribution to the SDGs Field of action: Sustainable Supply Chain_

Compliance with ecological, ethical and social standards is the highest priority for us in all our business relationships. We communicate this clearly through our Supplier Code of Conduct and examine compliance in supplier audits.

The Supplier Code of Conduct and audits also ensure that our business partners employ responsible management practices and clearly reject any form of bribery, corruption, violence, abuse, or taking advantage of children.

Both internally and with partners and suppliers, we demand a clear positioning on the issues of economic inclusion, equal opportunities and anti-discrimination. This is reflected in our Code of Conduct.

When it comes to achieving sustainability goals, both internally and with suppliers, we rely on cooperation on an equal footing and work to establish long-term partnerships.

We support our suppliers in their efforts to implement sustainable procurement practices, transparent sustainability management and maximum resource efficiency in their processes as well. The AT&S Supplier Code of Conduct forms the basis for this.

In the financial year 2020/21 further possibilities to anchor ecological and social aspects more strongly within the value chain were evaluated. Therefore, topics relevant to sustainability are to become an integral part of AT&S's supply chain strategy in the future.

Number of supplier audits

46 audits

(previous year: 55 audits)

A COMPLIANT SUPPLY CHAIN RESPECTS HUMAN RIGHTS – UP TO THE SOURCING OF OUR MINERALS

AT&S's high-end technology products require the processing of valuable minerals, whose extraction may involve an intensive process with a number of social and ecological risks. The sourcing of and trade in minerals in particular can have considerable negative effects, including severe human rights violations, money laundering and conflicts. AT&S is committed to the Responsible Minerals Initiative (RMI) and thus contributes to counteracting negative effects occurring as a result of the production and processing of minerals within the value chain. The RMI is an initiative line with the United Nations and the OECD Guidelines for multinational enterprises, to which AT&S is also fully committed. AT&S meets the requirements of EU Regulation 2017/821 and those of the Dodd Frank Acts Section 1502 of the US Congress. AT&S complies with the due diligence process of the RMI and its definition of so-called conflict minerals, of which AT&S uses gold and tin in production. In addition, suppliers of these minerals are contacted at regular intervals or in cases of acute suspicion and transparent reporting using the RMI's Conflict Minerals Reporting Template (CMRT) for the entire supply chain is demanded. RMI publishes and continuously updates a list of smelting plants and mines that have been audited and conform to the rules. AT&S exclusively accepts an RMI-compliant supply chain: 100% of the suppliers have committed to a 100% RMI-compliant supply chain. This is something the company is very proud of. These requirements are also reflected in the Supplier Code of Conduct, which can be accessed, along with the CMRT of the AT&S Group, on the company's website.

RMI compliance of our supply chain

100%

(previous year: 100%)

GRI Content Index

GRI standard (2016)	Disclosure	Page in the report, URL or reason for omission
Organisational profile		
102-1	Name of the organisation	p. 192
102-2	Activities, brands, products, and services	p. 5
102-3	Location of headquarters	p. 4
102-4	Location of operations	p. 101 f.
102-5	Ownership and legal form	p. 78 and 192
102-6	Markets served	p. 5
102-7	Scale of the organisation	p. 2
102-8	Information on employees and other workers	p. 65 f.; disclosure on fixed-term employment contracts internationally not consistently possible
102-9	Supply chain	p. 46 f.
102-10	Significant changes to the organisation and its supply chain	none
102-11	Precautionary Principle or approach	p. 49 f. and 108 ff.
102-12	External initiatives	p. 44 f.
102-13	Membership of associations	p. 44 f.
Strategy		
102-14	Statement from senior decision-maker	p. 44
102-15	Key impacts, risks, and opportunities	p. 49 f. and 108 ff.
Ethics and integrity		
102-16	Values, principles, standards, and norms of behaviour	p. 44, 48 and 63 f.
102-17	Mechanisms for advice and concerns about ethics	p. 63 f.
Governance		
102-18	Governance structure	p. 46
Stakeholder engagement		
102-40	List of stakeholder groups	p. 49
102-41	Collective bargaining agreements	p. 64
102-42	Identifying and selecting stakeholders	p. 49
102-43	Approach to stakeholder engagement	p. 49
102-44	Key topics and concerns raised	p. 49 ff.
Reporting practice		
102-45	Entities included in the consolidated financial statements	p. 122 f.
102-46	Defining report content and topic boundaries	p. 48 ff.
102-47	List of material topics	p. 52
102-48	Restatements of information	none
102-49	Changes in reporting	none
102-50	Reporting period	01/04/2020 - 31/03/2021
102-51	Date of most recent report	10/06/2020
102-52	Reporting cycle	annual
102-53	Contact point for questions regarding the report	Annual Report: Gerda Königstorfer Non-financial Report: Nadja Noormofidi

GRI standard (2016)	Disclosure	Page in the report, URL or reason for omission
102-54	Claims of reporting in accordance with the GRI Standards	p. 44
102-55	GRI content index	p. 74 f.
102-56	External assurance	p. 37
303 (2018)	**Water and Effluents**	
103-1;-2;-3	Management Approach	p. 57 f.
303-3	Water withdrawal	see CDP Water Security Report (www.cdp.net)
303-4	Water discharge	see CDP Water Security Report (www.cdp.net)
303-5	Water consumption	p. 57 and CDP Water Security Report (www.cdp.net)
305	**Emissions**	
103-1;-2;-3	Management Approach	p. 54 ff.
305-1	Direct (Scope 1) GHG emissions	p. 55 f. for further information see CDP Climate Change Report (www.cdp.net)
305-2	Energy indirect (Scope 2) GHG emissions	p. 55 f. for further information see CDP Climate Change Report (www.cdp.net)
305-3	Other indirect (Scope 3) GHG emissions	p. 55 ff. for further information see CDP Climate Change Report (www.cdp.net)
305-4	GHG emissions intensity	p. 55 ff. for further information see CDP Climate Change Report (www.cdp.net)
305-5	Reduction of GHG emissions	p. 54 f.; for further information see CDP Climate Change Report (www.cdp.net)
306	**Effluents and Waste**	
103-1;-2;-3	Management Approach	p. 57 ff.
306-2	Waste by type and disposal method	p. 58; distinction by disposal method not available
403 (2018)	**Occupational Health and Safety**	
103-1;-2;-3	Management Approach	p. 69 ff.
403-9	Work-related injuries	p. 69 f.; types of injury not available
404	**Training and Education**	
103-1;-2;-3	Management Approach	p. 67 ff.
404-2	Programs for upgrading employee skills and transition assistance programs	p. 67 ff.
404-3	Percentage of employees receiving regular performance and career development reviews	p. 67
405	**Diversity and Equal Opportunity**	
103-1;-2;-3	Management Approach	p. 65 ff. and 40 ff.
405-1	Diversity of governance bodies and employees	p. 65 ff. and 40 ff.
406	**Non-discrimination**	
103-1;-2;-3	Management Approach	p. 63 f.
406-1	Incidents of discrimination and corrective actions taken	p. 63 f.
414	**Supplier Social Assessment**	
103-1;-2;-3	Management Approach	p. 71 ff.
414-2	Negative social impacts in the supply chain and actions taken	p. 71 ff.

AT&S ON THE CAPITAL MARKET

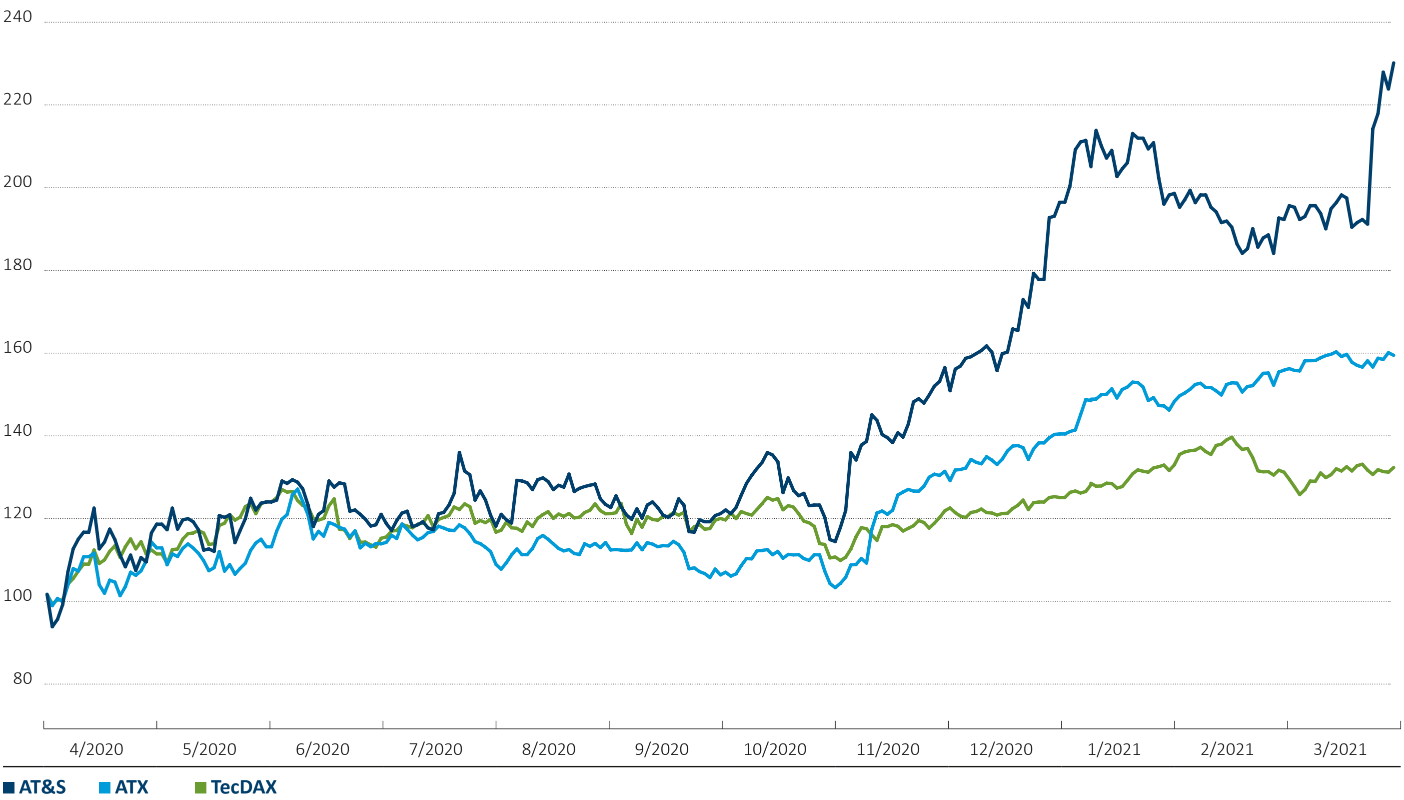
The development in the capital markets in the financial year 2020/21 was strongly impacted by the events surrounding the COVID-19 pandemic. The restrictions imposed on public life as a result led to massive economic downturns and increased unemployment rates. However, the extensive support measures implemented by many governments and the most important central banks, coupled with the successful development of vaccines, led to a significant improvement in the sentiment on the international stock markets in the course of the year.

After a strong first quarter, the Euro STOXX 50 showed a subdued development until the autumn. However, the index subsequently started a continuous upward trend until the end of the financial year, marking its high for the reporting period in March 2021. The Dow Jones Industrial Average in turn hardly showed any weakness, trending upwards basically all year. As a result of this development, a new all-time high was reached in March 2021. All in all, both the Euro STOXX 50 (+41%) and the Dow Jones Industrial Average (+50%) recorded significant gains. The indices on the Vienna Stock Exchange saw an even better development, with substantial gains for both the Austrian lead index ATX (+58%) and the more broadly based ATX Prime (+57%).

PERFORMANCE OF THE AT&S SHARE

The AT&S share started the financial year 2020/21 with significant gains in April 2020. Against the backdrop of uncertain developments in some customer industries due to COVID-19 and the associated low visibility regarding further business developments, the AT&S share moved sideways for several months and only started to take off again in late October. This increase in the share price was on the one hand supported by positive reports on the demand for smart-

Share price development
AT&S compared to ATX and TecDAX



phones and, above all, IC substrates. On the other hand, it was also related to the excellent project execution in Chongqing presented in the half-year report and the positive outlook for the financial year 2020/21. The upward trend peaked on 21 January 2021, when a new all-time high of € 28.60 was reached. Although AT&S reported the highest quarterly and 9-month revenue ever generated in early February and also increased its outlook for the full year, the share price slipped and entered into a phase of slight weakness. However, in the course of the publication of an additional investment of € 200 million in plant III in Chongqing and the early achievement of the medium-term targets for revenue and the EBITDA margin, it picked up significantly at the end of the financial year, reaching a then new all-time high of € 31.10. At the end of the financial year on 31 March 2021, the AT&S share closed at a price of € 30.60, recording a gain of roughly 128% for the financial year 2020/21.

CONVEYING THE GROWTH STORY

In the past financial year, Investor Relations focused its capital market communication on further strengthening investors' trust in the company, its growth story "More than AT&S" and in the industry. In the wake of the COVID-19 pandemic, the IR team intensified its financial market communication and rapidly switched to virtual activities.

The Management Board and the IR team provided information in roughly 400 contacts as part of virtual road shows, investor conferences, conference calls as well as one-on-one talks about the operating development and progress made in the implementation of the strategy and ongoing projects. The 26th Annual General Meeting was also held completely virtually for the first time. In its communications, the company strives to provide transparent, equal and proactive information to all capital market participants. AT&S offers interested capital market participants regularly updated documents such as annual and quarterly reports as well as presentations on its Investor Relations page at **www.ats.net/investors** for viewing and download. For the first time, the online annual report was added to this offering, featuring exciting interactive content.

Key share figures

	Unit	2020/21	2019/20
Closing price on 31 March	€	30.6	13.4
High	€	31.1	23.6
Low	€	12.3	9.2
Market capitalisation (end of reporting period)	€ in millions	1,188.8	521.0
Average share turnover per day	€ in thousands	1,558.6	1,569.7
Average number of shares traded per day	–	77,563	96,739
Dividend per share*	€	0.39	0.25
Dividend yield (at the closing price)	%	1.3	1.9
Earnings per share	€	1.01	0.3
Book value per share	€	20.6	19.6
Price-earnings ratio per share	–	30.3	39.4

** 2020/21: proposal to the Annual General Meeting*

AT&S bond

	Due on	Coupon	Issue size
Hybrid bond ISIN: XS1721410725	24/11/2022	4.75%	€ 175 million

AT&S share

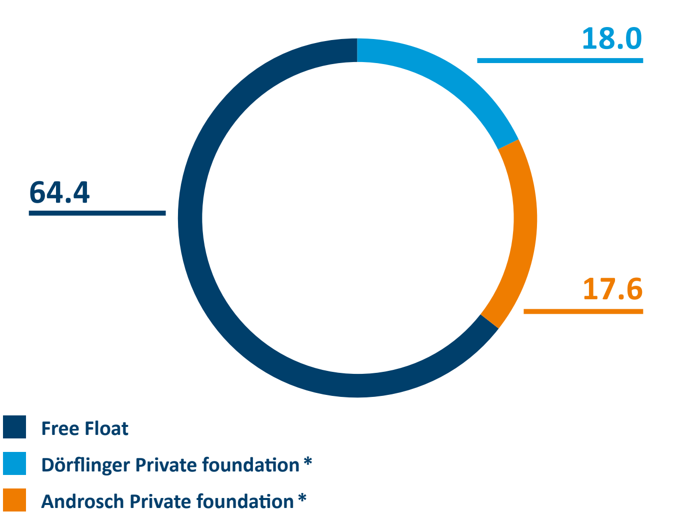
Securities Identification No./ISIN	922230 / AT0000969985
Ticker symbols	Thomson Reuters: ATSV.VI Bloomberg: ATS:AV
Stock listing	Vienna
Indices	ATX, ATX GP, WBI, VÖNIX
Number of ordinary shares	38.850.000

Analyses of the AT&S share

	Analyst recommendations*
Erste Group	Buy
Raiffeisen Bank International	Hold
Berenberg Bank	Hold
Commerzbank	Buy
Kepler Cheuvreux	Buy

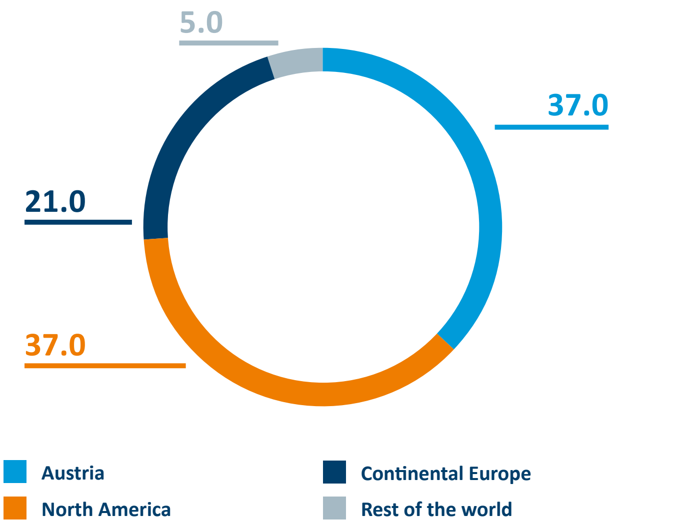
** As on date of publication*

Shareholder structure
in %



** Including direct and indirect holdings*

Shareholder Structure by Region (institutional investors)*
in %

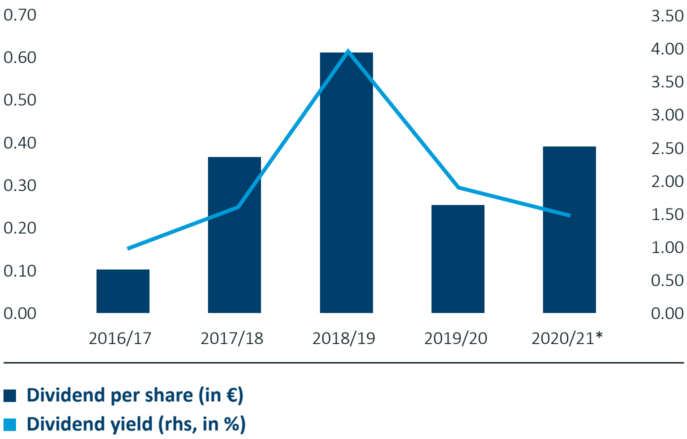


** Only includes identified investors*

AT&S financial calendar

28/06/21	Record Date Annual General Meeting
08/07/21	27th Annual General Meeting
27/07/21	Ex-Dividend Day
28/07/21	Record Date Dividend
29/07/21	Dividend Payment Day
03/08/21	Publication of the first quarter 2021/22
04/11/21	Publication of the first half-year 2021/22
03/02/22	Publication of the first three quarters 2021/22
17/05/22	Publication Preliminary Annual Results 2021/22

Dividend development
Dividend and dividend yield



** Proposal to the Annual General Meeting*

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Group management report

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1. MARKET AND INDUSTRY ENVIRONMENT

1.1. General economic environment

A year with COVID-19

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

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

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

1.2. Industry environment

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

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

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

[4] IDC "PCD Tracker Q4 2020", February 2021
[5] Prismark "Electronics Supply Chain Reporter, Q4 2020", December 2020
[6] Prismark "Electronics Supply Chain Reporter, Q1 2021", March 2021

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

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

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

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

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

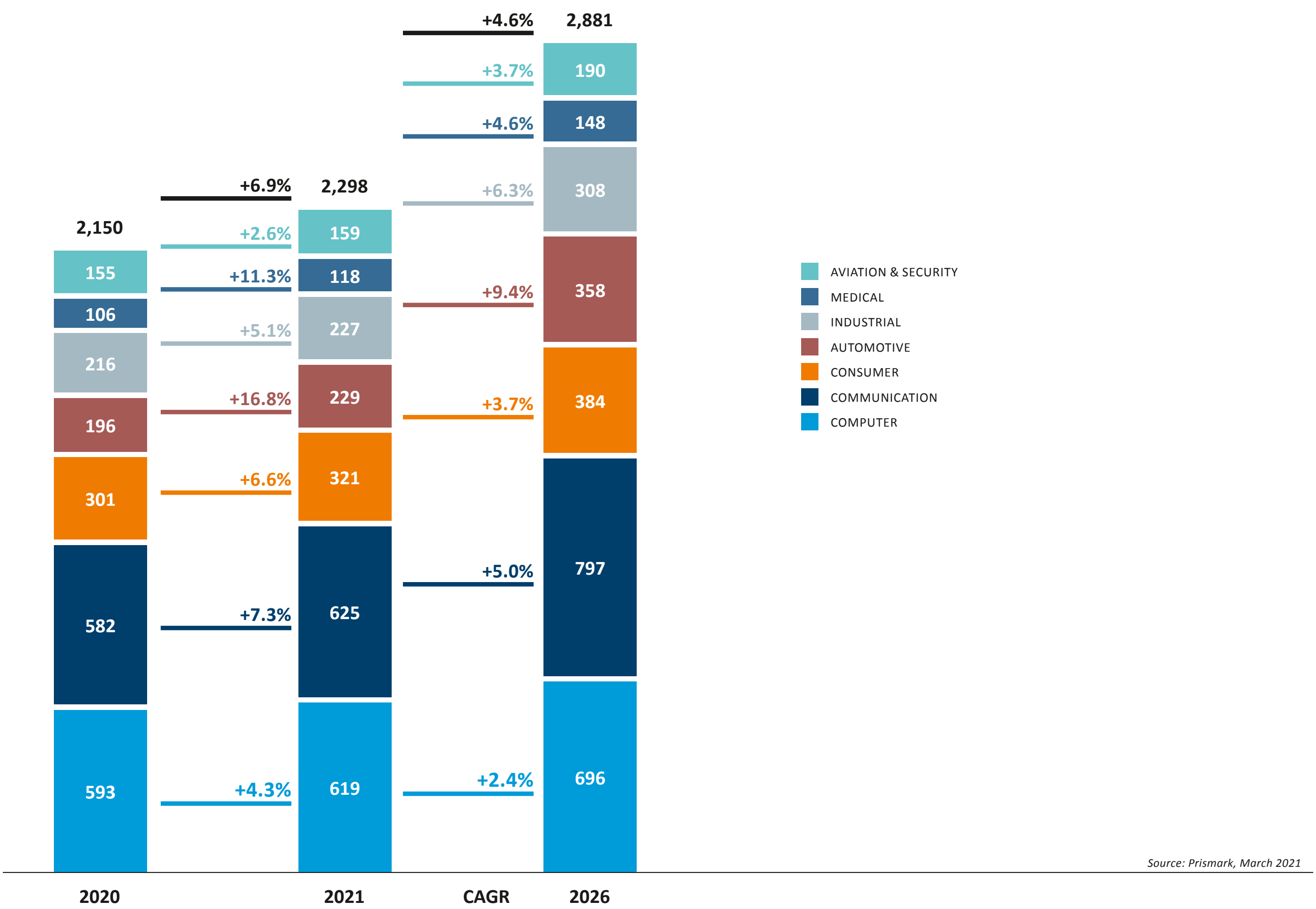
Trends such as those towards more e-sports, video-on-demand and online trading accelerate the need for more IT infrastructure – even if the number of end devices remains constant. The number of servers in data centres is projected at 5% stable growth.[15] As complexity is steadily increasing, the growth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

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

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

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

Electronics market by segment
US$ in billions



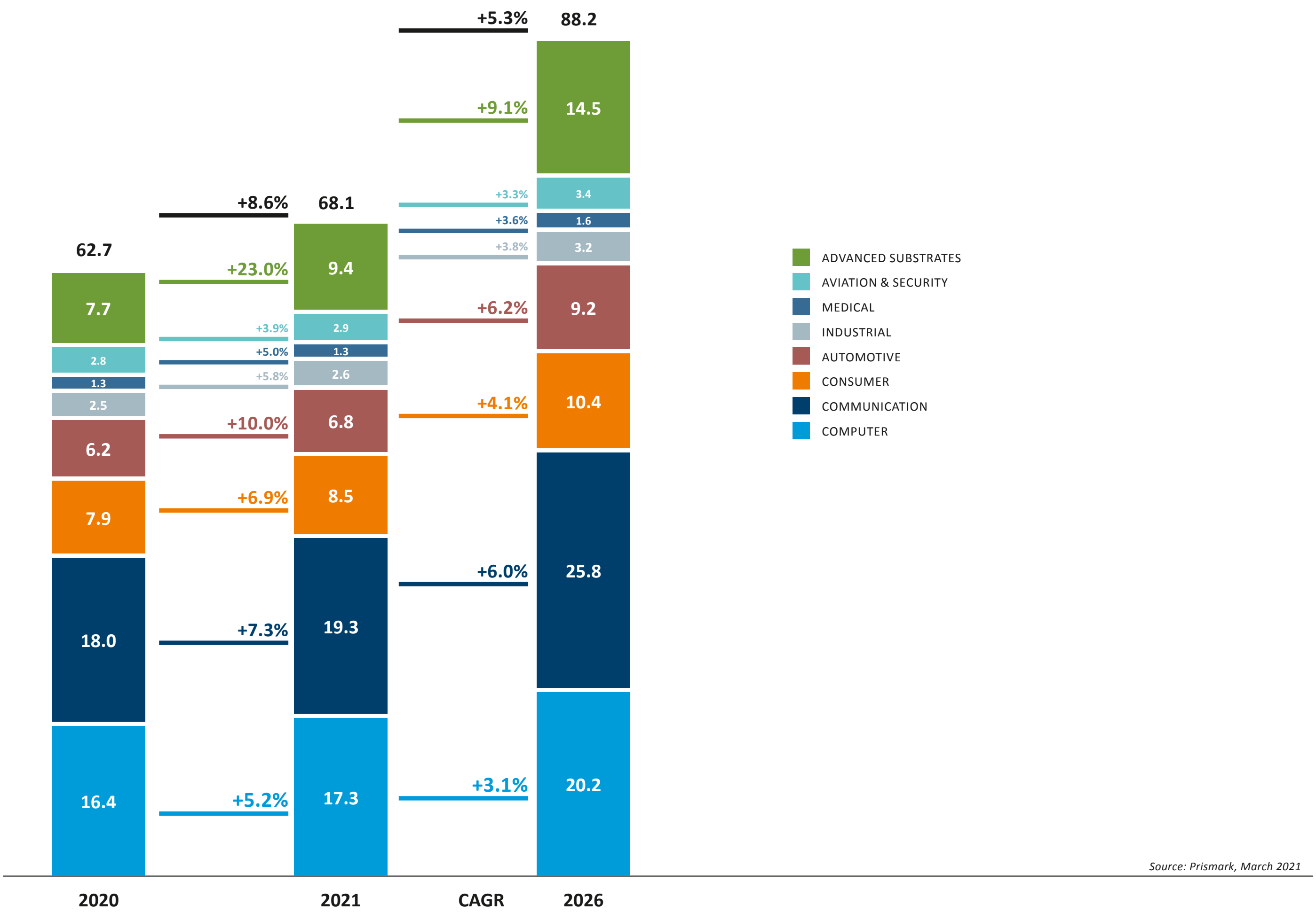
Source: Prismark, March 2021

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

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

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

Substrates and PCB market
US$ in billions



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

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

Technology: Modularisation and chiplets

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

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

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

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

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

[18] Yole "Machine Vision for Industry and Automation 2021, Market and Technology Report 2021", January 2021
[19] Statzon "2021 Global Collaborative Robot Industry Report", March 2021
[20] Roland Berger "COVID-19: Konsolidierungsturbo für die MedTech-Branche", November 2020
[21] TechSearch Inc "Quantifying the Impact of Heterogeneous Integration: Chiplets and SiP", February 2021

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

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

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

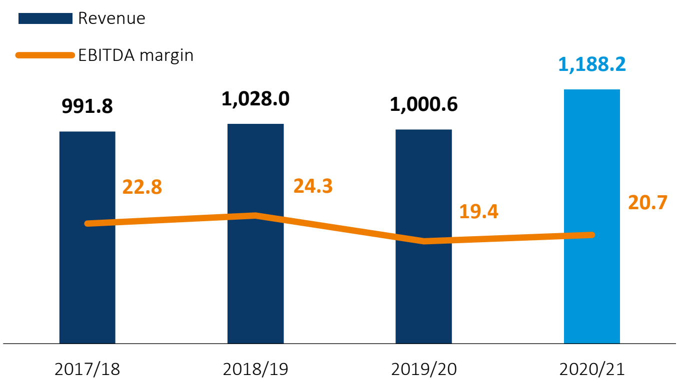
2. ECONOMIC REPORT

2.1. Overall development of the Group

AT&S successfully manages challenging environment

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

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



2.2. Earnings development in the Group

Revenue up 18.8%

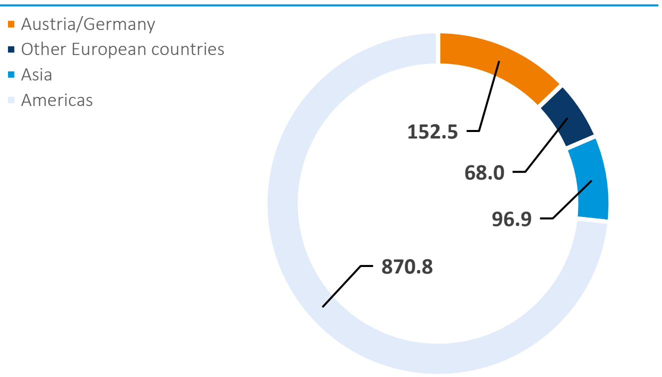
Revenue increased by 18.8% year-on-year and amounted to € 1,188.2 million.

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

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

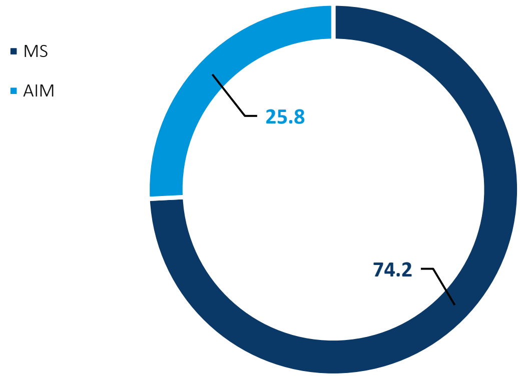
The effects of recognising revenue over time, which is required for a number of customers in accordance with IFRS 15, led to an increase in reported revenue by € 24.5 million or 2.1% (effect in the previous year: decrease by € 3.1 million or -0.3%). For further information please refer to the notes to the consolidated financial statements.

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



The regional revenue structure based on customers' headquarters shows a share of 73.3% for America compared with 68.3% in the previous year. The share of products manufactured in Asia rose slightly from 86.5% to 87.7%.

Revenue from external customers by segments
in %

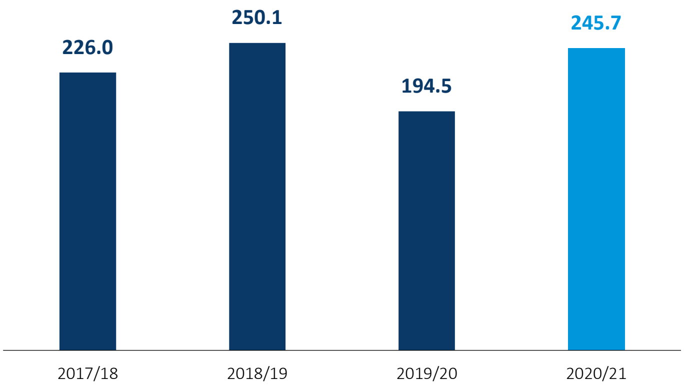


Revenue split by segment showed the following picture: The share of the Mobile Devices & Substrates (MS) segment in external revenue rose to 74.2% (previous year: 68.5%), the share of the Automotive, Industrial, Medical (AIM) segment declined to 25.8% (previous year: 31.5%). Further information on the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

EBITDA increases to € 245.7 million, EBITDA margin 20.7%

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

Development of EBITDA
€ in millions



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

Result key data
€ in millions (unless otherwise stated)

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

Increase in expense items

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

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

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

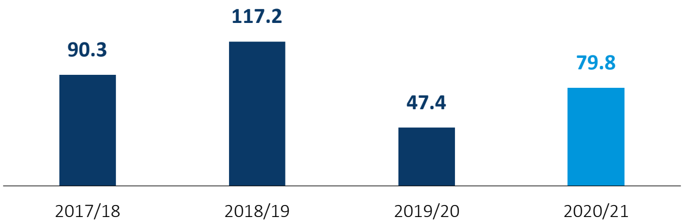
Other operating income declined from € 12.9 million to € -3.6 million. This was mainly due to a decrease in the exchange rate result by € 16.1 million in the financial year 2020/21, which resulted primarily from the measurement of receivables and liabilities denominated in the weaker US dollar.

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

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

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

Development of EBIT
€ in millions



Finance costs – net

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

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

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

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

The significant negative deviation in finance costs – net is attributable to currency effects. Negative exchange rate differences of € 8.1 million were recognised as expenses in the finance costs – net in the financial year 2020/21 (previous year: income of € 3.8 million). The exchange rate differences resulted predominantly from the measurement of liquid foreign currency funds and debts.

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

Profit for the year improves

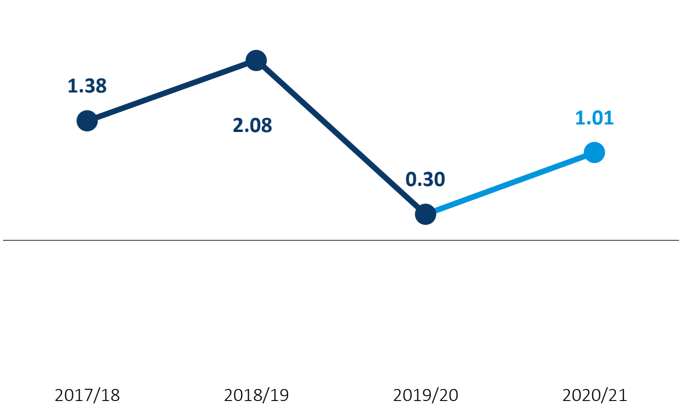
Profit for the year increased from € 19.8 million in the previous year by € 27.6 million to € 47.4 million. The Group's tax expense amounts to € 12.2 million (previous year: € 18.9 million).

Current income taxes rose to € 12.8 million (previous year: € 11.4 million). Deferred tax expenses (previous year: € 7.5 million) changed by € 8.1 million, turning into deferred tax income of € 0.6 million. This change was primarily caused by higher capitalisation of loss carryforwards as well as lower depreciation at AT&S China than in the previous year, which led to lower deferred tax assets at the same time.

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

Earnings per share increased from € 0.30 to € 1.01, with the number of shares outstanding remaining unchanged. In the calculation of earnings per share, interest on hybrid capital of € 8.3 million (previous year: € 8.3 million) was deducted from the profit for the year.

Earnings per share[1)]
in €



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

2.3. Earnings development in the segments

Mobile Devices & Substrates segment

The Mobile Devices & Substrates segment continued its positive development in the financial year 2020/21. The satisfactory performance of the segment is primarily attributable to the increased investments of the past years, which will be

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

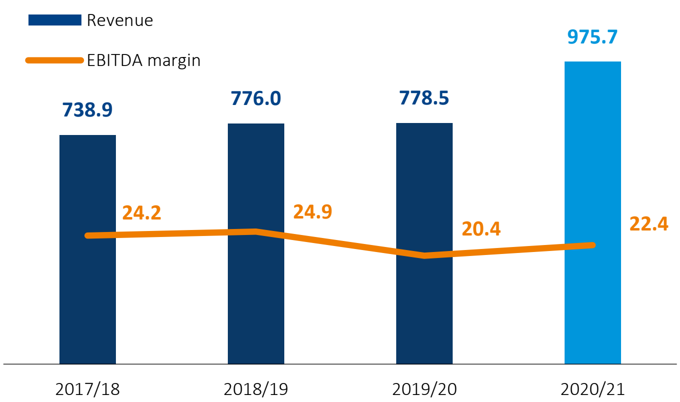
	2020/21	2019/20	Change in %
Segment revenue	975.7	778.5	25.3%
Revenue from external customers	881.7	685.9	28.6%
Operating result before depreciation and amortisation (EBITDA)	218.6	158.6	37.9%
EBITDA margin (%)	22.4%	20.4%	
Operating result (EBIT)	81.8	37.7	>100 %
EBIT margin (%)	8.4%	4.8%	
Additions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

continued unabated in the near future. The successful start-up of the expanded production capacities in Chongqing, which serve the growing demand for ABF substrates, contributed significantly to revenue growth. The broader customer and application portfolio of mobile devices and the demand for printed circuit boards for modules also had a positive impact. Negative currency effects had a reducing effect on earnings.

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

With a revenue share of 74.2% (previous year: 68.5%), the Mobile Devices & Substrates segment is still the largest segment of the AT&S Group.

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



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

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

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

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

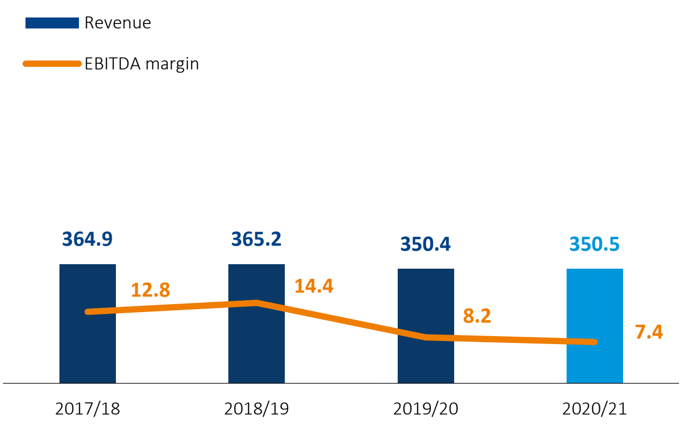
Additions to fixed assets rose by € 281.9 million or 130.5 % to € 497.9 million (previous year: € 216.0 million). Apart from additions of € 421.5 million for ongoing expansion, replacement and technology upgrades at the Chongqing site, fixed assets additions at the Shanghai plant increased by € 75.2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

Automotive, Industrial, Medical segment: at a stable level

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

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

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



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

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

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

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

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

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

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

Others segment

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

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

	2020/21	2019/20	Change ir
Segment revenue	–	–	n
Revenue from external customers	–	–	n
Operating result before depreciation and amortisation (EBITDA)	1.0	7.1	(86.0
EBITDA margin (%)	–	-	
Operating result (EBIT)	(2.5)	4.1	(>100
EBIT margin (%)	–	-	
Additions to fixed assets	8.4	5.1	65.:
Average number of staff (incl. leased personnel)	244	214	14.(

2.4. Assets and financial position

2.4.1. ASSETS

Increase in non-current assets

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

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

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

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

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

Significant increase in net gearing

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

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

Net working capital
€ in millions (unless otherwise stated)

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

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

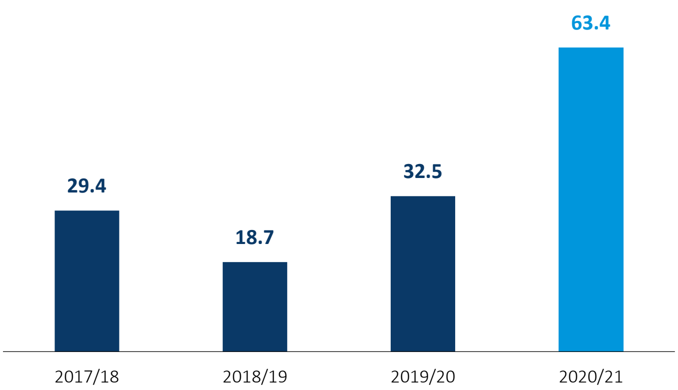
Non-current financial **liabilities** rose by € 321.3 million or 46.2% to € 1,017.1 million. In the past financial year, another promissory note loan and registered bonds were placed on the capital market, and two new loan agreements were concluded with banks. The cash inflow was in part used to optimise and repay financial liabilities carrying higher interest rates. The remaining cash was invested for the short term and is consequently recognised under cash and cash equivalents or under financial assets.

Current financial liabilities declined by € 105.3 million to € 84.1 million.

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

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

Net gearing
in %



Net debt
€ in millions (unless otherwise stated)

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

2.4.2. FINANCING

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

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

Financing is based on a four-pillar strategy

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

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

The importance of promissory note loans as a key financing pillar did not change in the financial year 2020/21. The advantages of promissory note loans are their high level of predictability and their low placement costs. Due to these advantages, AT&S intends to also promote this form of financing in the future.

At 31 March 2021, promissory note loans totalling € 738.5 million (previous year: € 596.4 million) were placed with several national and international investors. The remaining terms range between two months and roughly eight years.

Bank loans are used as the third pillar. As of 31 March 2021, € 320.2 million were taken out with national and international banks (previous year: € 179.8 million). They have remaining terms of between one and seven years.

The fourth pillar consists of credit lines, which serve to cover liquidity fluctuations and as a financing reserve. At the reporting date, AT&S had unused credit lines of € 418.6 million (previous year: € 490.4 million) in the form of contracted loan commitments from banks. At 31 March 2021, AT&S had only used 74.1% (previous year: 61.7%) of its contracted financing potential and still possesses sufficient financial reserves in addition to cash and cash equivalents.

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

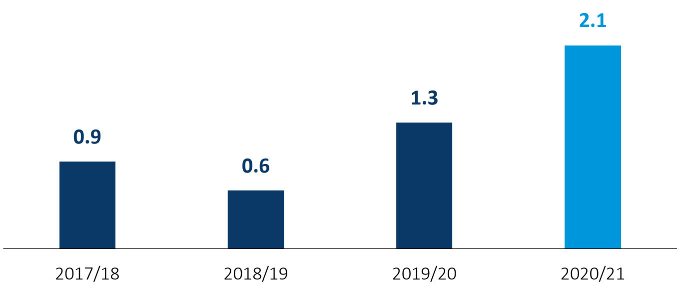
Instruments
€ in millions

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

Low repayment period and high equity ratio

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

Net debt/EBITDA

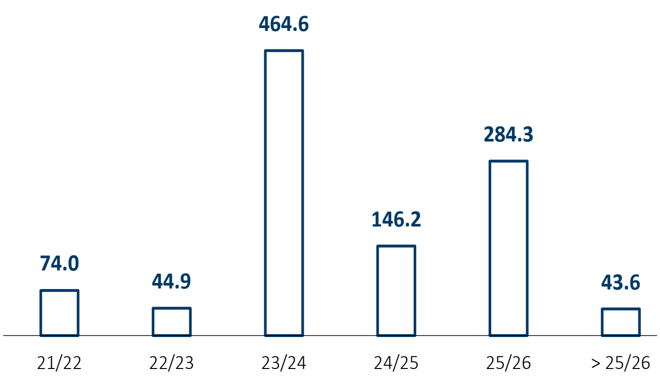


The equity ratio decreased from 41.0% in the previous year to 33.6% in the reporting period and thus fell short of the medium-term target value of 40.0%. This is mainly due to the increase in total assets as a result of investments and securing the financing of the future investment programme. For further information regarding capital risk management, please refer to Note 19 "Additional disclosures on financial instruments" – subsection Capital Risk Management – in the notes to the consolidated financial statements.

AT&S pursues a financing structure that is as balanced as possible, with an average duration. At the reporting date, the duration was 3.2 years and thus remains unchanged compared to the previous year (3.2 years).

The repayment structure shows a high amount in the ye 2023/24 due to the repayment of parts of the promissory no loans and bank loans totalling € 464.6 million. AT&S strives finance capital requirements early and has liquidity reserves € 1,011.3 million (previous year: € 1,044.8 million), whic consist of financial resources and unused credit facilities.

Redemption
€ in millions



Effective interest and currency management

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

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

Treasury key data

	Covenant[1]	Target[2]	31 Mar 2021	31 Mar 20
Net debt/EBITDA ratio	<4,0	<3,0	2.1	1
Equity ratio	>35%	>40%	33.6%	41.0

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

AT&S also intends to invest available liquid funds **profitably but risk-sensitively.** At 31 March 2021, AT&S had financial resources totalling € 592.7 million (previous year: € 554.2 million). The aim is to achieve the highest possible yields in an environment that is currently very challenging from an investor perspective and to avoid negative interest by optimising the terms of investment and early conversion of liquid funds into currencies with higher interest rates and which are also continually required by AT&S.

Early conversion into foreign currencies also serves as a natural currency hedge and a reduction of the exposure to foreign currencies. The objective of AT&S is to keep the US dollar net risk position to a minimum. At 31 March 2021, assets denominated in US dollars (trade receivables, financial assets and cash denominated in US dollars) amounting to € 236.3 million (previous year: € 243.1 million) were offset by liabilities denominated in US dollars (trade payables and financial liabilities denominated in US dollars) amounting to € 86.8 million (previous year: € 58.3 million). The resulting net risk position – at 31 March 2021 this was an active balance of € 149.5 million (previous year: € 184.8 million) – thus amounted to 6.3% (previous year: 10.0%) of the Group's total assets and liabilities.

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

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

Further development of the financing network

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

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

2.4.3. CASH FLOW

Earnings situation boosts liquidity

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

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

Carrying amount of financial liabilities by maturity
€ in millions

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

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

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

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

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

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

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

Substantial liquidity available for repaying existing financing and further investments

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

Overall, AT&S thus has cash and current financial assets totalling € 592.6 million (previous year: € 554.2 million). This amount, which is currently very high, serves to secure the financing of the future investment programme and short-term repayments.

2.4.4. PERFORMANCE INDICATORS

Indicators demonstrate strong operating performance

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

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

Cash flow statement (short version)
€ in millions

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

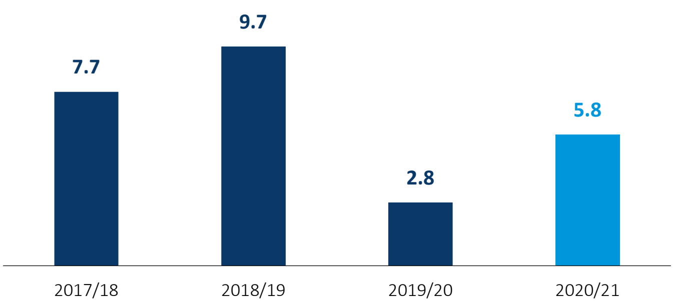
average capital employed. This ratio serves to derive the extent to which AT&S fulfils its investors' interest requirements. Average capital costs are derived from the minimum return investors expect for providing equity or borrowings. The weighted average cost of capital (WACC) for the printed circuit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

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

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

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

ROCE
in %



Return on capital employed (ROCE)
€ in millions

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

Vitality Index
€ in millions

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

2.5. Significant events after the reporting period

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

3. OTHER STATUTORY INFORMATION

3.1.Plants and branch offices

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

Leoben and Fehring The Austrian plants primarily supply the European market and increasingly also the American market. In Europe, special applications and customer proximity are particularly important. Based on the production and technology diversity, the flexibility in manufacturing and the broad customer spectrum, the plant in Leoben continued to pursue the path of niche and prototype production started in recent years. Among other things, the production of the embedding technology is based in Leoben. Several important projects were qualified with renowned customers in the financial year 2020/21 and are about to enter mass production. In addition, investments were made in the expansion of the IC core line in order to provide capacities for the Chongqing plant. The plant in Fehring serves all Industrial, Medical and Automotive segments. Due to a lack of utilisation in the second quarter, short-time work had to be implemented at the Fehring plant, which has, however, been running at good capacity again since the fourth quarter of 2020/21.

Shanghai The plant in Shanghai manufactures leading-edge HDI (high density interconnection) printed circuit boards in serial production for the Mobile Devices & Substrates segment for customers all over the world. The plant was able to successfully meet the demand for HDI and mSAP printed circuit boards and has established itself as a leading supplier of the latest technology generation. The plant's broad technological spectrum was very well received by customers and the plant was continuously operating at capacity during the peak season months. Strong demand for HDI printed circuit boards continued at a stable level in 2020/21; these were produced for the Automotive, Industrial, Medical segment.

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

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

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

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

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

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

Capital share structure and disclosure of shareholder rights

As of the reporting date at 31 March 2021, the Company's ordinary shares amount to € 42,735,000 and are made up of 38,850,000 no-par value shares with a notional value of € 1.10 per share. The voting right at the Annual General Meeting is exercised according to no-par value shares, with each no-par value share equalling one voting right. All shares are bearer shares.

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

At the reporting date of 31 March 2021, roughly 64.4% of the shares were in free float. With the exception of the shareholdings stated below, no other shareholder held more than 10% of the voting rights in AT&S. No shares with special control rights exist. The exercise of the voting right by employees who hold shares in the Company is not subject to any limitations.

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

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

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

Significant direct and indirect shareholdings

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

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

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

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

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

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

Treasury shares

At the 25th Annual General Meeting on 4 July 2019, the Management Board was again authorised to purchase, within a period of 30 months from the adoption of the resolution, treasury shares to an extent of up to 10% of the nominal share capital. Furthermore, the Management Board was authorised, for a period of five years, i.e. up to and including 3 July 2024, subject to approval of the Supervisory Board and without any further resolution by the Annual General Meeting, to sell treasury shares by means other than via the stock exchange or a public offering, in particular to serve employee stock options, convertible bonds or as a consideration for the acquisition of companies or other assets and to use them for any other legal purpose.

The company held no treasury shares as of 31 March 2021.

Free reserves

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

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

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

For further information, please refer to the notes to the consolidated financial statements (Note 21 "Share capital" as well as Note 15 "Financial liabilities").

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

3.3.Non-financial statement

In accordance with Section 243b (6) UGB (Austrian Commercial Code), the company is exempt from the obligation to prepare a non-financial statement in the Management Report since a separate non-financial report has been drawn up. This non-financial report is included in the Annual Report 2020/21

4. RESEARCH AND DEVELOPMENT

Structural development of technological opportunities

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

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

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

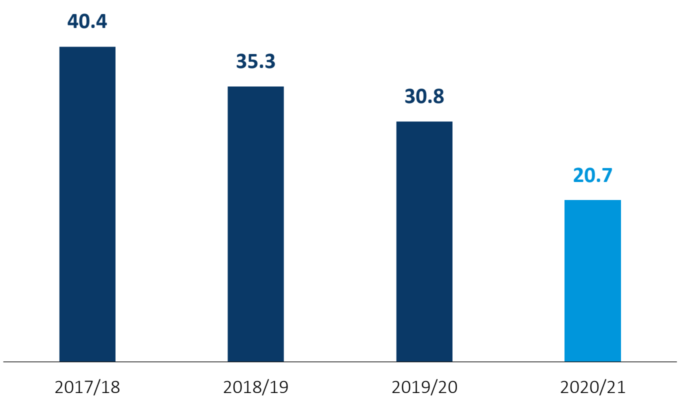
Performance and performance efficiency: In electrification, there is currently a strong trend towards carbon-neutral energy production, new energy source systems and forms of propulsion in view of the sustainability endeavours. To this end, carbon-based solutions are increasingly replaced by energy-saving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

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

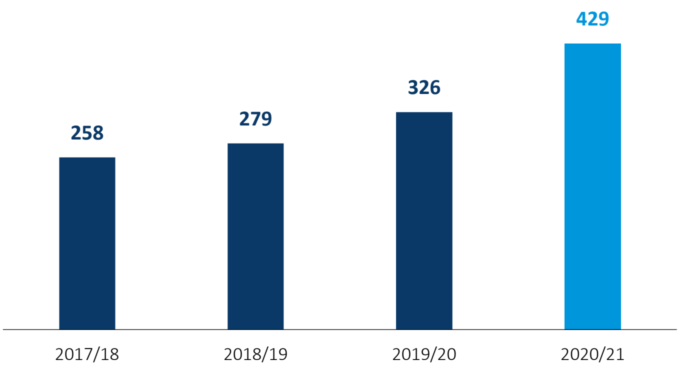
Innovation rate still high

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

Vitality Index
in %



Number of patents granted



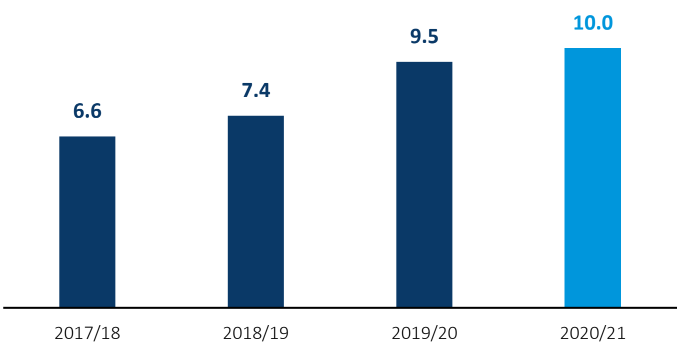
AT&S is currently concentrating on new technologies for the production of more powerful and energy-efficient substrates for computer processors. Another focus is on technologies for the production of modules (electronic units for specific tasks connecting several components with each other) and new solutions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

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

R&D expense: 10% of revenue

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

Research rate
in %/ratio to revenue



Two-level development process

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

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

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

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

Key development projects

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

Intensive work on projects for the new 5G mobile communication standard continued, with one of the focus areas being the development of system solutions specifically for the second generation of the 5G standard, which uses radio frequencies in the mm-wave-length range (25-30 GHz). In addition, the first projects exploring the range up to 140 GHz have been launched. Here, entirely new printed circuit board and interconnect systems have to be developed which transmit the signal optimally and keep losses as low as possible. In doing so, AT&S is working with important companies along the value chain as well as with customers.

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

Cooperation with research institutions

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

5. OPPORTUNITIES AND RISKS

5.1. Opportunities and risk management

STRUCTURE AND INSTRUMENTS

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

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

AT&S RISK MANAGEMENT PROCESS

_Risk strategy
defined by the Management Board and process owners.

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

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

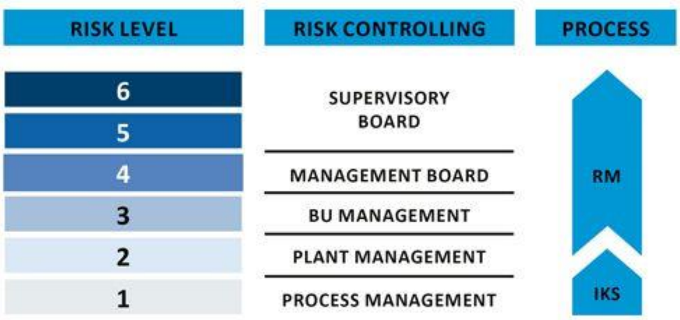
_Aggregation & reporting
aggregation and regular reports on all significant risks (risk level ≥3) to the Management Board and Audit Committee by the Risk Manager.

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

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

Figure 1: AT&S Risk Management Process

AT&S RISK LEVELS AND RISK CONTROLLING



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

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

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

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

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

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

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

RISK MANAGEMENT IN 2020/21

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

5.2. Explanation of individual risks

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

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

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

STRATEGY

Investment risk

In order to use growth potential and remain competitive, AT&S undertakes substantial investments in new technologies (IC substrates) as well as in the further development and capacity expansion of existing technologies (SLP, mSap, HDI) and will continue to do so in the future. In order to establish the IC substrate business as a strategic cornerstone, AT&S is investing in a new plant in Chongqing and expanding existing capacities at the Leoben plant. The investment is based on the growing demand for IC substrates, in particular for the application in high-performance computer modules. Concurrently, AT&S reviews suitable options for future growth opportunities to be prepared for possible market developments.

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

Competition risk

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

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

The demand for ABF substrates, which are produced at the location in Chongqing, China, continues unabated. AT&S is investing in the development of existing areas for the production of ABF substrates in Chongqing to meet this demand. The capacity expansion will continue to support company growth and enables AT&S to establish itself with new customers. However, the market for IC substrates is also strongly influenced by technological changes. The investment in the Chongqing site enables strategic development in this business segment. The development of new technologies serves to mitigate the market risks of IC substrates. However, this technological progress also entails the general risk of new technological developments.

Competitor risks arise due to potential quality improvements and technological developments in countries with low production costs. This could lead to a loss of competitiveness at AT&S sites, especially in Austria and possibly also at other production sites such as those in South Korea and China.

In addition, a difficult market environment in the financial year 2021/22 could have an adverse effect on the Group's results. Stagnating smartphone sales, weak demand in the Automotive and Industrial segments as well as unfavourable market developments in the other core segments could lead to a decline in revenue. Despite the acceleration of digitalisation caused by the pandemic and the resulting increase in demand for high-end interconnect solutions, the uncertain development of the COVID-19 pandemic may still lead to a negative business development. The recovery of the markets weakened by the pandemic leads to different developments in the segments. In the Automotive segment, a bottleneck in chips is currently slowing down the upturn in the market. The broad-based positioning of AT&S in the Mobile Devices & Substrates segment and in the Automotive, Industrial, Medical segment with their different production cycles can partially cushion market risks. Along with controlling risks, crisis-proof applications are pushed based on customer and application analyses. A positive post-crisis market development could offer increased business opportunities and disproportionately high growth opportunities.

MARKET

Potential loss of key customers

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

PROCUREMENT

Procurement prices and availability

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

Suppliers

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

BUSINESS ENVIRONMENT

Location-specific risks

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

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

Numerous protective measures have been taken aiming to optimally protect employees from the SARS-CoV-2 virus while at the same time keeping up ongoing operations and thus securing jobs. Mandatory face masks were introduced on the company premises, remote working regulations massively extended, canteen operations limited and business travel stopped. In addition, a designated info point has been set up on the AT&S intranet to keep all employees informed and a telephone hotline for all employee questions has been installed. A task force has been set up at the respective locations for the implementation, monitoring and, where necessary, adaptation of these measures.

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

Political risks

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

The de-escalation of the trade conflict between the USA and China has led to a reduction of punitive tariffs on imports of certain goods in both countries. From the current perspective, AT&S will not be significantly affected by the conflict since further processing of the products largely takes place in China. Nevertheless, ongoing monitoring of the affected goods is necessary. In addition, macroeconomic developments resulting from the trade conflict may have an adverse effect on the business of AT&S.

Compliance

Any amendments to regulatory requirements, such as the prohibition of specific processes or materials, might lead to a rise in production costs. AT&S might be subject to payment of substantial penalties should any breach of customer confidentiality agreements or statutory provisions occur. AT&S has implemented organisational measures aimed at preventing or minimising the occurrence of compliance risks. The extension of such measures is ongoing. As a rule, AT&S follows a zero-tolerance policy and expects 100% compliance with all applicable laws and regulations on the part of its employees. The Governance, Risk & Compliance Committee (GRC Committee) pursues the objective of identifying and mitigating potentially relevant compliance and governance risks. In addition, AT&S introduced the whistleblowing platform “We Care”, which enables employees and external third parties to report potential compliance violations. In the financial year 2020/21, compliance training was revised, updated and put into a modern, interactive form of presentation, which was integrated into the company’s Learning Management System. Based on these measures, the number of people completing the training was increased significantly across the Group.

Fraud, data security and cybercrime

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

OPERATIONS

Quality and delivery performance

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

Intellectual property

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

Technology and project development

The establishment and expansion of capacity for IC substrates in Chongqing lead to specific risks for the Chongqing site given the significant investment volume. Complications in the further development and project implementation could result in major burdens on business development and the existing financial and administrative resources. In the coming financial year, the focus will be on the installation and qualification of the new plant in Chongqing. The start-up of production is planned for the coming financial year.

Cost control

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

ORGANISATION

Employees

The collective industry experience and management expertise of the employees of the AT&S Group form the foundation for taking advantage of future opportunities. The business of the Group might suffer if employees in leading positions were to terminate their employment relations with AT&S or if AT&S were unable to continue to recruit highly qualified personnel in all areas of value creation and retain them long-term. AT&S continuously develops strategies for retaining key employees, recruiting valuable personnel and further expanding the skills of its staff.

FINANCE

Foreign exchange risk

Exchange rate fluctuations in EUR, RMB and USD – and to a lesser extent in JPY, KRW and INR – can have considerable positive or negative effects on the results of the Group. To minimise these effects, the Group employs a hedging strategy by generating opposing cash flows in the respective currencies. The high investments in China of the past few years result in significant currency risks related to the RMB, which could increase or decrease the Group's equity. Hedging against this risk would involve high costs and is not carried out.

Financing and liquidity

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

For more information on financial, liquidity, credit and foreign exchange risks, please refer to Note 19 "Additional disclosures on financial instruments" in the notes to the consolidated financial statement.

Tax risk

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

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

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

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

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

The internal financial reporting is done on a monthly basis as part of Group reporting, with the financial information being reviewed and analysed by the Corporate Accounting and

Corporate Controlling department. The monthly budget/actual variance with corresponding comments on the results of the segments, of the plants as well as of the company, is reported internally to the executives and to the members of the Supervisory Board.

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

6. OUTLOOK

Macroeconomic development

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

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

Structural trends drive growth

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

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

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

Investments

The Management Board considers the future market trends to be fully intact. Therefore, AT&S will continue its investment programme for new capacities and technologies unimpeded in the current financial year as previously announced. Up to € 100 million is budgeted for basic investments (maintenance and technology upgrades) depending on market development.

As part of the strategic projects, the management is planning investments totalling up to € 450 million for the financial year 2021/22 depending on the progress of projects, plus another € 80 million due to period shifts between the financial years.

Overall guidance for the financial year 2021/22

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

Leoben-Hinterberg, 17 May 2021

The Management Board

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

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

Consolidated financial statements

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ in thousands	Share capital	Other reserves	Hybrid capital	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
31 Mar 2019	**141,846**	**42,444**	**172,887**	**446,274**	**803,451**	**–**	**803,451**
Adjustments of change in hedging instruments for cash flow hedges, net of taxes [1]	–	3,662	–	(3,662)	–	–	–
1 Apr 2019	**141,846**	**46,106**	**172,887**	**442,612**	**803,451**	**–**	**803,451**
Profit for the year [1]	–	–	–	19,814	19,814	–	19,814
Other comprehensive income for the year [1]	–	(31,383)	–	–	(31,383)	–	(31,383)
thereof currency translation differences, net of taxes	–	*(30,292)*	–	–	*(30,292)*	–	*(30,292)*
thereof remeasurement of post-employment obligations, net of tax	–	*(1,091)*	–	–	*(1,091)*	–	*(1,091)*
Total comprehensive income for the year 2019/20	**–**	**(31,383)**	**–**	**19,814**	**(11,569)**	**–**	**(11,569)**
Dividends paid relating to 2018/19	–	–	–	(23,310)	(23,310)	–	(23,310)
Hybrid cupon paid	–	–	–	(8,313)	(8,313)	–	(8,313)
31 Mar 2020 [1]	**141,846**	**14,723**	**172,887**	**430,803**	**760,259**	**–**	**760,259**
Profit for the year	–	–	–	47,424	47,424	–	47,424
Other comprehensive income for the year	–	12,356	–	–	12,356	–	12,356
thereof currency translation differences, net of tax	–	*11,926*	–	–	*11,926*	–	*11,926*
thereof remeasurement of post-employment obligations, net of tax	–	*485*	–	–	*485*	–	*485*
thereof change in available-for-sale financial assets, net of tax	–	*(55)*	–	–	*(55)*	–	*(55)*
Total comprehensive income for the year 2020/21	**–**	**12,356**	**–**	**47,424**	**59,780**	**–**	**59,780**
Dividends paid relating to 2019/20	–	–	–	(9,713)	(9,713)	–	(9,713)
Hybrid cupon paid	–	–	–	(8,313)	(8,313)	–	(8,313)
31 Mar 2021	141,846	27,079	172,887	460,201	802,013	–	802,013

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. GENERAL INFORMATION

A. General

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

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

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

B. Accounting and measurement policies

The consolidated financial statements have been prepared under the historical cost convention, except for securities and derivative financial instruments, which are measured at their fair values.

a. Consolidation principles

The balance sheet date for all consolidated companies is 31 March 2021, with the following exceptions: due to the legal situation in China, the financial year of AT&S (China) Company Limited and AT&S (Chongqing) Company Limited corresponds to the calendar year (balance sheet date: 31 December 2020), meaning that they were consolidated on the basis of the interim financial statements as of 31 March 2021.

The consolidated financial statements were approved for issue by the Management Board on 17 May 2021. The separate financial statements of the Company, which are included in the consolidation after reconciliation to the applicable accounting standards, will be presented for approval to the Supervisory Board on 2 June 2021. The separate financial statements of the Company can be modified by the Supervisory Board and, in case of presentation to the Annual General Meeting, by the Company's shareholders in a way that might also affect the presentation of the consolidated financial statements.

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

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

- AT&S Deutschland GmbH, Germany, share 100%

There were no changes in the consolidation group in financial year 2020/21.

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

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

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

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

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

b. Segment reporting

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

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

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

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

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

The business unit Others covers corporate and holding activities.

c. Foreign currencies

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

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

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

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

d. Revenue recognition

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

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

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

e. Income taxes

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

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

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

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

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

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

f. Property, plant and equipment

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

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

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

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

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

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

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

g. Leases

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

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

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

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

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

h. Intangible assets

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

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

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

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

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

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

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

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

j. Inventories

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

k. Trade and other receivables and contract assets

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

l. Financial assets

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

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

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

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

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

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

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

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

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

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

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

The Group does not hold any financial instruments for speculative purposes.

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

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

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

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

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

m. Cash and cash equivalents

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

n. Non-controlling interests

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

o. Provisions

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

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

p. Provisions for employee benefits

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

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

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

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

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

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

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

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

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

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

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

q. Stock appreciation rights

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

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

r. Liabilities

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

s. Government grants

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

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

t. Contingent liabilities, contingent assets and other financial obligations

Contingent liabilities are not recognised in the statement of financial position, but disclosed in Note 20 "Contingent liabilities and other financial commitments". They are not disclosed if an outflow of resources with economic benefit is unlikely.

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

u. First-time adoption of accounting standards

The following new and/or amended standards and interpretations were applied for the first time in the financial year 2020/21 and pertain to the International Financial Reporting Standards (IFRS) as adopted by the EU.

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

No material effects resulted from the amended standards.

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

The IASB and IFRIC issued additional standards and interpretations not yet effective in the financial year 2020/21.

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

	Standard/Interpretation (Content of the regulation)	Effective date [1]	EU [2]	Expected impacts on the consolidated financial statements
IFRS 14	Regulatory Deferral Accounts	Waiting for final standard	No	No major changes are expected
IFRS 17	Insurance contracts	01.01.2023	No	No major changes are expected
IAS 1	Classification of liabilities as current or non current	01.01.2023	No	No major changes are expected
IAS 16, IAS 37	Proceeds before intended use, Costs of fulfilling a contract	01.01.2022	No	No major changes are expected
IAS 39, IFRS 9, IFRS 7	Interest rate benchmark reform	01.01.2021	Yes	No major changes are expected
IAS 28, IFRS 10	Investments in Associates: Sales or contributions of assets between an investor and ist associate/joint venture	Postponed indefinitely	No	No major changes are expected
IAS 1, IAS 8	Disclosure of Accounting policies and accounting estimates	01.01.2023	No	No major changes are expected
IFRS 4	Amendments to Insurance contracts	01.01.2021	Yes	No major changes are expected
	Annual improvements to IFRS Standards 2018 - 2020	01.01.2022	No	No major changes are expected

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

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

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

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

An increase in material assumptions would have the following impact to the impairment test as of 31 March 2021:

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

A reduction of material assumptions would have the following impact to the impairment test as of 31 March 2021:

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

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

These actuarial assumptions used to calculate the pension expenses and the expected defined benefit obligations were subjected to stress tests using the following parameters: An increase in the interest rate, in the expected remuneration and/or in future pensions for the Austrian entities by the percentage points stated in the table below would affect the present values of the projected pension and severance payment obligations as follows as at 31 March 2021:

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

A decrease in the same parameters for the Austrian companies would have the following effects on the present value of pension and severance payment obligations as at 31 March 2021:

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

Reference is made to Note 16 “Provisions for employee benefits”.

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

Deferred income tax assets in the amount of € 53,985 thousand were not recognised for income tax loss carryforwards in the Group of € 359,903 thousand. If the tax losses were subsequently expected to be realised, these deferred income tax assets would have to be recognised and a related tax income reported. Reference is made to Note 6 “Income taxes”.

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

Other estimates and assumptions Further estimates, if necessary, relate to impairments of non-current assets and provisions, as well as the measurement of derivative financial instruments, allowances for doubtful accounts receivable and measurements of inventory. Reference is particularly made to Note 4 “Other operating result”, Note 7 “Property, plant and equipment”, Note 8 “Intangible assets” and Note 17 “Other provisions”.

D. Effects of COVID-19

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

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

II. SEGMENT REPORTING

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

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

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

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

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

Information by geographic region

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

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

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

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

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

III. NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

1. Revenue

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

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

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

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

2. Types of expenses

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

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

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

3. Research and development costs

In the financial year 2020/21, the Group incurred research and development costs in the amount of € 118,887 thousand (previous year: € 94,765 thousand). The stated amounts represent only costs which can be directly allocated and which are recognised in the profit or loss under cost of sales. In these consolidated financial statements, development costs of € 13,112 thousand (previous year: € 2,892 thousand) were capitalised. Reference is made to Note 8 “Intangible assets”.

4. Other operating result

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

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

5. Finance costs - net

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

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

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

6. Income taxes

Income tax expenses are broken down as follows:

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

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

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

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

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

The effect of the change in tax rates mainly results from the reduced tax rate of 15%, which is applicable once again, with regard to the subsidiary AT&S China compared to the regular tax rate of 25%.

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

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

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

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

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

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

Deferred income taxes (net) changed as follows:

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

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

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

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

IV. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

7. Property, plant and equipment

€ in thousands	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Carrying amount 31 Mar 2019	91,597	624,571	9,117	52,457	777,742
Adjustment IFRS 16	23,770	–	2,819	–	26,589
Carrying amount 1 Apr 2019	**115,367**	**624,571**	**11,936**	**52,457**	**804,331**
Exchange differences	(2,573)	(15,792)	(206)	(1,943)	(20,514)
Additions	3,028	89,598	3,449	151,865	247,940
Disposals	(42)	(1,316)	(11)	(2)	(1,371)
Transfers	1,888	27,516	110	(29,539)	(25)
Impairment	–	(912)	–	–	(912)
Depreciation, current	(10,389)	(111,136)	(4,415)	–	(125,940)
Carrying amount 31 Mar 2020	**107,279**	**612,529**	**10,863**	**172,838**	**903,509**
Thereof					
Acquisition cost	*178,227*	*1,605,493*	*36,178*	*172,838*	*1,992,736*
Accumulated depreciation	*(70,948)*	*(992,964)*	*(25,316)*	–	*(1,089,228)*
Exchange differences	680	4,656	33	7,524	12,893
Additions	20,964	149,187	9,802	354,705	534,658
Disposals	(386)	(1,103)	(151)	(2,088)	(3,728)
Transfers	5,599	96,219	125	(102,144)	(201)
Impairment	–	(472)	–	–	(472)
Depreciation, current	(11,407)	(128,548)	(5,304)	–	(145,259)
Carrying amount 31 Mar 2021	**122,729**	**732,468**	**15,368**	**430,835**	**1,301,400**
Thereof					
Acquisition cost	*205,016*	*1,830,618*	*42,180*	*430,835*	*2,508,649*
Accumulated depreciation	*(82,287)*	*(1,098,150)*	*(26,813)*	–	*(1,207,250)*

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

The following table shows the usage rights reported separately in accordance with IFRS 16, which are included in property, plant and equipment as of 31 March 2021:

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

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

€ in thousands	2020/21	2019/20
Lease expenses from the short-term lease agreement	1,385	1,891
Lease expenses from the low-value lease agreements	220	455
Depreciation of rights of use	4,447	3,686
Interest expenses of the lease liabilities	365	336

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

In the financial year 2020/21, borrowing costs on qualifying assets of € 1.803 thousand were capitalised (previous year: € 398 thousand). Interest rates between 1.45% and 3.44% were applied (previous year: 1.58% and 3.5%).

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

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

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

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

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

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

8. Intangible assets

€ in thousands	Industrial property and similar rights and assets, and licenses in such rights and assets	Capitalised development costs	Goodwill	Prepayments	Other intangible assets	Total
Carrying amount 31 Mar 2019	9,952	50,169	–	–	–	60,121
Exchange differences	(23)	(1,135)	–	1	–	(1,157)
Additions	3,015	2,892	–	21	434	6,362
Transfers	25	–	–	–	–	25
Amortisation, current	(3,919)	(15,923)	–	–	(434)	(20,276)
Carrying amount 31 Mar 2020	**9,050**	**36,003**	**–**	**22**	**–**	**45,075**
Thereof						
Acquisition cost	*36,933*	*97,957*	*6,902*	*22*	–	*141,814*
Accumulated amortisation	*(27,883)*	*(61,954)*	*(6,902)*	–	–	*(96,739)*
Exchange differences	33	168	–	(1)	–	200
Additions	4,080	13,112	–	7	310	17,509
Transfers	222	–	–	(21)	–	201
Amortisation, current	(4,310)	(15,552)	–	–	(310)	(20,172)
Carrying amount 31 Mar 2021	**9,075**	**33,731**	**–**	**7**	**–**	**42,813**
Thereof						
Acquisition cost	*41,050*	*111,975*	*6,987*	*7*	–	*160,019*
Accumulated amortisation	*(31,975)*	*(78,244)*	*(6,987)*	–	–	*(117,206)*

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

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

Impairment In the financial year 2020/21, no impairment was recognised on intangible assets. The impairment test for the cash-generating unit Substrates for the not yet completed development of the next substrate generation is based on calculations of the value in use. The value in use is determined using a DCF method. The main measurement assumptions are:

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

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

9. Other non-current assets

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

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

10. Inventories

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

The balance of inventory write-downs recognised as an expense amounts to € 28,287 thousand as of 31 March 2021 (previous year: € 22,437 thousand). The immaterial write-downs amounting to € 715 thousand (previous year: € 578 thousand) resulted from the measurement of inventories at net realisable value in the financial year 2020/21. The write-downs are recognised in the cost of sales in the statement of profit or loss.

11. Trade and other receivables and contract assets

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

€ in thousands	31 Mar 2021	31 Mar 2020
Trade receivables	85,020	67,413
Impairments of trade receivables	(977)	(653)
Contract assets	93,113	67,882
Impairments of contract assets	(346)	(119)
VAT receivables	57,664	42,025
Other receivables from authorities	10,184	5,227
Prepayments	7,008	6,162
Energy tax refunds	2,413	2,083
Deposits	9,406	1,423
Insurance reimbursements	223	–
Other receivables	1,585	990
Total	**265,293**	**192,433**

As at 31 March 2021 and 31 March 2020, other receivables mainly include receivables resulting from prepaid expenses and accrued charges.

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

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

Remaining maturities of receivables All receivables as at 31 March 2021 and 31 March 2020 have remaining maturities of less than one year.

Factoring As of 31 March 2021, trade receivables totalling € 129,055 thousand (previous year: € 98,567 thousand) were assigned to banks to the amount of 100% of the nominal value and are fully derecognised in accordance with the regulations of IFRS 9 as both opportunities and risks, and control have been transferred to the acquiring party. The default risk was assigned to the purchaser. AT&S assumes a liability for default to the amount of the retention level from the credit insurance. The maximum risk associated with liability for default was € 12,906 thousand as of 31 March 2021 (previous year: € 9,857 thousand) less coverage of the credit insurance applied. Claims of existing credit insurances were transferred to the purchaser. The part of the purchasing price not yet paid by the acquiring party is shown under the item “Financial assets”. Payments from customers of assigned trade receivables are presented in the short-term financial liabilities.

Contract assets have developed as follows:

€ in thousands	2020/21	2019/20
Contract assets at the beginning of the financial year	67,882	72,307
Utilisation	(67,882)	(72,307)
Addition	93,113	67,882
Impairment according to IFRS 9	(346)	(119)
Contract assets at the end of the financial year	**92,767**	**67,763**

Development of past due receivables and impairments of trade receivables

The age structure of trade receivables and impairment is shown in the table below:

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

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

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

Impairments of trade receivables are recognised if there are indications (past due, insolvency) that it is unlikely that the total amount can be collected. Receivables are derecognised if, on a legal basis, it can be assumed that no payment is to be expected anymore. There was no write-off of trade receivables in the financial year 2020/21.

Impairments of trade receivables have developed as follows:

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

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

12. Financial assets

The carrying amounts of the financial assets are as follows:

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

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

Financial assets at fair value through profit or loss

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

All bonds are denominated in euros (nominal currency).

Financial assets at fair value through OCI

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

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

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

Derivative financial instruments

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

13. Cash and cash equivalents

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

The reported carrying amounts correspond to the respective fair values.

14. Trade and other payables

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

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

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

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

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

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

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

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

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

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

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

Number and allocation of granted SAR:

			Date of grant		
	1 April 2020	1 April 2019	1 April 2018	1 April 2017	1 April 2016
Exercise price (in €)	17.56	17.25	21.94	9.96	13.66
31 Mar 2019	–	267,500	270,000	275,000	110,000
Number of stock appreciation rights exercised	–	–	–	–	56,336
Number of stock appreciation rights expired	–	32,500	47,500	47,500	40,662
31 Mar 2020	**–**	**235,000**	**222,500**	**227,500**	**13,002**
Number of stock appreciation rights granted	290,000	–	–	–	–
Number of stock appreciation rights exercised	–	–	–	–	13,002
Number of stock appreciation rights expired	12,500	25,000	25,000	227,500	–
31 Mar 2021	**277,500**	**210,000**	**197,500**	**–**	**–**
Remaining contract period of stock appreciation rights granted	4 years	3 years	2 years	–	–
Fair value of granted stock appreciation rights as at the balance sheet date (in € thousands)					
31 Mar 2020	**–**	**450**	**49**	**–**	**4**
31 Mar 2021	**3,399**	**1,140**	**1,452**	**–**	**–**

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

Risk-free interest rate	-0.69 to -0.72%
Volatility	45.00%

Volatility is calculated based on the daily share prices from 1 April 2018 until the balance sheet date.

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

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

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

15. Financial liabilities

		Remaining maturity			
€ in thousands	31 Mar 2021	Less than 1 year	Between 1 and 5 years	More than 5 years	Nominal interest rate in %
Registered bonds	14,986	16	–	14,970	1.80
Export loans	10,000	10,000	–	–	0.48
Loans from state authorities	3,131	1,130	2,001	–	0.75 –1.00
Other bank borrowings	1,039,026	66,010	930,235	42,781	0.76 –4.75
Liabilities from finance leases IFRS16	27,502	6,945	7,425	13,132	
Derivative financial instruments [1]	6,599	–	6,599	–	
Carrying amount	**1,101,244**	**84,101**	**946,260**	**70,883**	

		Remaining maturity			
€ in thousands	31 Mar 2020	Less than 1 year	Between 1 and 5 years	More than 5 years	Nominal interest rate in %
Registered bonds	–	–	–	–	
Export loans	10,000	10,000	–	–	0.24
Loans from state authorities	4,392	2,054	2,338	–	0.75 –1.00
Other bank borrowings	754,362	89,586	527,571	137,205	1.00 –4.75
Liabilities from finance leases IFRS16	24,956	3,307	21,481	168	
Derivative financial instruments [1]	7,423	352	3,203	3,868	
Carrying amount	**801,133**	**105,299**	**554,593**	**141,241**	

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

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

Other bank borrowings mainly include the following contracts:

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

Financial contracts in FY 2020/21:

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

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

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

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

At the previous year's balance sheet date of 31 March 2020, the contractually agreed (undiscounted) interest and redemption payments of the financial liabilities, including interest rate hedging, were as follows for the coming financial years:

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

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

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

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

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

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

The Group's unused credit lines are as follows:

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

16. Provisions for employee benefits

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

Defined contribution plans The majority of the Group's employees in Austria and some of its employees in India are covered by defined contribution pension plans that have been outsourced to a pension fund. For employees in Austria, the pension plans are supplemented by death and endowment insurance policies. Employer contributions are determined on the basis of a certain percentage of current remuneration. Employer contributions under these plans amounted to € 672 thousand in the financial year 2020/21 and to € 557 thousand in the financial year 2019/20.

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

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

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

For employees in Austria who joined on or after 1 January 2003, regular contributions are paid to a staff provision fund ("Mitarbeitervorsorgekasse") without any further obligations on the part of the Group. The contributions for the financial year 2020/21 amounted to € 413 thousand and for the financial year 2019/20 to € 515 thousand.

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

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

	Retirement benefits		Severance payments		Other employee benefits	
€ in thousands	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Current service cost	147	141	2,346	2,109	2,394	2,141
Interest expense	145	156	589	557	184	201
Remeasurement of obligations from other employee benefits	–	–	–	–	1,464	846
Expenses recognised in profit for the period	**292**	**297**	**2,935**	**2,666**	**4,042**	**3,188**
Remeasurement of obligations from post-employment benefits	529	(856)	(1,144)	2,274	–	–
Expenses/(Income) recognised in other comprehensive income	**529**	**(856)**	**(1,144)**	**2,274**	**–**	**–**
Total	**821**	**(559)**	**1,791**	**4,940**	**4,042**	**3,188**

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

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

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

Pension obligations and severance payments are as follows:

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

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

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

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

As at 31 March 2021, the average maturity of funded pension benefits is 16 years and unfunded pension benefits 12 years.

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

in %	31 Mar 2021	31 Mar 2020
Debt securities	32%	34%
Equity securities	52%	54%
Real estate	5%	5%
Cash and cash equivalents	11%	7%
Total	**100%**	**100%**

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

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

€ in thousands	Funded severance payments 2020/21	Funded severance payments 2019/20	Unfunded severance payments 2020/21	Unfunded severance payments 2019/20
Present value of severance payment obligation:				
Present value at the beginning of the financial year	1,766	1,589	31,378	28,317
Exchange differences	(65)	(109)	73	(238)
Service cost	118	106	2,228	2,003
Interest cost	116	117	556	530
Remeasurement from the change in demographic assumptions	–	–	43	(121)
Remeasurement from the change in financial assumptions	43	107	(532)	2,447
Remeasurement from adjustments based on past experience	(44)	55	(646)	(211)
Benefits paid	(55)	(99)	(1,787)	(1,349)
Present value at the end of the financial year	**1,879**	**1,766**	**31,313**	**31,378**
Fair value of plan assets:				
Fair value at the beginning of the financial year	1,237	1,206		
Exchange differences	(45)	(77)		
Contributions	261	115		
Investment result	9	2		
Interest income	83	90		
Benefits paid	(55)	(99)		
Fair value at the end of the financial year	**1,490**	**1,237**		
Funded status of funded severance payments	**389**	**529**		

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

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

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

At 31 March 2021, the average maturity of other employee benefits is 11 years.

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

	Retirement benefits		Severance payments		Other employee benefits (anniversary bonuses)	
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
Discount rate	1.30%	1,80%	1.60%	1.90%	2.02%	1.93%
Expected rate of remuneration increase	2.25%	2.25%	3.21%	3.62%	4,96%	5,01%
Expected rate of pension increase	1.50%	1.80%	–	–	–	–
Retirement age	65	65	1)	1)	–	–

*1) Individual according to respective local legislation

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

17. Other provisions

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

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

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

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

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

18. Derivative financial instruments

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

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

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

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

As of 31 March 2021, the fixed interest rates for interest rate swaps range between 0.1719% and 0.545%, the variable interest rate is based on the six-month EURIBOR.

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

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

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

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

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

	31 Mar 2021		31 Mar 2020	
Currency	Nominal amount in 1,000 local currency	Market value € in thousands	Nominal amount in 1,000 local currency	Market value € in thousands
Euro	–	–	22,500	(352)

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

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

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

€ in thousands, in months, in %	Nominal volume	Maturity	Average hedged interest rate during the period
Interest rate swaps	258,000	25 - 52 months	0,1719% - 0,5450%

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

	Carrying amount of the hedging instrument [1]			
€ in thousands	Assets	Liabilities	Change in fair value of the hedging instrument on which the calculation of ineffectiveness is based	Change in fair value of the hedging instrument recognised in the cash flow hedge reserve
as per 31 Mar 2021	–	6,599	472	–
as per 31 Mar 2020	–	7,071	(2,190)	–

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

19. Additional disclosures on financial instruments

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

31 Mar 2021 € in thousands	Measurement categories in accordance with IFRS 9 or measurement in accord. with other IFRSs [1]	Level	Carrying amount	Fair value
Assets				
Non-current assets				
Derivative financial instruments	DHI	2	–	–
Other financial assets	FAAFVOCI	2	117	117
Financial assets			**117**	**117**
Current assets				
Trade receivables less impairments	FAAC		77,919	
Trade receivables	FAAFVOCI	3	6,124	
Contract assets less impairments	-		92,767	
Other receivables	FAAC		1,809	
Other receivables	-		86,674	
Trade and other receivables			**265,293**	
Derivative financial instruments	DHI	2	–	
Financial assets	FAAFVPL	1	986	986
Financial assets	FAAC		38,760	
Financial assets			**39,746**	**986**
Cash and cash equivalents	FAAC		552,850	
Cash and cash equivalents			**552,850**	
Liabilities				
Other financial liabilities	FLAAC	2	1,094,645	1,100,160
Derivative financial instruments	DHI	2	6,599	6,599
Non-current and current financial liabilities			**1,101,244**	**1,106,759**
Trade payables	FLAAC		319,300	
Other payables	FLAAC		31,213	
Other payables	-		73,110	
Trade and other non-current and current payables			**423,623**	
Aggregated by measurement categories				
Assets				
At amortised cost	FAAC		671,338	–
Financial assets at fair value through OCI	FAAFVOCI		6,241	–
Financial assets at fair value through profit or loss	FAAFVPL		986	–
Liabilities				
Financial liabilities at amortised cost	FLAAC		1,445,158	–
Derivatives as hedging instruments	DHI		6,599	–

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

31 Mar 2020 € in thousands	Measurement categories in accordance with IAS 39 or measurement in accord. with other IFRSs [1]	Level	Carrying amount	Fair value
Assets				
Non-current assets				
Derivative financial instruments	DHI	2	–	–
Other financial assets	FAAFVOCI	2	193	193
Financial assets			**193**	**193**
Current assets				
Trade receivables less impairments	FAAC		59,524	
Trade receivables	FAAFVOCI	3	3,618	
Contract assets less impairments	-		67,763	
Other receivables	FAAC		991	
Other receivables	-		60,537	
Trade and other receivables			**192,433**	
Derivative financial instruments	DHI	2	74	
Financial assets	FAAFVPL	1	893	893
Financial assets	FAAC		135,275	
Financial assets			**136,242**	**893**
Cash and cash equivalents	FAAC		417,950	
Cash and cash equivalents			**417,950**	
Liabilities				
Other financial liabilities	FLAAC	2	793,710	801,692
Derivative financial instruments	DHI	2	7,423	7,423
Non-current and current financial liabilities			**801,133**	**809,115**
Trade payables	FLAAC		169,060	
Other payables	FLAAC		17,763	
Other payables	-		40,790	
Trade and other non-current and current payables			**227,613**	
Aggregated by measurement categories				
Assets				
At amortised costs	FAAC		613,740	–
Financial assets at fair value through OCI	FAAFVOCI		3,811	–
Financial assets at fair value through profit or loss	FAAFVPL		893	–
Derivatives as hedging instruments	DHI		74	–
Liabilities				
Financial liabilities at amortised costs	FLAAC		980,533	–
Derivatives as hedging instruments	DHI		7,423	–

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

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

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

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

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

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

€ 10,631 thousand in net expenses (previous year: € 5,261 thousand in net income) of the total net result from financial instruments is included in the operating result and contains mainly foreign exchange effects, and € 17,899 thousand in net expenses (previous year: € 3,174 thousand in net expenses) in "Finance costs – net".

Financial risks

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

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

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

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

On the liabilities side, 46.3% (previous year: 68.0%) of the total bonds and bank borrowings are subject to fixed interest rates, taking into account interest rate hedging instruments. Reference is made to Note 15 "Financial liabilities".

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

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

As of 31 March 2021, the Group has liquidity reserves of € 1,011.3 million (previous year: € 1,044.8 million). This comprises € 592.7 million (previous year: € 554.4 million) in cash and cash equivalents, held-to-maturity investments, securities held for trading and available-for-sale, and € 418.6 million (previous year: € 490.4 million) in available unused credit facilities. Thus, the liquidity reserves decreased by € 33.5 million year-on-year and include € 19.7 million (previous year: € 39.3 million) in current reserves, which relate to AT&S in China and are subject to specific liquidity requirements.

Credit risk In the Group, credit risk refers to the potential for payment default by customers. The Group has always managed to establish strong partnerships with its largest customers.

The credit risk is kept to a minimum by means of a comprehensive process. Customers are subject to regular credit assessments and their receivables are covered by insurance to a large extent. Non-insured receivables are continuously monitored and, if any risks are identified, the deliveries are made only against advance payments or bank guarantees. In the financial year 2020/21, € 1.0 million (previous year: € 0.7 million) or 1.1% (previous year: 1.0%) of receivables were impaired.

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

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

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

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

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

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

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

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

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

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

According to IFRS 7, the impact of hypothetical changes in exchange rates on the profit for the year results from monetary financial instruments which are not denominated by the functional currency of the reporting company. Hence, the effect on profit/loss is calculated based on receivables, payables and financial balances or, if applicable, foreign currency derivatives. At AT&S, the risk primarily contains USD balances. Therefore, a sensitivity analysis is only carried out for this currency. The average changes in USD/EUR closing rates in the last 5 years amount to 7.0% (previous year: 6.0%). An increase in the US dollar exchange rate of 7.0% against the euro would have had a positive impact on the profit for the year in the amount of € 10.5 million (previous year: € 11.1 million). Devaluation of the US dollar exchange rate against the euro would have reduced the profit for the year by € 10.5 million (previous year: € 11.1 million).

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

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

The Group's strategy is not to fall below an equity ratio of 40% and not to exceed a theoretical payback period for debts of 3.0 years, creating sufficient leeway to cushion the effects of adverse business developments and to secure the Company as a going concern even in times of crisis. Temporary deviations from the values are acceptable.

At the balance sheet date, the equity ratio was 33.6% and thus below the previous year's figure of 41.0%. This is mainly due to the increase in total assets as a result of investments and securing the financing of the future investment programme. At 2.1 years, the theoretical payback period for debts was above the previous year's figure of 1.3 years.

20. Contingent liabilities and other financial commitments

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

21. Share capital

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

Ordinary shares The ordinary shares of the Company as of 31 March 2021 amounting to € 42,735 thousand are fully paid in (previous year: € 42,735 thousand) and are made up of 38,850,000 (previous year: 38,850,000) no-par value bearer shares with a notional value of € 1.10 each.

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

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

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

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

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

Outstanding shares The number of shares issued amounts to 38,850,000 at 31 March 2021 (previous year: 38,850,000).

Treasury shares By a resolution passed at the 25th Annual General Meeting on 4 July 2019, the Management Board was again authorised to purchase, within a period of 30 months from the adoption of the resolution by the General Meeting, treasury shares of up to 10% of the nominal share capital of the Company for a minimum consideration per share at the most 30% lower than the average, unweighted stock exchange closing price over the preceding ten trading days and a maximum consideration per share at the most 30% higher than the average, unweighted stock exchange closing price over the preceding ten trading days. The treasury shares may be purchased via the stock exchange, by means of a public offering or any other legally permitted way and for any legally permitted purpose. The Management Board was also authorised to withdraw repurchased treasury shares and treasury shares already held by the Company without any further resolution by the Annual General Meeting. The Supervisory Board was authorised to adopt amendments to the Articles of Association resulting from the withdrawal of the shares. Furthermore, the Management Board was authorised, for a period of five years, i.e. up to and including 3 July 2024, subject to approval of the Supervisory Board, to sell or use the repurchased treasury shares or treasury shares currently held by the Company other than via the stock exchange or by public offer in particular for the purposes of stock transfer programmes, convertible bonds or as a consideration for the acquisition of entities, investments or other assets or for any other legal purpose, and to exclude a general purchase opportunity for shareholders. The authorisations granted by the resolution of the 23rd Annual General Meeting on 6 July 2017 on agenda items 8 and 9 were revoked.

As at 31 March 2021, the Group held no treasury shares.

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

22. Other reserves

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

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

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

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

23. Hybrid capital

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

As the hybrid bond satisfies the IAS 32 criteria for equity, the proceeds from the bond issue are recognised as part of equity. Accordingly, coupon payments are also presented as part of the appropriation of profit. The issue costs of the hybrid bond amounted to € 2,113 thousand. Therefore hybrid capital amounts to € 172,887 thousand (previous year: € 172,887 thousand).

24. Cash flow

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

Cash flow from operating activities before changes in working capital in the financial year 2020/21 was € 232,231 thousand (previous year: € 165,367 thousand), cash flow from operating activities was € 184,651 thousand (previous year: € 185,123 thousand).

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

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

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

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

The non-cash expense/income is as follows:

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

Net debt reconciliation:

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

	Other assets			
€ in thousands	Cash	Financial assets	Financial Liabilities	Total
Net debt 31 Mar 2019	326,841	239,945	(717,043)	(150,257)
Adoption of IFRS16 Leases	–	–	(26,589)	(26,589)
Cash flows	86,418	(101,768)	(59,679)	(75,029)
Foreign exchange adjustments	4,691	(1,812)	(279)	2,600
Other non-cash movements	–	70	2,457	2,527
Net debt 31 Mar 2020	**417,950**	**136,435**	**(801,133)**	**(246,748)**
Adoption of IFRS16 Leases	–	–	–	–
Cash flows	148,470	(95,557)	(300,959)	(248,046)
Foreign exchange adjustments	(13,570)	(960)	24	(14,506)
Other non-cash movements	–	(55)	824	769
Net debt 31 Mar 2021	**552,850**	**39,863**	**(1,101,244)**	**(508,531)**

V. OTHER DISCLOSURES

25. Earnings per share

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

Weighted average of outstanding shares The number of shares issued is 38,850,000. As of 31 March 2021, no treasury shares are held, which would have had to be deducted in the calculation of earnings per share.

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

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

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

in thousands	2020/21	2019/20
Weighted average number of shares outstanding – basic	38,850	38,850
Diluting effect	–	–
Weighted average number of shares outstanding – diluted	**38,850**	**38,850**

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

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

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

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

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

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

26. Material events after the balance sheet date

No material events occurred after the balance sheet date.

27. Related party transactions

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

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

Members of the Management Board and the Supervisory Board

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

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

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

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

Delegated by the Works Council:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28. Expenses for the Group auditor

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

€ in thousands	2020/21	2019/20
Audit of consolidated and separate financial statements	201	137
Other assurance services	3	27
Other services	11	46
Total	**215**	**210**

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

29. Number of staff

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

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

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

Leoben-Hinterberg, 17 May 2021

The Management Board

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

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.

Leoben-Hinterberg, 17 May 2021

The Management Board

Andreas Gerstenmayer m.p. Chief Executive Officer	Simone Faath m.p. Chief Financial Officer	Heinz Moitzi m.p. Chief Technology Officer	Ingolf Schröder m.p. Chief Operations Officer

AUDITOR'S REPORT

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

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The following matters were of most significance to our audit:

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

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

- Description and Issue

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

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

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

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

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

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

- Our Response

For all material consolidated companies we have

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

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

2. Revenue Recognition over time according to IFRS 15

- Description and Issue

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

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

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

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

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

- Our Response

We have

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

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

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

Other Information

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

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

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

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

Responsibilities of Management Audit Committee for the Consolidated Financial Statements

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

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

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

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

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

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

We also:

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

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

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

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

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

Report on the Audit of the Consolidated Management Report

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

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

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

Opinion

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

Statement

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

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

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

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

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

Engagement Partner

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

Vienna, May 17, 2021

Deloitte Audit Wirtschaftsprüfungs GmbH

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

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

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KEYDATA 10-YEARS TIMELINE

IFRS	Unit	2011/12	2012/13[1]	2013/14	2014/15
EARNINGS DATA AND GENERAL INFORMATION					
Revenue	€ in millions	514.2	541.7	589.9	667.0
thereof produced in Asia	–	73%	74%	76%	79%
thereof produced in Europe	–	27%	26%	24%	21%
Cost of sales	€ in millions	430.7	464.6	471.1	511.6
Gross profit	€ in millions	83.5	77.1	118.8	155.4
Gross profit margin	–	16.2%	14.2%	20.1%	23.3%
EBITDA	€ in millions	103.4	102.4	127.2	167.6
EBITDA margin	–	20.1%	18.9%	21.6%	25.1%
EBIT	€ in millions	42.1	31.4	53.9	90.1
EBIT margin	–	8.2%	5.8%	9.1%	13.5%
Profit for the period[6]	€ in millions	26.5	14.6	38.2	69.3
Profit for the period attributable to owners of the parent company[2, 6]	€ in millions	26.6	14.6	38.2	69.3
Cash earnings[6]	€ in millions	87.8	85.6	111.4	146.8
ROE (Return on equity)[3]	–	10.3%	5.0%	11.0%	13.9%
ROCE (Return on capital employed)[2, 3]	–	7.7%	5.6%	9.6%	12.0%
ROS (Return on sales)	–	5.2%	2.7%	6.5%	10.4%
Vitality Index	–	15.0%	19.2%	26.5%	29.2%
Cash flow from operating activities (OCF)	€ in millions	87.2	71.7	104.8	143.9
Net CAPEX	€ in millions	113.1	40.5	90.3	164.8
Operating free cash flow	€ in millions	(25.9)	31.2	14.5	(20.9)
Free cash flow	€ in millions	(26.4)	31.1	14.5	(20.9)
Employees (incl. leased personnel), end of reporting period	–	7,478	7,011	7,129	8,120
Employees (incl. leased personnel), average	–	7,417	7,321	7,027	7,638
BALANCE SHEET DATA					
Total assets	€ in millions	694.6	726.7	916.1	1,220.8
Total equity	€ in millions	283.1	304.8	390.7	604.4
Equity attributable to owners of the parent company	€ in millions	283.2	304.9	390.7	604.3
Equity ratio	–	40.8%	42.0%	42.7%	49.5%
Net debt	€ in millions	242.5	217.4	110.9	130.5
Net gearing	–	85.7%	71.3%	28.4%	21.6%
Net working capital	€ in millions	92.3	102.7	91.7	95.3
Net working capital per revenue	–	18.0%	19.0%	15.6%	14.3%
STOCK EXCHANGE DATA					
Shares outstanding end of reporting period	–	23,322,588	23,322,588	38,850,000	38,850,000
Weighted average number of shares outstanding	–	23,322,588	23,322,588	30,820,545	38,850,000
Earnings per shares outstanding end of reporting period[6]	€	1.14	0.62	0.98	1.78
Earnings per average number of shares outstanding[6]	€	1.14	0.62	1.24	1.78
Cash earnings per average number of shares[6]	€	3.76	3.67	3.61	3.78
Dividend per share[4]	€	0.32	0.20	0.20	0.36
Closing price	€	9.15	6.79	8.75	14.62
Dividend yield (at the closing price)[4]	–	3.5%	2.9%	2.3%	2.5%
Market capitalisation, end of reporting period	€ in millions	213.4	158.4	339.9	568.0
Market capitalisation per equity[5]	–	75.4%	51.9%	87.0%	94.0%

1) Adjusted in application of IAS 19 revised.
2) 2018/19: Adjusted taking into account IAS 12 revised.
3) Calculated on the basis of average values.
4) 2020/21: Proposal for the Annual General Meeting.
5) Equity attributable to owners of the parent company.
6) 2019/20: Adjustment Hedge Accounting.

2015/16	2016/17	2017/18	2018/19	**2019/20**	2020/21	Change prior year in %	Compound Annual Growth Rate 10 years in %
762.9	814.9	991.8	1,028.0	1,000.6	1,188.2	18.8%	8.7%
81%	82%	84%	85%	87%	88%	–	–
19%	18%	16%	15%	13%	12%	–	–
611.2	760.2	829.5	860.8	897.7	1,021.2	13.8%	9.0%
151.6	54.7	162.3	167.2	102.9	167.0	62.3%	7.2%
19.9%	6.7%	16.4%	16.3%	10.3%	14.1%	–	–
167.5	130.9	226.0	250.1	194.5	245.7	26.3%	9.0%
22.0%	16.1%	22.8%	24.3%	19.4%	20.7%	–	–
77.0	6.6	90.3	117.2	47.4	79.8	68.3%	6.6%
10.1%	0.8%	9.1%	11.4%	4.7%	6.7%	–	–
56.0	(22.9)	56.5	89.0	19.8	47.4	>100%	6.0%
56.0	(22.9)	53.6	80.7	11.5	39.1	>100%	3.9%
146.5	101.8	192.2	213.6	158.6	205.0	29.2%	8.9%
9.5%	(4.1%)	9.0%	11.5%	2.7%	6.1%	–	–
8.2%	(0.6%)	7.7%	9.7%	2.8%	5.8%	–	–
7.3%	(2.8%)	5.7%	8.5%	2.1%	4.0%	–	–
19.6%	21.8%	40.4%	35.3%	30.8%	20.7%	–	–
136.9	136.4	143.2	170.5	185.1	184.7	(0.3%)	7.8%
254.3	240.7	141.7	100.8	218.5	435.8	99.4%	14.4%
(117.3)	(104.3)	1.5	69.7	(33.4)	(251.1)	–	n.a.
(205.3)	(24.7)	(50.2)	(106.0)	68.5	(155.2)	–	n.a.
9,116	9,778	9,734	9,624	10,319	11,868	15.0%	4.7%
8,759	9,526	9,981	9,811	10,239	11,349	10.8%	4.3%
1,344.7	1,436.7	1,530.4	1,784.1	1,853.5	2,390.0	28.9%	13.2%
568.9	540.1	711.4	803.5	760.3	802.0	5.5%	11.0%
568.9	540.1	711.4	803.5	760.3	802.0	5.5%	11.0%
42.3%	37.6%	46.5%	45.0%	41.0%	33.6%	–	–
263.2	380.5	209.2	150.3	246.7	508.5	>100%	7.7%
46.3%	70.5%	29.4%	18.7%	32.5%	63.4%	–	–
88.4	24.4	72.4	160.5	144.4	200.9	39.1%	8.1%
11.6%	3.0%	7.3%	15.6%	14.4%	16.9%	–	–
38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	–	5.2%
38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	–	5.2%
1.44	(0.59)	1.38	2.08	0.30	1.01	>100%	(1.2%)
1.44	(0.59)	1.38	2.08	0.30	1.01	>100%	(1.2%)
3.77	2.62	4.95	5.50	4.08	5.28	29.4%	3.5%
0.36	0.10	0.36	0.60	0.25	0.39	56.0%	2.0%
12.90	10.29	22.00	15.30	13.41	30.60	>100%	12.8%
2.8%	1.0%	1.6%	3.9%	1.9%	1.3%	–	–
501.2	399.8	854.7	594.4	521.0	1,188.8	>100%	18.7%
88.1%	74.0%	120.1%	74.0%	68.5%	148.2%	–	–

GLOSSARY

ABF
Ajinomoto Build-up Film

AT&S Toolbox
Combination of existing and new technologies which enables new interconnect solutions and the functional integration at all connection levels.

CMRT
Conflict Minerals Reporting Template – Questionnaire to collect information on conflict minerals.

COSO standard
Internationally recognised standard for Internal Control Systems (ICS) and risk management published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Embedding
Integrating active and/or passive electronic components inside printed circuit boards.

Functional integration
Refers to the integration of several functions of an electronic system in a module.

IIA Standard
Standards for measures and the assessment of the quality of internal auditing specified by the Institute of Internal Auditors (IIA).

ILO
International Labour Organization.

Intellectual property
In contrast to tangible property, intellectual property is the right to intangible property such as a technical invention.

LCA
Life Cycle Assessment

Lean Six Sigma
Management system for efficiency and process improvement. The core element of the system is the description, measurement, analysis, improvement and monitoring of business processes using statistical methods.

mSAP
Modified semi-additive process.

Net CAPEX
Capital expenditure net of receipts from the disposal of property, plant and equipment and intangible assets.

NOPAT
Net operating profit after tax represents annual profit adjusted to exclude net finance costs. For calculation, please refer to the Group Management Report.

RBA
Responsible Business Alliance – Code of Conduct (formerly Electronic Industry Citizenship Coalition (EICC)) for working conditions in the supply chain of the electronics industry.

REACH
European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals.

RMI
Responsible Minerals Initiative – Principles for the responsible sourcing of conflict minerals.

RoHS
Restriction of Hazardous Substances in electrical and electronic Equipment.

SDGs
Sustainable Development Goals of the United Nations.

TCFD
Task Force on Climate-related Financial Disclosure – Initiative for corporate reporting on climate-related financial opportunities and risks.

Vitality Index
The Vitality Index represents the share of total revenue generated from products that feature new, innovative technologies and have been introduced in the past three years.

WACC
Weighted Average Cost of Capital represents the average cost that a company has to pay to obtain equity or debt capital.

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This report contains forward-looking statements which were made on the basis of the information available at the time of publication. These can be identified by the use of such expressions as “expects”, “plans”, “anticipates”, “intends”, “could”, “will”, “aim” and “estimation” or other similar words. These statements are based on current expectations and assumptions. Such statements are by their very nature subject to known and unknown risks and uncertainties. As a result, actual developments may vary significantly from the forward-looking statements made in this report. Recipients of this report are expressly cautioned not to place undue reliance on such statements. Neither AT&S nor any other entity accept any responsibility for the correctness and completeness of the forward-looking statements contained in this report. AT&S undertakes no obligation to update or revise any forward-looking statements, whether as a result of changed assumptions or expectations, new information or future events.

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No responsibility accepted for errors or omissions.
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Consistency in Change