Annual Report
2022/23

UNIQUE GLOBAL COMPETENCE FROM EUROPE

AT&S

CONTENT

UNIQUE GLOBAL COMPETENCE FROM EUROPE

AT&S is building a competence centre for IC substrate technologies used in high-performance computing and networking solutions in Styria – a project that is unique in Europe.

We are thus driving a technology segment with significant growth potential and creating 700 new high-quality jobs. The project lays the foundation for a European Competence Center for Microelectronics Packaging, which can be of central importance for the sovereignty and the resilience of supply chains in Europe. The resulting key back-end technologies in microelectronics will play an even greater role in end products of global power electronics.

AT&S AT A GLANCE

~15,000
Employees

€1.8 billion
Revenue

€417 million
EBITDA

€1,332 million
Revenue in Mobile Devices & Substrates

€459 million
Revenue in Automotive, Industrial, Medical

€3.03
Earnings per share

61.6%
Renewable energies

–27%
Relative carbon footprint

65
Billion connected devices by 2027

KEY FIGURES

	Unit	2022/23	2021/22	Change year-on-year	2020/21	2019/20
Revenue	€ in millions	1,791	1,590	13%	1,188	1,001
EBITDA	€ in millions	417	350	19%	246	195
EBITDA margin	%	23.3	22.0	–	20.7	19.4
EBIT	€ in millions	146	126	16%	80	47
EBIT margin	%	8.2	8.0	–	6.7	4.7
Profit for the period	€ in millions	137	103	32%	47	20
ROCE	%	6.6	7.8	–	5.8	2.8
Net CAPEX	€ in millions	996	602	66%	436	219
Operating free cash flow	€ in millions	(520)	111	–	(251)	(33)
Net debt	€ in millions	851	212	>100%	509	247
Earnings per share	€	3.03	2.39	27%	1.01	0.30
Dividend per share	€	0.40[1]	0.90	(56%)	0.39	0.25
Employees	–	15,280	13,046	17%	11,349	10,239

[1] 2022/23: Proposal to the Annual General Meeting
[2] incl. contract staff, average

MARKETS AND APPLICATIONS

IC SUBSTRATES

- High-performance computers
- Servers
- Client PCs
- Cloud and edge computing
- 5G base stations
- Gaming & networking

INDUSTRIAL

- Smart solutions for buildings, power grids, lighting, production and transport
- Telecom infrastructure
- Robots

MOBILE DEVICES

- Smartphones
- Wearables
- Notebooks and tablets
- Action cameras
- Drones

MEDICAL

- Diagnostics and imaging systems (X-ray, MRI and ultrasound)
- Therapy applications (cardiac pacemakers, neurostimulation, hearing aids, prostheses)
- Sensor systems for pulse and glucose measurement

AUTOMOTIVE & AEROSPACE

- Advanced driver assistance systems
- Autonomous driving (radar, camera, vehicle-to-X communication)
- Power supply for drive systems
- Infotainment systems
- Satellites

WHO WE ARE

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**.

AT&S is a globally leading manufacturer 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 with its customers as a solutions supplier.

PRODUCTION SITES

1. Leoben, Austria
2. Fehring, Austria
3. Nanjangud, India
4. Chongqing, China
5. Shanghai, China
6. Ansan, South Korea
7. Kulim, Malaysia

SALES SUPPORT OFFICES

1. San Jose, USA
2. Düren, Germany
3. Bengaluru, India
4. Tokyo, Japan
5. Taipei, Taiwan
6. Hong Kong, China (holding company)

COMPANY

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LETTER FROM THE EXECUTIVE BOARD

Andreas Gerstenmayer
CEO

DEAR SHAREHOLDERS,

We are currently living in a time of great transformation, which gives us fascinating perspectives, unprecedented new possibilities, and a wide range of growth opportunities for the technology sector. At the same time, however, we are faced with enormous challenges, starting with the aftermath of COVID and ranging from climate and environmental issues to geopolitical conflicts such as the Russia-Ukraine war, the tense situation between China and Taiwan, and the conflict between China and the USA. The past financial year clearly demonstrated how rapidly economic and geopolitical conditions can evolve, and the immediate impacts this can have on businesses. The markets are tense and highly volatile. Companies in the technology sector in particular feel the effects of this development and must have the capabilities to respond quickly so that they can continue to pursue their success strategies in the long term. This involves continuously evaluating their projects and adapting them to the realities of the markets, as well as introducing efficiency programmes and cost-cutting measures.

» **We are convinced that digitalisation will continue to progress and open up new opportunities and business segments for us.** «

Peter Schneider
EVP BU Electronics Solutions

COVID accelerated digitalisation, and the demand for PCs, laptops and streaming services soared. This accelerated demand was prompted by remote working, home schooling as well as home entertainment. Due to the resulting market saturation, demand for such devices is significantly lower at present. However, rising inflation, increasing living costs, and rising interest rates also caused demand to decline. Nevertheless, AT&S continued to grow in the financial year 2022/23, and generated record revenues: At €1,791 million, annual revenue rose by 13 % (previous year: €1,590 million). This positive development was primarily driven by our strategy to broaden the application portfolio of mobile devices and to promote the business with module printed circuit boards. Moreover, the additional capacities for IC substrates in Chongqing, China, also contributed to the success, especially in the first half of the year. In the AIM (Automotive, Industrial, Medical) segment, the positive revenue momentum continued, with the Automotive segment recording the highest percentage growth.

Our long-term strategy is not affected by the current market volatility; we are achieving our goal of further differentiating our customer base even faster than planned. I am especially pleased about the progress of our projects in China, Malaysia and Austria, where we are establishing substantial new capacities for IC substrates, and proving our cutting-edge innovative strength with a research centre that is unique in Europe to date.

In Kulim, Malaysia, the first machines for plant 1 have been delivered and production is scheduled to start at the end of 2024. Construction of plant 2 in Kulim has been completed; the timing of the ramp-up of the machinery depends on how the market and the situation of a key customer develop. In Leoben, Austria, we not only moved into our new headquarters, the NewWorkingWorld, in late 2022, but are also fully on track with the construction of our research and production centre. Here, production will also be launched in 2024. This new plant is our lighthouse project – Europe's first competence centre for IC substrates and microelectronics packaging (packaging of semiconductors).

€1.8 billion

Record revenue
in the past financial year

The planned expansion of our customer portfolio is making excellent progress, some of which are stated above. We won several new, highly renowned customers in the area of computing/data processing for IC substrates in the past financial year, who are also willing to make financial contributions and support financing. This shows that we have the strength and expertise to consciously use challenging times to strategically position ourselves as an innovation driver in the long term. According to market forecasts, the markets relevant to us should pick up in the second half of the financial year 2023/24.

We are convinced that digitalisation will continue to progress and open up new opportunities and business segments for us. With artificial intelligence, big data, the Internet of Things, electrification and robotisation, this “great transformation” brings technological trends that will transform the entire economy, society and our everyday life in the decades to come.

The great transformation is also a green transformation. The ambitious global climate protection goals will lead to profound changes. We are in the middle of the energy transition, a heat transition and a traffic transition. Companies in all industries are faced with the challenge of decarbonising their entire value chain. This will also open up new business segments – because microelectronics is a central part of the future solutions in all of these areas.

As a globally operating company, we are taking our social responsibility in climate protection very seriously. To underscore this commitment, we voluntarily subjected our climate protection goals to the strict requirements of the Science Based Target Initiative (SBTi) in the financial year 2021/22. In the past financial year, specific emissions reduction targets were submitted to and reviewed by the SBTi. In early 2023, the SBTi concluded that AT&S’s climate targets met the strict criteria of the Climate Protection Alliance. Consequently, it is considered scientifically substantiated that the AT&S energy strategy is based on the latest findings of climate research. This is an important step on our way to becoming the leading high-tech company also in terms of sustainability, and supports our customers in achieving their climate goals.

Ingolf Schröder
EVP BU Microelectronics

FURTHER INFORMATION ON SUSTAINABILITY AT AT&S CAN BE FOUND AT:

https://ats.net/en/sustainability/

Petra Preining
CFO
since 2022

Peter Griehsnig
CTO
since April 2023

The success story of AT&S is not a coincidence – the history of AT&S is a story of the future: We have always identified trends early or even played a part in setting them. We developed innovations and took opportunities. Together with all employees, AT&S achieved goals that turned a "printed circuit board manufacturer from Styria" into a global technology leader and innovation driver. Based on good collaboration, team spirit, committed actions and thanks to the right vision and strategies, we embarked on a path of sustainable success, which has been given a new structure as of 1 April 2023: The business units "Mobile Devices & Substrates" and "Automotive, Industrial & Medical" have been reorganised and the new structure consists of the "Electronics Solutions" and "Microelectronics" business units. Each business unit will be represented by a member of the Management Board. Peter Schneider is responsible for "Electronics Solutions" and Ingolf Schröder for "Microelectronics". "Electronics Solutions" will bundle the business with printed circuit boards and modules across the group, while "Microelectronics" will focus on IC substrates.

Likewise, Peter Griehsnig took over the role of Chief Technology Officer on 1 April 2023, which was created to manage, coordinate and accelerate research and innovation. With Petra Preining, who joined the company in autumn of 2022 as CFO, the new Board is now complete and well-positioned to address the tasks and goals of the future.

On behalf of the Management Board, I would like to thank our employees, who master the challenges of the present with their expertise, their team spirit and their positive mindset. They guarantee that we will continue our growth course going forward. I would also like to thank you, our investors, for the trust you place in us. I assure you that we, the global team of AT&S, will do our best to continue along the course we embarked on successfully – create value, make a substantial contribution to solving societal problems, and achieve the revenue target of €3.5 billion and an EBITDA margin of 27 to 32% in the financial year 2026/27.

Sincerely,

Andreas Gerstenmayer

STRATEGY

"MORE THAN AT&S": SUSTAINABLE PROFITABLE GROWTH

The overarching goal of AT&S is to continue the sustainable profitable growth course and create added value for all involved – our customers, shareholders and employees. To guarantee sustainable profitable growth, we have adjusted our pace of growth to the current market realities. We aim to achieve our revenue target of €3.5 billion by the financial year 2026/27. The investments announced in recent years, operational excellence, outstanding customer service and strong innovation culture are key elements of our strategy. We continue to pursue our technology leadership strategy and set the highest quality standards in the industry. We set ambitious ESG goals as guideposts on the journey.

The digitalisation, connectivity and smart applications trends we address will lead to strong market growth for the relevant technological solutions in the medium to long term. This is reflected in growth by 4.4% (CAGR) in the high-end HDI printed circuit board market in the years 2023–2028, and by 8.5% (CAGR) in the advanced substrates segment during the same period.

In addition to the application-driven growth, we increasingly see technology-driven, and therefore value-driven, growth, particularly with respect to the IC substrates segment. The trend of heterogeneous integration leads to ever larger and more complex substrates, enabling value-based growth of the technologies we produce.

Based on our deep understanding of the underlying applications as well as our high level of manufacturing expertise and industrialisation of new technologies, we will continue to be leaders in our target markets (see "Market and Industry Environment" in the Group Management Report). Our strategic investments in the expansion of our performance in key technologies support this growth strategy. The long-term corporate goals of AT&S reflect these growth ambitions in profitable market segments and applications.

VISION AND STRATEGIC GOALS

We aspire to be the first choice for our customers in our market segment based on top performance – for high-end printed circuit boards and IC substrates, advanced packaging technologies, and the corresponding system and interconnect solutions. Our growth strategy follows the vision "First choice for advanced solutions". Its implementation is guided by four key 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 of >20%. Our strategic implementation focuses on the development and industrialisation of new technology platforms and on strengthening our role as a proactive development partner for our customers. AT&S is continuously enhancing its toolbox with high-end printed circuit boards, and IC substrates and embedding technology. The company is also continuously expanding its service offer beyond the production of printed circuit boards and IC substrates to IC packaging design, manufacturing, system integration and testing. Thus, AT&S is transforming from a contract manufacturer to a proactive interconnect solution provider.

2. Sustainable profitable growth

We strive to generate approximately €3.5 billion by the financial year 2026/27, while aiming for an EBITDA margin in the range of 27% to 32%. Strategic implementation of this ambitious goal is supported by the following levers:

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

b) 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 solid 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 of >30% and a net debt to EBITDA ratio of <3.

3. Creation of shareholder value

AT&S is progressively expanding its capabilities, which is connected to high investments. Nevertheless, we are focused on maintaining a high level of value creation for our shareholders. In the upcoming years we expect the interest on the capital employed by our shareholders (ROCE) to achieve a mid-term level of >12%. The return on capital employed thus exceeds the weighted average cost of capital of comparable companies. At the same time, we are pursuing a transparent dividend policy based on investment cycles and profit for the year.

4. Sustainable management

We will only 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 fundamental 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), the International Labour Organization (ILO), the UN Global Compact as well as the Responsible Minerals Initiative (RMI) serve as our compass.

Our strategic focus areas are derived from the above guidelines and from the AT&S materiality analysis, customer requirements, and global developments in environmental, social and governance (ESG) 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 in full consultation and collaboration with them early on. This is a capability we will maintain and expand on in the future. In this context, AT&S is increasingly focusing on combining the possibilities of the core business with new technologies.

STRATEGIC GOALS

ADVANCED TECHNOLOGIES AND SOLUTIONS

1 Expansion of technology leadership

- Leading provider of advanced interconnect solutions
- Vitality Index of >20%

2 Focus on sustainable profitable growth

- 2026/2027: revenue target of €3.5 billion
- EBITDA margin target of 27% to 32%

3 Create shareholder value

- Long-term ROCE of >12%

4 Sustainable management

- 80% Renewable energies by 2025
- Decarbonisation of all product sites by 2030
- Life cycle assessment at product level

To achieve targeted growth, we drive our business based on the following four strategic pillars:

1. Expansion of the core business

AT&S is strengthening its core competence in the area of high-end printed circuit boards and IC substrates, and is continuing to develop its business in the existing market segments. Here, the market promises solid growth.

2. Diversification of the customer and application portfolios

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 the earnings base.

3. Proactive product development

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

4. Industrialising new technologies

AT&S drives the development of new technology platforms 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.

"MORE THAN AT&S" – CORPORATE STRATEGY

COMBINING OUR CORE BUSINESS WITH NEW TECHNOLOGIES
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

STRATEGIC PRIORITIES BY PRODUCT FIELD

The key competencies of AT&S lie in high-end PCB and IC substrates technologies. These two fields remain the focus of our business. While in high-end PCBs we are leveraging scale effects and focusing on profitability, the IC substrates field is currently in a strong growth phase, where we focus on capacity expansion. Driven by the market and technology trends, AT&S addresses heterogeneous integration and modularisation with IC substrates and substrate-like PCBs for modules in various market segments.

AT&S continuously evaluates growing opportunities within attractive markets. In addition to our strategic focus on our two main product groups – high-end PCB mainboards and IC substrates –, we are gradually marketing embedded die/ECP technology and evaluating the further expansion of our technology portfolio in advanced electronics packaging. Though our market share is not yet substantial in this field, this segment is particularly promising, as the value of packaging in the overall electronics market is increasing.

Product/Offer field	Strategic priorities
Mainboards and substrate-like PCBs	▪ Focus on profitability and high-end applications ▪ Leveraging modularisation trend ▪ Technology leadership
IC substrates	▪ Customer diversification ▪ Capacity and capability expansion through recently announced major investments ▪ Utilising window of opportunity and main market drivers
Advanced electronic packaging	▪ Embedded die/ECP technology marketing ▪ Technology toolbox expansion ▪ Evaluation of strategic options for entrance into electronic packaging business as a service provider

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

AT&S was confronted with a number of challenges in the financial year 2022/23. Despite all adverse circumstances, we were able to increase both revenue and earnings again based on our long-term corporate strategy. Revenue was up 13% and reached a record level again at €1,791.3 million (previous year: €1,589.9 million). Likewise, EBITDA marked an all-time high of €416.7 million (previous year: €349.5 million).

Profit for the year rose from €103.3 million in the previous year to €136.6 million due to the higher operating result.

Activities of the Supervisory Board

The Supervisory Board met four times during the financial year 2022/23.

In the financial year 2022/23 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 2022 to 31 March 2023, 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, the 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 of information 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 outside the framework of Supervisory Board meetings.

The activities of the Supervisory Board also focused on the preparation of the budget for the financial year 2023/24 and the further technological development. In the past financial year, the discussions and decisions of the Supervisory Board addressed in particular the ongoing development of the capacity expansion for IC substrates, their adaptation to current market developments and the associated measures regarding customer diversification as well as the optimisation of Group financing.

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 in accordance with 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, chaired by Regina Prehofer, focused primarily on the review of the annual and consolidated annual financial statements for the year ended 31 March 2022, and on planning and the preparation for the audit of the annual and consolidated financial statements for the financial year 2022/23. 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.

Hannes Androsch
Chairman of the
Supervisory Board

The Nomination and Remuneration Committee, chaired by Georg Riedl, held one meeting in the past financial year, which focused in particular on matters relating to a successor for the position of the CFO in the person of Ms Preining and the expansion of the Management Board to include the function of the CTO in the person of Mr Griehsnig with effect from 1 April 2023.

The Finance Committee, chaired by Hannes Androsch, did not meet in the financial year 2022/23. The relevant topics were discussed with the full Supervisory Board at the Supervisory Board meetings.

Self-Evaluation of the Supervisory Board

The Supervisory Board carries out a self-evaluation annually, and did so again for the financial year 2022/23. 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 28th Annual General Meeting that Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, be appointed Company and Group auditors for the financial year 2022/23. The proposal was adopted by the Annual General Meeting of 7 July 2022.

The annual financial statements of AT&S Austria Technologie & Systemtechnik Aktiengesellschaft and the consolidated financial statements for the year ended 31 March 2023 were audited by Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, and awarded an unqualified audit report. The Management Report and the Group Management Report for the financial year 2022/23 were consistent with the annual financial statements and the consolidated financial statements. Based on the prior discussion by the Audit Committee, and following its own detailed consideration and examination, the Supervisory Board approved the Company's annual financial statements for the year ended 31 March 2023 in accordance with Section 96 (4) of the Austrian Stock Corporation Act (AktG) at its meeting on 31 May 2023. With regard to the Non-financial Report, the Management Board obtained a statement by the auditor prior to the audit, which was 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 29th Annual General Meeting that Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, be appointed Company and Group auditors for the financial year 2023/24.

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 €238,505,515.30 a dividend of €0.40 per no-par share outstanding on the payout date and entitled to dividend be distributed, and an amount of €222,965,515.30 be carried forward.

Our Thanks to the Management Board and all Employees

Despite the recently difficult market developments, AT&S nevertheless recorded a satisfactory year. We would like to express our sincere gratitude to the Management Board and all employees for our success and the work that made it possible, as well as to our shareholders for their support. We are convinced that together we will continue to advance the AT&S Group and lead it to further success!

Leoben-Hinterberg, 31 May 2023

On behalf of the Supervisory Board

Hannes Androsch m.p.
Chairman of the Supervisory Board

CONSOLIDATED CORPORATE GOVERNANCE REPORT

The Austrian Code of Corporate Governance (ACCG) 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/ DECLARATION OF COMMITMENT

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft ("AT&S") has expressly committed to compliance with the rules of the 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.

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

AT&S meets all mandatory L-Rules ("Legal Requirements"). Unless an explanation is provided, C-Rules ("Comply or Explain") are also complied with by the respective corporate bodies and by the company.

In accordance with L-Rule 60 of the ACCG, AT&S must prepare a Consolidated Corporate Governance Report. The Consolidated Corporate Governance Report of AT&S also corresponds to the Corporate Governance Report of the AT&S Group. This Consolidated Corporate Governance Report is publicly available on the AT&S website at **https://ats.net/en/company/corporate-governance/** (C-Rule 61 ACCG).

In accordance with Rule 62 of the Austrian Code of Corporate Governance, compliance with the requirements of the Code shall be evaluated periodically, but at least every three years, by an external institution. The most recent evaluation took place for the financial year 2020/21. In accordance with Rule 62 of the Austrian Code of Corporate Governance, the next external evaluation is planned for the financial year 2023/24.

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

1. The long-term incentive programme based on stock appreciation rights ("SAR") for the Management Board and key staff implemented by resolution of the Supervisory Board on 3 July 2014 so far does not include defined non-financial criteria for variable remuneration for the purpose of maintaining transparency and traceability with regard to target achievement.
   However, the variable remuneration of the Management Board not accounted for by SAR is dependent on the short-term achievement of three performance indicators defined as part of the budget for the respective financial year, which reflect the company's commitment to the topics of sustainability and innovation.

2. Andreas Gerstenmayer is contractually entitled to termination benefits in the event of a termination of his appointment (in accordance with the Salaried Employees Act ("old system for severance pay"), applied mutatis mutandis), which could, under certain circumstances, result in a severance payment exceeding the amount of two annual remunerations. The same applies to all Management Board members in the event of a premature termination of the employment relationship by the respective Board member for reasonable cause, or where the function becomes obsolete for legal reasons.

3. All contracts of the Management Board members 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.

The above-mentioned deviations result from the endeavour not to interfere with the rights arising from existing contracts and to make all Management Board contracts as consistent as possible. Details regarding the Management Board remuneration can be found in the Remuneration Report.

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 as well as 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

Composition, working practices and organisation

AT&S AG MANAGEMENT BOARD

	Assigned Group functions	Date of first appointment	End of current appointment
Andreas Gerstenmayer, CEO born 1965 male	Strategy, M&A, Research & Development, Communication & PR, Public Affairs, IT, Human Resources, Advanced Interconnect Solution Services and Corporate Social Responsibility	01/02/2010	31/05/2026
Petra Preining, CFO born 1973 female	Finance, Controlling, Procurement, Investor Relations, Legal, Internal Audit, Compliance, Risk and Continuity Management	01/10/2022	30/09/2027
Peter Schneider, CSO born 1970 male	Global Sales, Sales Regions, Business Unit Sales, Business Lines, Business Development, Marketing, Market Intelligence	01/06/2021	31/05/2024
Ingolf Schröder, COO born 1972 male	Operations, Quality, Global Supply Chain Management, EHS	01/09/2020	31/08/2025

Since 1 April 2023, Peter Griehsnig has been a member of the Management Board in his function as CTO, and Peter Schneider has additionally exercised the function of Head Business Unit (BU) Electronics Solutions and Ingolf Schröder the function of Head Business Unit (BU) Microelectronics.

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.

CVs of the Management Board members can be found on the AT&S website at **https://ats.net/en/company/management-board-supervisory-board/**.

Remuneration of the Management Board (and Supervisory Board)

With the Stock Corporation Amendment Act 2019 (Federal Law Gazette I 2019/63), the provisions regarding the disclosure of the remuneration of the individual members of the Management Board and the principles of the remuneration policy have terminated. This information is now disclosed in detail in the Remuneration Report (Section 78d of the Austrian Stock Corporation Act (AktG)), which must be presented annually to the Annual General Meeting.

SUPERVISORY BOARD

AT&S AG SUPERVISORY BOARD

	Date of first appointment	End of current appointment	Membership of other Supervisory Boards[1]	Independent according to ACCG rule
Hannes Androsch Chairman of the Supervisory Board born 1938, male	30/09/1995	31th AGM 2025	–	–
Regina Prehofer First Deputy Chairwoman of the Supervisory Board born 1956, female	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, male	28/05/1999	30th AGM 2024	Member of the Supervisory Board of Vienna Insurance Group AG, Vienna, Austria (left Supervisory Board on 20 May 2022)	53
Gertrude Tumpel-Gugerell Member of the Supervisory Board born 1952, female	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, male	09/07/2020	31st AGM 2025	Member of the Supervisory Board of Vienna Insurance Group AG, Vienna, Austria	53, 54
Georg Hansis Member of the Supervisory Board born 1973, male	09/07/2020	31st AGM 2025	–	53
Hermann Eul Member of the Supervisory Board born 1952, male	09/07/2020	31st AGM 2025	Member of the Supervisory Board of Knowles Corporation, Itasca, USA	53, 54
Karin Schaupp Member of the Supervisory Board born 1950, female	07/07/2011	30th AGM 2024	–	53, 54
Lars Reger Member of the Supervisory Board born 1970, male	09/07/2020	31st AGM 2025	–	53, 54
Wolfgang Fleck Member of the Supervisory Board born 1962, male	03/09/2008	–	–	n.a.
Günter Pint Member of the Supervisory Board born 1976, male	19/09/2017	–	–	n.a.
Siegfried Trauch Member of the Supervisory Board born 1960, male	28/01/2016	–	–	n.a.
Günther Wölfler Member of the Supervisory Board born 1960, male	10/06/2009	–	–	n.a.
Bianca Ernhardt Member of the Supervisory Board born 1995, female	14/12/2022	–	–	n.a.

[1] Supervisory Board positions held within the reporting period

Management based on the principles of good corporate governance, which is developed continuously, is of vital importance to the Management Board and the Supervisory Board. Open discussions and discourse constantly take place both within these bodies and between the Management and Supervisory Boards. The strategic orientation of the company is defined in close coordination between the two bodies and is regularly discussed and evaluated at the Supervisory Board meetings. A catalogue of transactions and measures which – in addition to those defined by law – require the explicit approval of the Supervisory Board can be found in the Rules of Procedure of the Management Board alongside the requirements of ongoing reporting by the Management Board to the Supervisory Board. The Supervisory Board supervises the Management Board in managing the company and provides advice regarding decisions of crucial or fundamental importance.

Throughout the financial year from 1 April 2022 to 31 March 2023, 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 four times during the financial year 2022/23. No Supervisory Board member attended less than 50% of the meetings.

Central topics of the meetings included the business development, the strategic development of the Group, ongoing and planned expansion projects and their financing, focal points of research and development, personnel measures and organisational development as well as the current market development. In addition, the budget for the financial year 2023/24 was approved and medium-term planning for the financial years 2024/25 to 2027/28 was discussed.

The Supervisory Board carries out an annual self-evaluation in accordance with Rule 36 of the Code of Corporate Governance, and did so again for the financial year 2022/23. 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 AT&S Supervisory Board. The Rules of Procedure of the Supervisory Board can be viewed at **https://ats.net/en/company/management-board-supervisory-board/**.

In March 2023, the members of the Supervisory Board appointed by the Annual General Meeting each declared in writing whether they were independent. Eight of the nine members of the Supervisory Board representing shareholder interests declared that they were independent. Hannes 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.

Related party transactions

In connection with various projects, the Group obtained services totalling €363 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 matters, the Supervisory Board has established three standing committees which analyse particular issues in detail and report regularly to the Supervisory Board.

COMPOSITION OF THE COMMITTEES OF THE SUPERVISORY BOARD

Committee	Members
Audit Committee	Regina Prehofer (Chairwoman) Gertrude Tumpel-Gugerell (Finance expert) Georg Riedl Wolfgang Fleck Günther Wölfler
Nomination and Remuneration Committee	Georg Riedl (Chairman) Hermann Eul Robert Lasshofer Wolfgang Fleck Günther Wölfler
Finance Committee	Hannes Androsch (Chairman) Regina Prehofer (Deputy Chairwoman) Robert Lasshofer Georg Riedl Wolfgang Fleck Günther Wölfler

Audit Committee

The Audit Committee carries out the responsibilities defined by Section 92 para. 4a of the Austrian Stock Corporation Act and Rule 40 of the Austrian Code of Corporate Governance. In particular, the Audit Committee reviews and prepares the approval of the annual financial statements and reviews the proposed distribution of profits, the Management Report and the Consolidated Corporate Governance Report, monitors the accounting process, approves non-audit services and is required to report the audit results to the Supervisory Board. The Audit Committee held three meetings and addressed above all the preparation of the resolution on the separate and consolidated financial statements for the financial year 2021/22, risk management, the internal control system, internal audit and the compliance organisation as well as the preparation for the audit of the separate and consolidated financial statements for the financial year 2022/23.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee deals with matters regarding succession planning and the remuneration of Management Board members. All 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 held one meeting in the financial year 2022/23, which focused in particular on matters related to appointing a successor to the position of the CFO in the person of Ms Preining and the expansion of the Management Board to include the function of the CTO in the person of Mr Griehsnig with effect from 1 April 2023.

Finance Committee

A Finance Committee has been established to address the complex and specific tasks of financing as efficiently as possible. The Finance Committee did not convene in the financial year 2022/23. The relevant topics were discussed in the course of the Supervisory Board meetings.

DIVERSITY OF THE MANAGEMENT AND SUPERVISORY BOARDS

When proposals for Supervisory Board appointments are made to the Annual General Meeting, and when Management Board members are nominated, the focus is on maintaining a professional and diversity-related balance, as such a balance significantly contributes to the professionalism and effectiveness of the work of the Supervisory and Management Boards. In addition to professional and personal qualifications, aspects such as age structure, origin, gender, education and experience are also considered.

At present, four women serve on the AT&S Supervisory Board. At 29%, the proportion of women is below the average of publicly traded Austrian companies; within the shareholder representatives, the proportion of women is one third. The company strives to further increase this proportion in accordance with legal requirements. The age of Supervisory Board members ranges from 27 to 84 years on 31 March 2023. All members of the Supervisory Board representing shareholder interests have extensive experience in international business.

With the appointment of Petra Preining as CFO with effect from 1 October 2022, the proportion of women on the Management Board was 25% as of 31 March 2023 and 20% from 1 April 2023.

MANAGERS' TRANSACTIONS

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, under **https://ats.net/en/investors/ir-news/managers-transactions/**.

DIRECTORS AND OFFICERS (D&O) INSURANCE

D&O insurance is in place for the Supervisory Board, the Management Board and senior executives in the Group. The company pays for the costs in connection with this insurance.

RISK MANAGEMENT

In accordance with C-Rule 83 of the ACCG, the effectiveness of the risk management system was attested without qualification by the auditor, Deloitte Audit Wirtschaftsprüfungs GmbH, for the reporting period and the Management and Supervisory Boards were informed about the result. In addition, the Head of Risk Management reports on current risks at the meetings of the Audit Committee.

AT&S SHARE

As was the case with the international stock markets and the technology sector in particular, the AT&S share showed increased volatility and a downward trend during the financial year 2022/23. At the end of the financial year on 31 March 2023, the share closed at €28.35, which corresponds to a loss of roughly 44%. While the price still showed some positive momentum during the first quarter, benefitting among other things from the good operating development and the targets for the financial year, which had been revised upwards, it subsequently saw a continual downward trend. It thus reflected the significantly deteriorated market conditions in the wake of the COVID pandemic resulting, among other things, from the Ukraine conflict with its impact on the energy market, the increased tensions between the USA and China, the interest rate policies of the central banks as well as the general economic downturn coupled with rising inflation. AT&S also had to adjust its projects and forecasts as a result of the changes in the market and the reduced growth momentum.

The share marked its annual low of €25.90 in March 2023 and thus at the end of the financial year. In contrast, the high of €57.50 was recorded towards the end of May 2022. AT&S's market capitalisation fell from €1.96 billion at 31 March 2022 to €1.10 billion at the end of the financial year 2022/23 due to the share price development.

KEY SHARE FIGURES

	Unit	2022/23	2021/22
Closing price on 31 March	€	28.4	50.4
High	€	57.5	54.0
Low	€	25.9	28.0
Market capitalisation (end of reporting period)	€ in millions	1,101	1,958
Average share turnover per day	€ in thousands	4,495	3,471
Average number of shares traded per day	–	116,649	87,749
Dividend per share	€	0.40[1)]	0.90
Dividend yield (at the closing price)	%	1.4	1.8
Earnings per share	€	3.03	2.39
Book value per share	€	29.8	32.2
Price-earnings ratio per share	–	9.4	21.1

[1)] 2022/23: proposal to the Annual General Meeting

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Investor Relations
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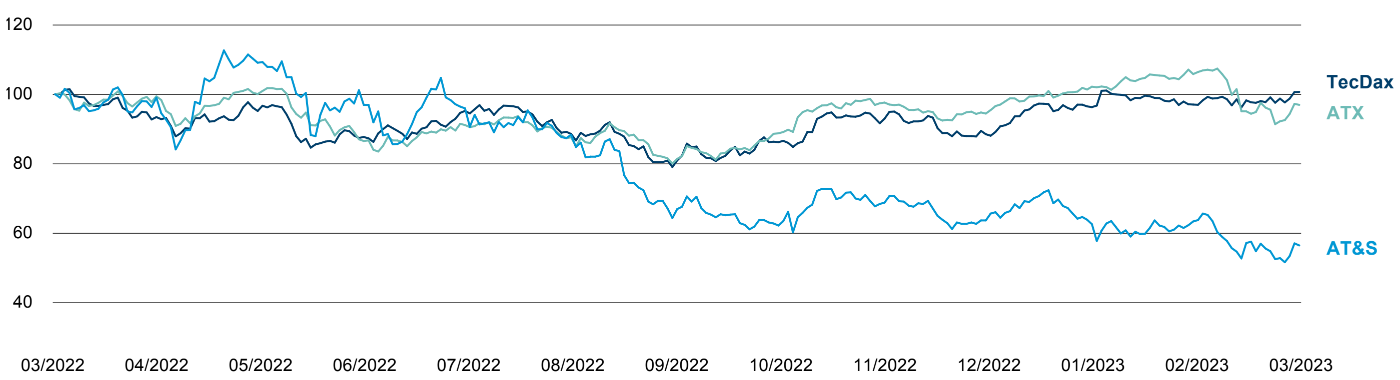
SHARE PRICE DEVELOPMENT

AT&S compared to ATX and TecDAX (rebased to 100)



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

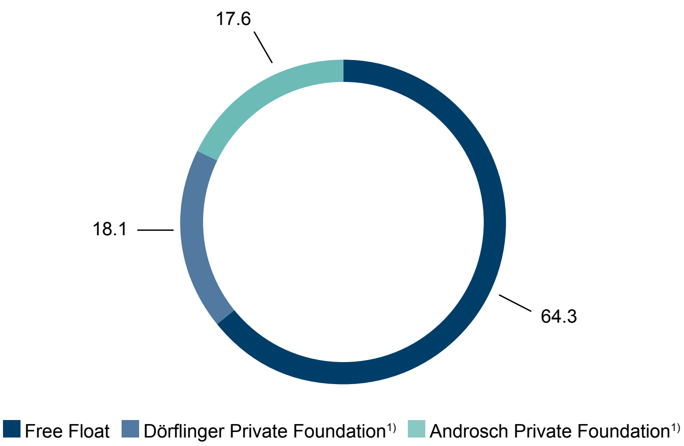
ANALYSES OF THE AT&S SHARE

	Analyst Recommendations[1]
Aletheia Capital	Buy
Berenberg Bank	Sell
Erste Group	Buy
Jefferies	Hold
Kepler Cheuvreux	Buy
ODDO BHF	Neutral
Raiffeisen Bank International	Hold
Stifel	Buy

[1] As on date of publication

SHAREHOLDER STRUCTURE

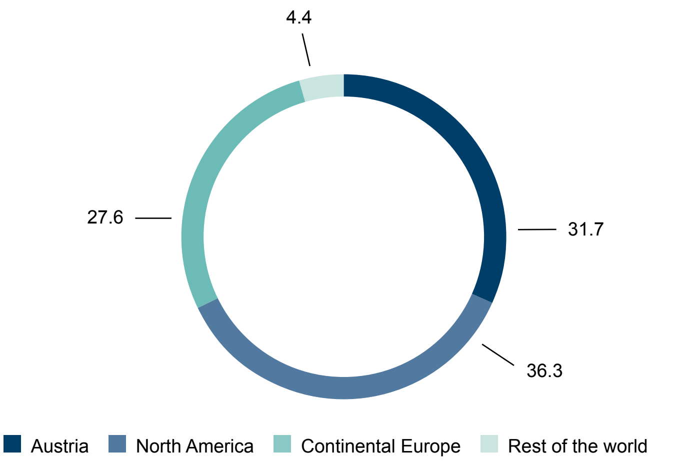
in %



[1] incl. direct and indirect holdings

SHAREHOLDER STRUCTURE BY REGION (INSTITUTIONAL INVESTORS)[1]

in %



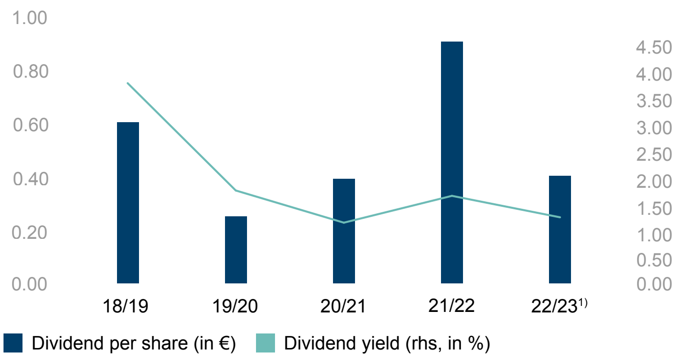
[1] Only includes identified investors

AT&S FINANCIAL CALENDAR

26/06/2023	Record Date Annual General Meeting
06/07/2023	29th Annual General Meeting
25/07/2023	Ex-Dividend Day
26/07/2023	Record Date Dividend
27/07/2023	Dividend Payment Day
01/08/2023	Publication of the first quarter 2023/24
02/11/2023	Publication of the first half-year 2023/24
01/02/2024	Publication of the first three quarters 2023/24
14/05/2024	Publication Preliminary Annual Results 2023/24

DIVIDEND DEVELOPMENT

Dividend and dividend yield



[1] Proposal to the Annual General Meeting

NON-FINANCIAL REPORT

STATEMENT OF THE MANAGEMENT BOARD

If we were to use an image to describe the past year, it would likely be a ship which we responsibly navigate through stormy seas.

The Russia-Ukraine conflict has far-reaching implications for the global economy. We were, and still are, confronted with shortages and challenges in energy and raw material supply. Rising prices and high inflation continue to weaken the market. While Europe has been gradually returning to normal after the COVID-19 pandemic, China reacted by imposing lockdowns in the financial year 2022/23 – first in Shanghai, then in Chongqing. In the midst of these turbulent times, AT&S is maintaining its course and continues to grow, albeit at a slower pace.

In all of this, sustainability is no longer a fair weather topic. As we keep growing, so does our responsibility towards people and the environment. And AT&S takes this responsibility seriously, as demonstrated by various sustainability prizes, awards and continuous improvements in ratings by agencies such as MSCI and CDP.

We pursue ambitious climate goals, which have been reviewed and approved by the Science Based Targets initiative (SBTi). This is an important milestone in our energy strategy and at the same time points the way to the future. Defying choppy waters, we can only achieve these goals by taking effective measures and collaborating with our partners to overcome the global climate crisis and curb heating.

The rapidly growing interest in the life cycle assessment of our products proves that we are also following the right course with our focus on circular economy. These are further measures on the way from linear to circular production patterns, aiming to uncouple growth from resource use as far as possible.

What would a ship be without its crew? When the going gets tough, we need a team we can rely on. Especially since the current situation demands painful efficiency measures, we would like to thank our employees for their outstanding commitment and dedication.

WHAT WE STAND FOR

RBA
(Responsible Business Alliance)

RMI
(Responsible Minerals Initiative)

ILO
(International Labour Organization)

SDGs
(Sustainable Development Goals)

OECD Guidelines
for multinational enterprises

UNGC
(United Nations Global Compact)

In sustainable supply chain management, we focus not only on our established processes and indicators, but also on trust and strong partnerships along the entire value chain. Nevertheless, the Corporate Sustainability Due Diligence Directive (CSDDD) will pose new challenges for us. While high standards make sense and the general thrust of the European Commission is correct, the current draft entails the risk of an overregulation which fails to meet the underlying goal.

In addition to our employees, customers and suppliers, our partners also include the representatives of all global frameworks to which we are committed: the United Nations Sustainable Development Goals (SDGs), the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the International Labour Organization (ILO), the UN Global Compact, the Responsible Business Alliance (RBA) and the Responsible Minerals Initiative (RMI).

With this report, AT&S complies with the reporting obligation pursuant to the Austrian Sustainability and Diversity Improvement Act (NaDiVeG, section 243b and section 267a of the Austrian Commercial Code, UGB) for the Group as a whole and for Austria Technologie und Systemtechnik Aktiengesellschaft (in the following referred to as “the company”). This report has been prepared in partial compliance with the standards of the Global Reporting Initiative (GRI). Details are provided in the GRI content index at the end of the non-financial report. With this report, we aim to give all stakeholders of the AT&S Group transparent access to all ESG-relevant information and an overview of the main activities.

Looking ahead we can see that the waters we navigate will remain turbulent in the months to come. The geopolitical situation, inflation, rising prices and the challenges within the supply chain will continue to require intensive attention from us. While the current weakness of the market will stay with us for a while, it does not change anything about the future prospects of our markets and our growth strategy. At the same time, we will keep the developments in the area of sustainability on our radar: we are preparing for the mandatory audits in line with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) with the new double materiality concept, monitor the developments surrounding the other environmental goals and the social taxonomy of the EU as well as the Corporate Sustainability Due Diligence Directive (CSDDD).

With innovative solutions and strong partnerships along the supply chain, we are making the future sustainable.

OUR GOALS

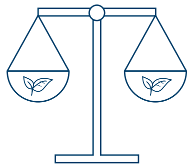
80%

Renewable energies

by 2025

Decarbonisation

of all production sites
by 2030



Life cycle assessment

at product level

38%

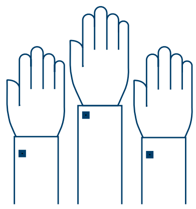
Scope 1 & 2

Absolute reduction
of Scope 1 & 2 emissions
by 38% by 2030/31

48%

Scope 3

Reduction of relevant Scope 3
emissions by 48% per EUR GVA
by 2030/31



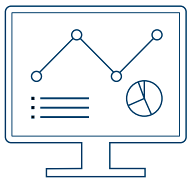
Intensified collaboration

with suppliers to achieve Scope 3
reduction targets

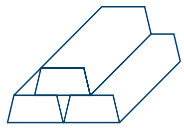
WHAT WE ARE PROUD OF

61.6%

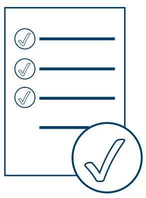
Renewable energies



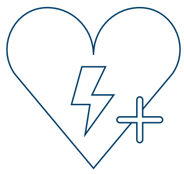
Science-based
emission targets



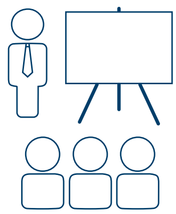
Recycling
of 200 kg of in-house copper



Code of Conduct
signed by 100% of key suppliers



Occupational accidents
Reduction by 46% (per 1 million working hours)



Cooperation
with educational institutions

12
Awards and prizes

B

B Rating
CDP “Climate Change” and “Water Security”

68

Nationalities
in the workforce

SUSTAINABILITY MANAGEMENT

Anchoring sustainability

As in the past, sustainability management was assigned to the CEO until the end of the financial year 2022/23. Starting with the new financial year and with the introduction of the new Chief Technology Officers (CTO) function, the Corporate ESG team (ESG stands for Environmental, Social, Governance) has been expanded and assigned to the CTO. The primary objective is to take account of the global environmental challenges. Occupational health and safety will also be part of the ESG area in the future. Robust interfaces to all relevant corporate functions, segments and working groups were established over the past years. Moreover, sustainability topics are anchored in key governing bodies, thus ensuring the connection of ecological and social sustainability.

The key responsibilities of the ESG team comprise the (further) development of the AT&S sustainability strategy, the coordination of the sustainability agenda as well as internal and external communication. The latter is coordinated with the Management Board, the segments and relevant Group functions in periodically meeting steering committees.

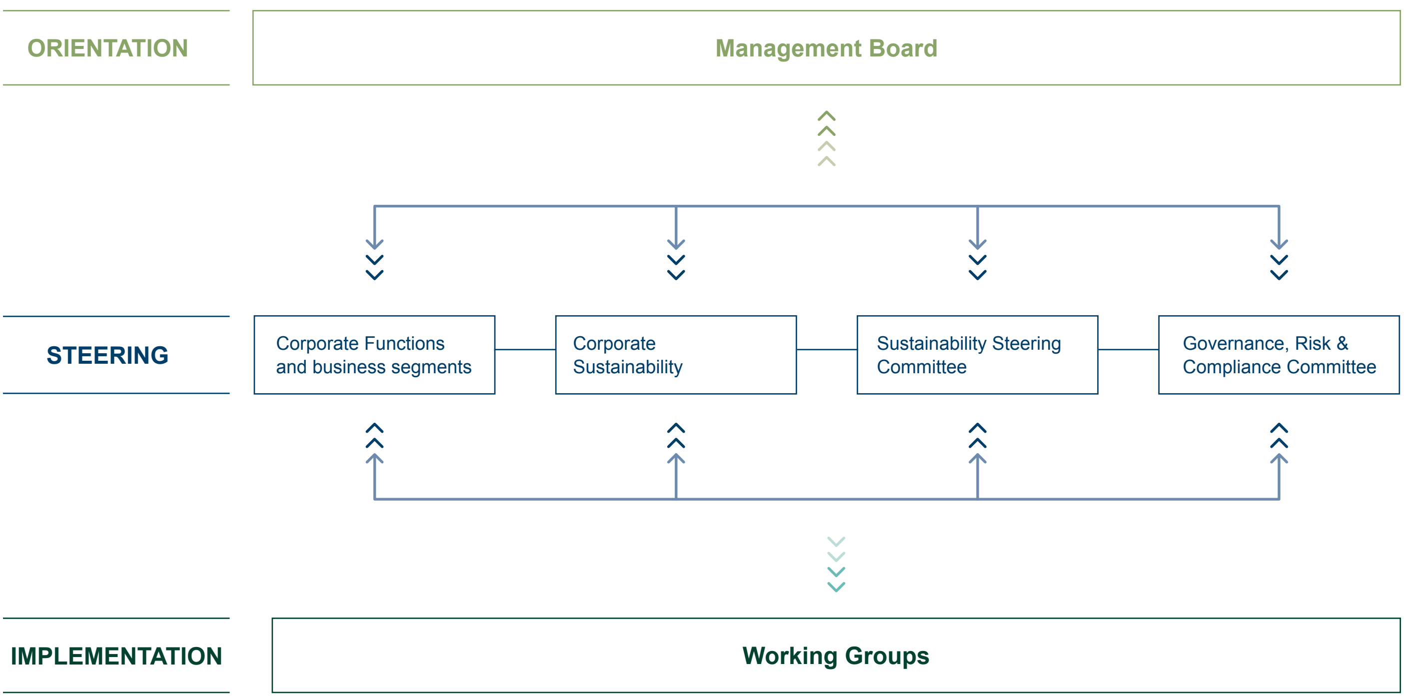
Responsibility along the entire value chain

Market developments, trends and customer needs are incorporated in the AT&S sustainability strategy and suppliers and customers are central stakeholders of the AT&S Group. Intensive cooperations and joint innovations are part of our strong partnerships.

Purchasing is centrally or decentrally organised within the AT&S Group depending on strategic importance. The department is responsible for on-time procurement of high-quality basic materials that meet our quality and sustainability standards. In addition to purchasing key materials such as gold, copper, laminates or process chemicals, this also comprises energy and the required infrastructure.

All materials are stored in accordance with regulations to safeguard their quality, durability and condition. Production comprises a large number of wet chemical processes with high energy and water requirements. We continuously work on minimising the use of all raw materials through efficiency measures, process improvements and technological innovations.

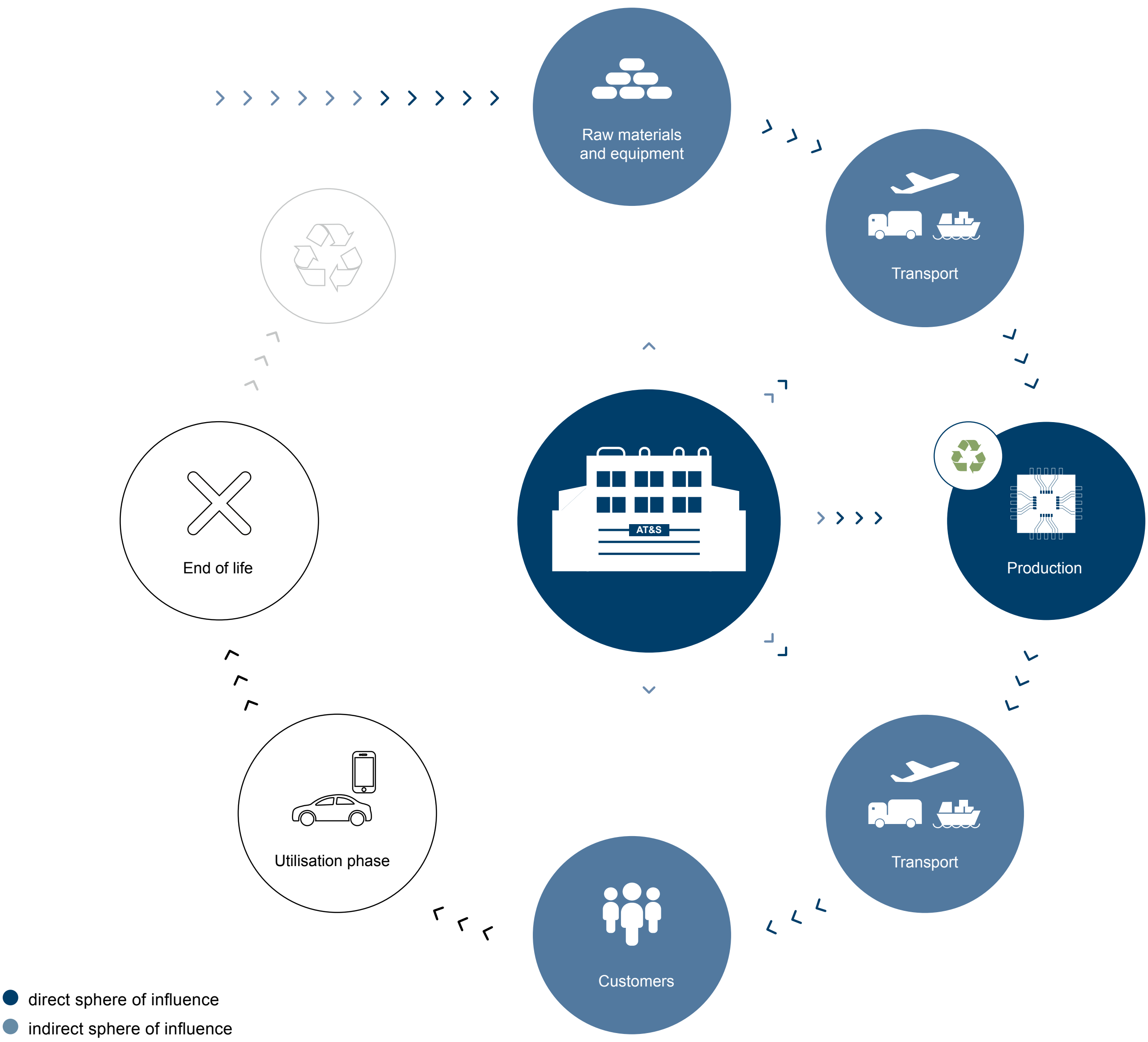
MANAGEMENT STRUCTURE



Waste should be preventable. We accomplish that through efficient processes and the right mindset as well as by closing cycles where it is economically and ecologically useful. Depending on the type and classification of waste, the waste materials are transferred to disposal companies and either recycled or disposed of. AT&S products are appropriately packaged and shipped to customers. Unfortunately, AT&S has little influence on the disposal of its products at the end of their life cycle. Therefore, we call upon end users' responsibility. Even though our possibilities to exercise influence on the upstream and downstream process are limited, we consider it our duty to expand the AT&S standards in all ESG areas as far as possible.

AT&S focuses on intensive cooperation and joint innovation activities with all partners along the supply chain. As a result, smart products, which are made observing human rights and in compliance with social standards as well as using and processing all raw materials efficiently, create added value for all customers.

VALUE CREATION PROCESS



High standards in all areas

The highest management standards in all areas are the basis for meeting our own sustainability goals as well as those of our stakeholders to the best of our abilities. The following table lists certifications and standards in the areas of quality, environment, occupational health and safety, and data security. They are geared to the general orientation and the business model of AT&S as well as the needs of our customers. The same ISO standards which are in place at all other AT&S locations are planned for the plant in Malaysia, which is currently under construction.

STANDARDS AND CERTIFICATES

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

Awards and prizes confirm our engagement

AT&S acts sustainably – this is recognised not only by good ratings but also by many prizes awarded by the capital market and by customers. In the financial year 2022/23, AT&S received a total of 12 awards and recognitions which attest us the highest quality, production, environmental and social standards as well as the best customer service.

AT&S Chongqing was again recognised with the prestigious “Environment Protection Credible Enterprise” prize for its outstanding achievement in ecological development. We are proud that AT&S is the only foreign company in the Chongqing Liangjiang New Area to receive this award for six consecutive years. AT&S India received the ELCINA (“Electronic Industries Association of India”) award in recognition of its compliance with the quality management process model of the ISO 9000 standard family. An industry customer recognised the company with the “Special Effort Award” for the excellent cooperation during the most difficult phases of the COVID-19 pandemic.

Ratings by the ESG rating agencies for the most part exceed the industry average. For current details of this material aspect, please visit our website. AT&S was also listed on VÖNIX, the sustainability benchmark of the Austrian stock market, again.

RATED BY

A-Rating
Improvement from BBB to A[1)]

Prime Rating
regarding social, environmental and governance topics

Low risk (17.7)
ESG risk assessment which lies within the top 10% in the electronic ecomponents subindustry[1)]

Status “Qualified”
Member of the sustainability index for 7 consecutive years

B Rating
“Climate Change” and “Water Security”

[1)] see disclaimer in the imprint
Usage of the logo is limited to the purpose of reporting on ESG risk assessments and is not used for any other purpose; it also does not represent an endorsement or advertisement for the brands/logos.

SUSTAINABILITY STRATEGY

What influences the AT&S sustainability strategy

Well-functioning sustainability management and the continuous development of the ESG strategy require an in-depth look at the key influencing factors: corporate strategy, materiality analysis, opportunities and risk management, global mega trends, the UN Sustainable Development Goals, legal requirements and frameworks.

The AT&S sustainability strategy supports the AT&S corporate strategy

AT&S continues to grow, adjusted to the market environment, currently at a slightly slower pace, but the direction remains the same. The current weakness of the market does not change anything about the future prospects of our markets and our strategic positioning. This also applies to the AT&S sustainability strategy. Our responsibility increases with our ambitious growth strategy. Now more than ever, it is important to not only support the current business model of AT&S, but to strengthen it. To do so, we need to think about tomorrow today and counter negative social and ecological impacts with our sustainability goals as far as possible.

Revision of the materiality analysis postponed to the financial year 2023/24

The materiality analysis conducted in the financial year 2018/19 is slightly outdated by now. We are aware of that. Nevertheless, after consulting with the auditors, we postponed the revision of the materiality analysis to the financial year 2023/24. This will enable us to consider the new requirements for "double materiality" (impact and financial materiality), which are defined in the European Sustainability Reporting Standards (ESRS).

The process description of the materiality analysis is presented in in Figure "Process descripition of the materiality analysis 2018/19". In the past, the existing materiality aspects were examined for completeness and currency as part of the steering committee. This year's steering committee set the course for a new materiality analysis instead. Taking into account the ESRS, topics such as climate change and the company's own employees are included in any case. We will also critically review the stakeholder groups and extend them to include additional stakeholders as necessary.

PROCESS DESCRIPTION OF THE MATERIALITY ANALYSIS 2018/19

Determination of social, ecological and economic topics potentially relevant to the business activities of AT&S based on:

- global trends
- customer requirements
- legal developments

Materiality dimension

- Impact assessment
- Consideration of stakeholder interests

AT&S assessment approach

The topics identified were allocated along the value chain and assessed in an impact workshop. Internal experts, department heads from Quality, R&D and HR, as well as the Management Board were involved in this process, and the connection to the corporate strategy was taken into account.

The four stakeholders most important for AT&S – employees, customers, suppliers and shareholders – were involved by conducting an international survey. The survey was offered in English, German and Mandarin. As the survey was published on the website, NGOs or neighbours were also able to participate and were assessed as a group ("Others"). All five stakeholder groups were equally weighted in the evaluation.

Boundaries of the material topics
After combining the two materiality dimensions, the material topics were prioritised and approved by the Management Board.

Material topics

ENVIRONMENT	SOCIAL	GOVERNANCE
Efficient production technology	Occupational health and safety	Anti-corruption
Innovation	Diversity	Human rights
	Knowledge	

PROCESS DESCRIPTION RISK MANAGEMENT

Identification of material ESG risks — Allocation to existing risk categories — Assessment of risks for AT&S and business environment — Reporting in analogy to Group risk management — Mitigation

ESG opportunities and risk management

Internal and external developments and trends are incorporated into the ESG opportunities and risk management process. On this basis, the material ESG risks are identified. Subsequently these risks – currently 19 – are allocated to the existing risk categories and are assessed for AT&S and for the business environment over a five-year horizon. This conforms to the NaDiVeG (Austrian Sustainability and Diversity Improvement Act) requirements and to the principle of double materiality. The relationship between qualitative and quantitative risk assessment is established via an impact matrix. The reporting is conducted in analogy with the Group-wide risk management process. Depending on the risk level, which can range between 1 and 6, appropriate mitigation measures are taken. The process is shown in Figure "Process description risk management".

The non-financial opportunities and risks for the business environment including risk categories, mitigation measures and allocation of issue are shown in the table below. For details on the risk categories and explanations regarding the risk levels and risk management, please refer to the Group Management Report, section "Opportunities and Risks".

Both acute and chronic physical and transition climate-related risks are part of risk assessment and have a direct influence on the sustainability strategy. In accordance with our risk categories, these risks are operational risks or risks relevant to the business environment. The AT&S energy strategy and the related ambitious decarbonisation goals, which have now been reviewed and approved by the Science Based Targets initiative (SBTi), contain effective measures to counter climate-related risks. Details regarding the measures and key figures are provided in the section "Decarbonisation". Risks for operating activities are part of the respective category of Group risk management.

The main changes in the financial year 2022/23 compared to the previous year include the following: global warming is now listed under other relevant risks rather than material risks. "Inefficient use of resources" has been added as a material risk. This reflects that topics such as circular economy and the mindful use of resources as well as the responsible use of rare and therefore valuable materials such as gold or copper, but increasingly also water, are gaining in importance and require appropriate measures. Furthermore, the procurement risk was extended to include the purchase of conflict minerals to give this topic appropriate significance.

Other relevant risks include the disruption of operations due to pandemics, occupational accidents, extreme weather events and corruption. These risks were classified at a risk level below four in the risk assessment process since the mitigation measures implemented are very well established within the company. As a result, both the probability of occurrence and the expected effects on the company and its environment are reduced, or they are risks which are not within the direct sphere of influence of AT&S.

NON-FINANCIAL OPPORTUNITIES AND RISKS FOR THE BUSINESS ENVIRONMENT

Material risks	Risk category	Mitigation	Opportunities	NaDiVeG issues
Lack of employee retention, discrimination	ORGANISATION	Training on anti-discrimination and Code of Conduct, inclusive recruiting process, targeted employer branding measures, evaluation and adaptation of remuneration strategy, investment in leadership & culture	Strong cohesion, loyalty of staff, diversity, increase in employee motivation, low attrition and prevention of "brain drain", higher creativity and innovative strength, integrated approach to employee engagement	Employee issues, social issues, respect for human rights
Inefficient use of resources	OPERATIONAL	Energy strategy, efficiency increase and yield improvement, recycling projects (e.g. copper and water recycling), employee sensitisation and training	Cost reduction, climate-resilient business model, industry benchmark, image improvement, increase independence from suppliers, lower usage of rare raw materials	Environmental issues
Non-compliance with ESG-relevant requirements, purchase of conflict minerals	PROCUREMENT	Supplier Code of Conduct, clear processes for careful selection of suppliers, supplier audits, commitment to RBA & RMI, reporting on CMRT	Protection of human rights, avoidance of support of armed conflicts, image improvement, increased attractiveness of the company for sustainable financing, increased employee motivation	Social issues, employee issues, environmental issues, respect for human rights

Other relevant risks	Risk category	Mitigation	Opportunities	NaDiVeG issues
Disruption of operations/ pandemics	OPERATIONAL	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
Occupational accidents	OPERATIONAL	ISO 45001, protective clothing, handling of dangerous goods, training	Increased employee motivation, low fluctuation	Employee issues
Extreme weather events, natural disasters, global warming	BUSINESS ENVIRONMENT	Business Continuity Management, ISO 45001, employee sensitisation and training, energy strategy	Strong cohesion, loyalty of staff, stronger adaptability, cost reduction, climate-resilient business model	Environmental issues, social issues
Corruption and unethical behaviour	ORGANISATION	Code of Conduct, anti-corruption guideline, capital market compliance, training, whistleblowing platform	Image improvement, trustful partnerships, competitive advantage	Employee issues, combating corruption and bribery

Trends

For many years now, sustainability has no longer been a "trend" but requires proactive and intensive action. At the same time, it is worth taking a regular look at current trends to be prepared for future challenges. The strongly increasing legal and societal pressure regarding green and environmental matters, zero waste, circular economy, green technologies and innovations requires companies to operate cost-efficiently and sustainably at the same time. New business segments can be developed with recycling and upgrading services as well as with measures to extend the service life of end products, reusing water and precious materials. This requires strong partnerships and collaborations along the value chain. But also social trends provide strong driving forces for us. They range from new working cultures, ageing society and safety at work to diversity.

Our contribution to the Sustainable Development Goals

All 193 member states of the United Nations (UN) have committed to implementing the Agenda 2030 and its 17 Sustainable Development Goals (SDGs). The industrialised countries and the industries based there play a crucial role in meeting these goals. AT&S analysed all SDGs including their 169 subgoals again in the financial year 2022/23. Where the AT&S sustainability strategy can make an active contribution to meeting these goals with its measures and programmes, the SDGs were classified as relevant. The same SDGs were reconfirmed; however, SDGs 7, 12 and 17 were rated highest in this year's review process. This is because SDG 7 has gained increasing importance due to the war in Ukraine and the security of energy supply on the one hand, but also due to our energy strategy and the associated decarbonisation targets. Other relevant goals are SDGs 4, 6, 8, 9, 10 and 16. Details regarding our contribution to achieving the Sustainable Development Goals are provided in Figure "Our contribution to the SDGs".

OUR CONTRIBUTION TO THE SDGs

SDGs	Sub-goals	Measures
4 HOCHWERTIGE BILDUNG	4.4, 4.5, 4.7	In-person training and e-learning offerings | leadership and specialist training | performance management | zero tolerance of any form of discrimination | collaboration with international training providers | AT&S Transformation Tuesday
6 SAUBERES WASSER UND SANITÄR-EINRICHTUNGEN	6.1, 6.2, 6.3, 6.4	Water strategy and sustainable water management | increase water recycling rate in water-scarce areas | wastewater treatment at all sites | ISO 14001 | REACH & RoHS compliance | clean drinking water and sanitation for all AT&S employees | revision of ISO 10044 for wastewater and copper recycling at the Leoben site
7 BEZAHLBARE UND SAUBERE ENERGIE	7.2, 7.3	Energy efficiency at the facility and process levels | on-site and regional renewable energy production | purchase green energy | ISO 50001 | energy reduction targets in accordance with the latest findings of climate science | energy efficiency projects
8 MENSCHENWÜRDIGE ARBEIT UND WIRTSCHAFTS-WACHSTUM	8.2, 8.4, 8.5, 8.7, 8.8	Energy strategy with energy efficiency projects | engineering and R&D departments strongly involved in sustainable innovation and industrialisation | strengthen innovative power with the new R&D centre in Leoben | ISO 45001 certification at all production sites | (Supplier) Code of Conduct for compliance with all ethical and labour-related aspects including human rights, working conditions, diversity and fighting child labour and forced labour | supplier audits
9 INDUSTRIE, INNOVATION UND INFRASTRUKTUR	9.1, 9.2, 9.4	Modern and resilient infrastructure for expansion projects | high resource efficiency and eco-friendly technologies | engineering and R&D departments strongly involved in sustainable innovation and industrialisation | strengthen innovative power with the new R&D centre in Leoben | cooperation with suppliers | efficiency and effectiveness project of copper recycling
10 WENIGER UNGLEICHHEITEN	10.2, 10.3	Engagement for the Diversity Charter | diversity and intercultural training | inclusive recruiting process | (Supplier) Code of Conduct | intercultural workshops for respect, tolerance and integration at the Leoben site | inclusive wording
12 NACHHALTIGE/R KONSUM UND PRODUKTION	12.2, 12.4, 12.5, 12.6, 12.7	ISO 14001 and ISO 50001 certification at all production sites | energy strategy incl. energy efficiency projects | copper recycling project | LCA project | water strategy and waste management | REACH and RoHS compliance | (Supplier) Code of Conduct | supplier audits | commitment to RMI
16 FRIEDEN, GERECHTIGKEIT UND STARKE INSTITUTIONEN	16.2, 16.5	Compliance with the Austrian Code of Corporate Governance | (Supplier) Code of Conduct | AT&S anti-corruption guideline | anonymous whistleblowing platform | capital market compliance and anti-corruption training | Governance, Risk and Compliance Committee
17 PARTNER-SCHAFTEN ZUR ERREICHUNG DER ZIELE	17.16, 17.17	ESG collaboration with customers | global partnerships with NGOs and local authorities | promotion of sustainable industrialisation and efficient use of resources within the supply chain | international cooperation with educational facilities | (Supplier) Code of Conduct

Legal requirements

We continuously monitor not only new developments but also legal requirements. Their number has increased considerably over the past years due to the climate and energy targets of the European Commission (EU). The EU Taxonomy Regulation is designed to bring about a reorientation of capital flows towards sustainable investments. AT&S has been subject to the reporting obligation since 2022. The Corporate Sustainability Reporting Directive (CSRD) will require us to apply the European Sustainability Reporting Standards (ESRS) as of 2025 and to have our sustainability reporting audited by the auditors. We will monitor the obligations that lie ahead of us as a result of the Corporate Sustainability Due Diligence Directive (CSDDD), which is already in force in Germany in the form of the German Supply Chain Due Diligence Act.

However, there are also some laws which have been in place for many years: the Dodd-Frank Act is a US federal law, which was adopted in 2010 in response to the 2007 financial crisis. As AT&S supplies the US market, the company is required to comply with this law.

The REACH Regulation (Registration, Evaluation, Authorisation & Restriction of Chemicals) and the RoHS Regulation (Restriction of Hazardous Substances) date back to EU regulations from 2006 and 2011, respectively. They have long been more than a European matter and require continuous attention to the list of Substances of Very High Concern (SVHC). In fact, the RoHS Regulation has been extended to ten substances in the course of two amendments, most recently in 2015. Exemptions and transitional periods are also increasingly expiring. The REACH Regulation has been expanded to include 233 substances since its entry into force. Likewise, the Montreal Protocol of 1987 had provided long transitional periods, which apply above all in the area of process cooling. Overall, an increase in the number of regulations and restrictions passed by legislature can be observed for the use substances. Making matters more difficult, Europe, the USA and Asia frequently regulate different criteria and groups of substances, which leads to great challenges for the supply chain of AT&S. Therefore, investments were made in digitalising reporting to ensure a transparent, traceable flow of information from our suppliers all the way to our customers.

Reporting pursuant to Art. 8 of the EU Taxonomy

The EU has published requirements regarding sustainable economic activities based on the EU Taxonomy Regulation (EU Taxonomy), which entered into force in 2020. In the financial year 2021/22, the proportion of taxonomy-eligible economic activities of turnover as well as capital and operating expenditures were reported for the first time for the first two environmental goals. For the reporting year 2022/23, taxonomy alignment of the first two environmental goals is disclosed in addition to taxonomy eligibility.

Taxonomy-eligible and taxonomy-aligned turnover

AT&S reviewed the requirements of the Delegated Act (EU) 2021/2139 in detail in a comprehensive process and came to the conclusion that the company's business activities and products are currently only covered to a minor extent by the environmental goals "climate change mitigation" and "climate change adaptation" published in the EU Taxonomy.

At present, only economic activity 3.1 is relevant for AT&S for contributing substantially to climate change mitigation regarding the manufacture of renewable energy technologies. This activity takes into account printed circuit boards which are exclusively used in photovoltaic systems and wind power plants and therefore constitute technologies that conform to the description of economic activity 3.1 pursuant to the EU Taxonomy. Deviating from the assessment in the financial year 2021/22 and taking into account the most recent FAQs of the EU Commission, AT&S came to the conclusion that the economic activities 3.3 "Manufacture of low carbon technologies for transport" and 3.5 "Manufacture of energy efficiency equipment for buildings" do not apply to our products, since our products are components which are not explicitly listed in the activities concerned. Under the environmental goal "climate change adaptation", there are currently no economic activities applicable to AT&S.

With respect to taxonomy alignment, the product lines that fall under economic activity 3.1 meet the criteria for a substantial contribution to climate change mitigation; however, they currently do not fully meet the "Do No Significant Harm (DNSH)" criteria. Consequently, the products cannot be classified as taxonomy-aligned.

At present, AT&S reports taxonomy-eligible turnover of 0.4% of total consolidated revenue for the financial year 2022/23, compared with 0.2% in the previous year. The taxonomy-aligned proportion is 0%. The denominator of the indicator corresponds to revenue according to the consolidated statement of profit or loss (see consolidated financial statements). Details on the indicators can be found in the KPI table at the end of the non-financial report.

As soon as the remaining environmental goals have been specified by delegated acts, we will extend the evaluation to the other environmental goals and subordinated economic activities and also expect to be able to increase the proportion of taxonomy-eligible turnover. Under the environmental goal “Transition to a circular economy”, the activity “manufacture of electrical and electronic equipment” is shown in the current draft of the Delegated Act, which comprises the NACE Codes C26 and C27 and therefore appears to be applicable to the majority of AT&S products.

Capital and operating expenditures (CapEx & OpEx)
In accordance with Sections 1.1.2.2 and 1.1.3.2 of the Delegated Act (EU) 2021/2178 on Article 8, the numerator of the two performance indicators capital and operating expenditures can be divided into the categories A, B and C. Since AT&S can currently not report any taxonomy-aligned turnover, it is consequently not possible to present any capital or operating expenditures of category A. Also with regard to taxonomy eligibility, a direct allocation of capital expenditures to economic activity 3.1 is not possible.

A CapEx plan which meets the definition of category B was not drawn up under any of the two currently applicable environmental goals in the financial year 2022/23.

Regarding category C, reporting of capital and operating expenditures is limited to the capital expenditures from taxonomy-aligned activities and individual measures contributing substantially to the environmental goal “climate change mitigation”, to which the following economic activities and business activities of AT&S can be allocated:

ALLOCATION OF AT&S BUSINESS ACTIVITIES TO THE ECONOMIC ACTIVITIES OF THE EU TAXONOMY

Economic activity	Description	Examples of activities of AT&S
5.1. Construction, extension and operation of water collection, treatment and supply systems	Construction, extension and operation of water collection, treatment and supply systems.	Construction of process water plants, pipeline networks, water recycling facilities and the necessary infrastructure
5.3. Construction, extension and operation of waste water collection and treatment	Construction, extension and operation of centralised waste water systems, including waste water collection (sewer network) and treatment.	Construction of wastewater treatment plants and the necessary infrastructure
5.5. Collection and transport of non-hazardous waste in source segregated fractions	Separate collection and transport of non-hazardous waste in single or comingled fractions aimed at preparing for reuse or recycling.	Transport of non-hazardous waste, maintenance of necessary infrastructure
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	Purchase, financing, renting, leasing and operation of vehicles designated as category M1, N1, both falling under the scope of Regulation (EC) No 715/2007 of the European Parliament and of the Council, or L (2- and 3-wheel vehicles and quadricycles).	Leasing of company cars
7.1. Construction of new buildings	Development of building projects for residential and non-residential buildings by bringing together financial, technical and physical means to realise the building projects for later sale as well as the construction of complete residential or non-residential buildings, on own account for sale or on a fee or contract basis.	Construction of new buildings at the locations in Malaysia and Chongqing
7.2. Renovation of existing buildings	Construction and civil engineering works or preparation thereof.	Renovation of a purchased production building
7.3. Installation, maintenance and repair of energy efficient equipment	Individual renovation measures consisting in installation, maintenance or repair of energy efficiency equipment.	Installation and maintenance of cooling units, cooling towers, roof insulation, ventilation equipment
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings.	Expansion of e-charging infrastructure
7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.	Installation of building energy management systems
7.6. Installation, maintenance and repair of renewable energy technologies	Installation, maintenance and repair of renewable energy technologies, on-site.	Solar lighting, heat exchangers
7.7. Acquisition and ownership of buildings	Buying real estate and exercising ownership of that real estate.	Purchase or rental of office and production buildings as well as accommodation for employees

The taxonomy-eligible capital and operating expenditures were recognised at the local companies based on the entries in the respective asset and expense accounts using CapEx and OpEx lists, and assigned to the above-mentioned economic activities based on the descriptions.

As capital and operating expenditures in category C can only be recognised as taxonomy-aligned if the suppliers' taxonomy alignment can be confirmed, the taxonomy-aligned proportion of AT&S's capital and operating expenditures currently amount to 0% due a lack of relevant confirmations by the respective suppliers.

Capital expenditures (CapEx) are disclosed as a part of the taxonomy-eligible or taxonomy-aligned capital expenditures (numerator) of the total capital expenditures (denominator). The denominator consists of the total capital expenditures pursuant to the requirements of section 1.1.2.1 of the Delegated Act (EU) 2021/2178 and corresponds to the additions to tangible assets, right-of use assets and intangible assets of AT&S disclosed in the consolidated financial statements for the financial year 2022/23, which can be found in notes 7 and 8 of the notes to the consolidated statement of financial position in the notes to the consolidated financial statements. The taxonomy-eligible numerator in the respective economic activities corresponds to the total amounts consolidated at Group level of the above-mentioned CapEx lists. In the financial year 2022/23, 45.1% of CapEx was classified as taxonomy-eligible compared to 17.0% in the previous year. The increase results from higher capital expenditures for buildings related to the construction of the new plant in Malaysia.

As defined in section 1.1.3.1 of the Delegated Act (EU) 2021/2178, the denominator of the operating expenditures covers all direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair (see "Types of expenses" and "Research and development costs" in the notes to the consolidated statement of profit or loss, and "Property, plant and equipment" in the notes to the consolidated statement of financial position, in the notes to the consolidated financial statements). The numerator of the taxonomy-eligible operating expenses in the respective economic activities was recognised based on expense accounts and allocated to the economic activities. 2.8% of OpEx was classified as taxonomy-eligible in the financial year 2022/23, compared with 2.3% in the previous year.

Details on the CapEx and OpEx indicators are provided at the end of the non-financial report.

Our strategic fields of action

The strategic fields of action remain unchanged: "Decarbonisation", "Circular Economy", "Decent Work" and "Sustainable Supply Chain & Business Ethics".

"Decarbonisation" is a field of action which revolves around renewable energies and energy efficiency to achieve the ambitious goals. This takes account of the importance and urgency for all stakeholders.

"Circular Economy" covers all activities that consider resource efficiency, recycling, recirculation and life cycle assessment in the areas of water, waste and waste prevention.

"Decent work" comprises diversity, training and education as well as occupational health and safety.

"Sustainable Supply Chain & Business Ethics" concentrates on our responsibility along the value chain and our ethical principles.

Ambitious goals were defined for every field of action, which are to be measured on the basis of specific indicators and achieved by implementing the appropriate measures. As a result, negative impacts of AT&S's business activities on the NaDiVeG issues can be minimised. The following sections provide details on the qualitative and quantitative targets, the management concepts, due diligence processes and indicators. The structure of the report is based on the strategic fields of action to which the material topics are allocated.

With this holistic and future-oriented mindset, AT&S combines the different interests of business, ecology and social development.

ALLOCATION OF TOPICS

AT&S		
ENVIRONMENT	**SOCIAL**	**GOVERNANCE**
*	*	*
Efficient production technology Innovation	Occupational health & safety Diversity Knowledge	Human rights Anti-corruption
**	**	**
Environmental issues	Social issues Respect for human rights Employee issues	Anti-corruption & bribery Social and environmental issues

Decarbonisation
Page 44

Circular Economy
Page 50

Decent Work
Page 56

Sustainable Supply Chain
Page 66

* Material topics
** NaDiVeG issues

DECARBONISATION

The climate crisis is one of the greatest challenges of our time and the pace of climate change is alarming. Barely anyone still denies global warming as it is also referred to. According to the Intergovernmental Council on Climate Change, the increase in temperature by one degree has already led to severe consequences for the global climate. Therefore, decarbonisation is a central component of the AT&S sustainability strategy and one of the four strategic fields of action. The material topics of “efficient production technology” and “innovation” are allocated to the field of action “Decarbonisation”. Putting all of this together, it means that we develop and industrialise sustainable production processes based on strong innovative power.

The accomplishment of our environmental and decarbonisation goals is supported by the ISO 14001 management systems, which are established at all production sites, the international standard for environmental management systems, and the ISO 9001 quality management system as well as the ISO 50001 energy management system, which is implemented at selected locations.

Our response: ambitious climate goals

We want to counter the climate crisis and have therefore set challenging decarbonisation targets. These include generating at least 80% of the energy required by the Group from renewable energy sources (including large hydroelectric power plants) by 2025. In addition, we aim to replace all fossil fuels at our own production sites worldwide (Scope 1 emissions) by 2030.

AT&S emissions targets are now “science-based”

AT&S made a commitment to the Science Based Targets initiative (SBTi) in 2021/22 to ensure that the emission reduction targets defined by the company are considered science-based and are geared towards the latest findings of climate science. Hence, Scope 2 and Scope 3 GHG emissions targets were defined in addition to the Scope 1 GHG emissions target during the financial year 2022/23 to help achieve the AT&S decarbonisation targets.

The SBTi has now come to the conclusion that AT&S’s climate targets meet the strict criteria of the Climate Protection Alliance. Consequently, it is considered scientifically substantiated that the AT&S energy strategy is based on the latest findings of climate research.

The Science Based Targets initiative is an international climate protection alliance which consists of the United Nations Global Compact (UNGC), the Carbon Disclosure Project (CDP), the World Resources Institute (WRI) and the WWF and drives ambitious climate protection measures in the private sector. Recognition by this alliance proves AT&S’s strong commitment to living up to its corporate responsibility towards society as a whole and to guaranteeing its customers ambitious sustainability standards. We regard the recognition of our energy strategy as a great acknowledgement of the work performed so far and see it as a strong incentive for its implementation in the future.

As part of the confirmed climate targets, AT&S commits to reducing Scope 1 and 2 GHG emissions by 38% in absolute terms by the financial year 2030/31 in comparison with the 2021/22 baseline. Furthermore, AT&S undertakes to reduce Scope 3 GHG emissions from purchased goods and services as well as investment goods by 48% per euro of added value within the same timeframe. The ambitious goals set by AT&S are now officially in accordance with the 1.5-degree goal and therefore constitute an important step towards safeguarding a future worth living in for generations to come.

Our energy strategy supports the ambitious goals we set

In order to achieve the ambitious targets up to the financial year 2030/31, AT&S will optimise the energy management for processes and production lines at its plants and gradually increase the share of green energy in procurement. To reduce emissions in the supply chain, AT&S will focus on further intensifying collaboration with its suppliers in the future.

The AT&S energy strategy not only focuses on decarbonisation, but pursues a holistic approach which also takes into account security of supply and energy costs. Moreover, the ambitious climate strategy also supports the goals of our customers, as their emission reduction goals are consequently easier to achieve. This creates trust and strengthens the customer relationship.

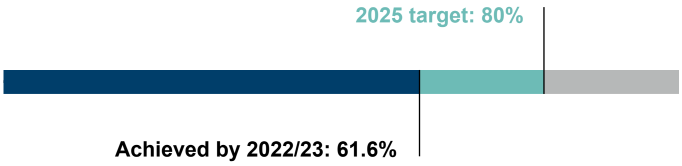
In order to attain the Group’s decarbonisation goals, the targets are broken down to the individual plants. Based on the energy consumption per plant, they are calculated from the potential of energy savings, the share of renewable energy sources and their possible applications in the respective regions.

Steadily growing share of renewable energies …

AT&S continuously reviews the availability of renewable energy sources and possibilities to use them efficiently within the company. In doing so, AT&S strives to increase the share of renewable energy in power supply contracts, evaluating the possibilities to conclude so-called “Power Purchase Agreements”. These are long-term agreements concluded between AT&S and producers of renewable energies for the respective local AT&S plant.

The steadily growing share of renewable energy demonstrates AT&S’s efforts to convert to sustainable energy sources. In the financial year 2022/23, this share amounted to 61.6%, thus exceeding the prior-year level of 55.7%. Nevertheless, the availability of electricity from regenerative energy sources cannot be taken for granted, especially in the Asian region. Therefore, accomplishing our energy goals is, and will remain, a challenge we have to confront with the future in mind.

SHARE OF RENEWABLE ENERGIES



… and continuous efficiency improvement

Given globally rising energy prices and growing resource shortages, increased renewable energy purchases and efficient energy management at the process and plant levels are part of the holistic approach of our target attainment strategy. Based on this approach, resources can be used sparingly, while at the same time reducing total energy requirements and CO_2 emissions.

Savings resulting from energy efficiency measures amounted to 30.6 GWh or 13.7 kt CO_2 across the Group in the financial year 2022/23. A large part of the savings resulted from enhancing and expanding heat recovery systems. In the previous year, savings totalled 8.9 GWh or 3.1 kt CO_2. Overall, annual savings of 90.6 GWh resulting from the measures implemented since the financial year 2017/18 can be reported.

In 2022/23, relative energy consumption was reduced by 15.1% compared to the previous year due to a combination of efficiency measures and a positive business development. Absolute energy consumption only increased by 0.5% year-on-year, thus remaining relatively constant. Nonetheless, energy expenses were up €22.7 million because of rising and currently very volatile energy prices. Expenses for energy are presented in the notes to the consolidated statement of profit or loss in the notes to the consolidated financial statements.

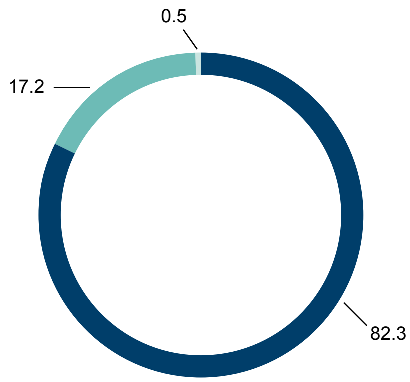
ENERGY SAVINGS

30.6 GWh

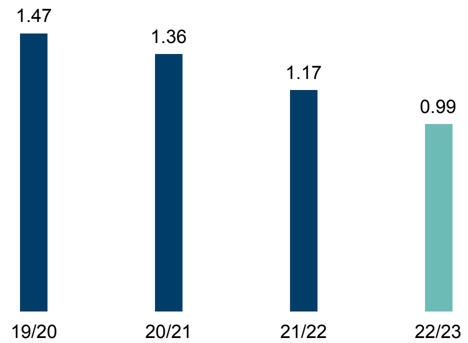
(Previous year: 8.9 GWh)

The relative indicators refer to the gross value added (GVA), which is based on EBIT plus depreciation/amortisation and wage and salary expenses. The sales support companies as well as Kulim are not included in the reporting of the environmental and occupational health and safety indicators (with the exception of Scope 3 emissions). The plant in Malaysia is still under construction, and the sales companies are negligible in comparison with the production sites.

ENERGY CONSUMPTION BY ENERGY SOURCE
in %



RELATIVE ENERGY CONSUMPTION
in kWh per € GVA



ENERGY CONSUMPTION

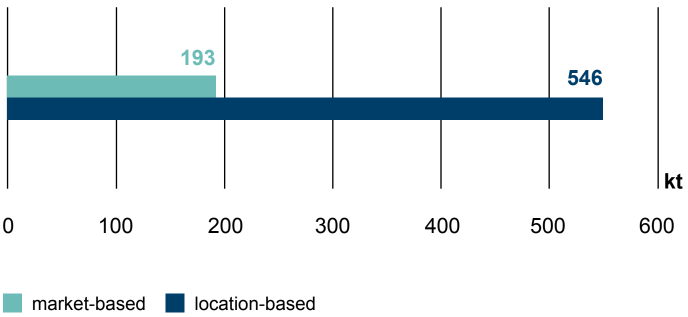
	Absolute energy consumption (in GWh)			Relative energy consumption (in kWh per € GVA)		
	2022/23	2021/22	Change	2022/23	2021/22	Change
Mobile Devices & Substrates segment	707.4	703.2	0.6%	1.01	1.31	(23.2%)
Automotive, Industrial, Medical segment & Others	175.8	175.7	0.1%	0.95	0.82	15.5%
Total Group	**883.2**	**879.0**	**0.5%**	**0.99**	**1.17**	**(15.1%)**
thereof attributable to parent company	79.9	79.6	0.4%	0.65	0.55	19.0%

Our emissions in detail

Emissions are reported in accordance with the Greenhouse Gas (GHG) Protocol, which distinguishes between three categories: Scope 1, Scope 2 and Scope 3. Scope 1 comprises direct emissions of climate-damaging gases in the company, which are, for example, generated in the combustion of natural gas at the AT&S locations. Scope 2 refers to indirect emissions, which are released by energy suppliers. At AT&S, this is mainly related to emissions from purchasing electricity. In addition, all indirect emissions created along a company's value chain are summarised under Scope 3.

Since the financial year 2021/22, both location-based and market-based Scope 2 emissions have been reported. Market-based emissions, which consider the supplier-specific energy mix, amounted to 193 kt CO_2 in the financial year 2022/23. In contrast, location-based emissions totalled 546 kt CO_2. This immense difference clearly shows the impact that the high share of purchased renewable electricity has on actual CO_2 emissions. The achievement of the science-based targets is measured using market-based emissions. Compared to the 2021/22 baseline, the absolute Scope 1 and Scope 2 GHG emissions have already been reduced by 13.9%. Due to the positive business development, this results in an even more significant year-on-year decline in relative emissions by 27.3%. The calculation of emissions is based on the conversion factors of the Environment Agency Austria, the ecoinvent database version 3 and EXIOBASE 3. All CO_2-related figures are CO_2 equivalents.

MARKET-BASED VS. LOCATION-BASED SCOPE 2 EMISSIONS

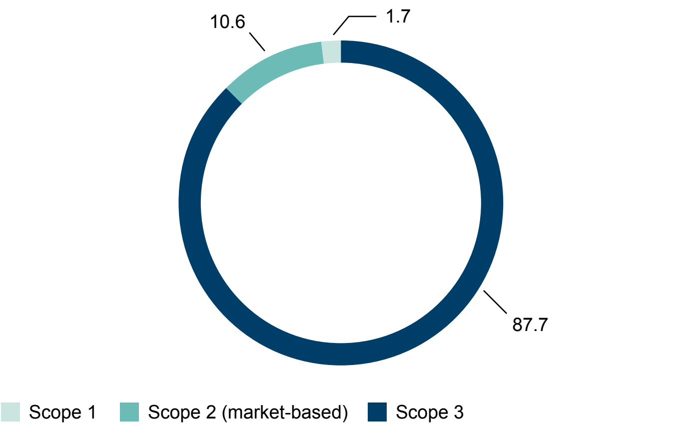


Electricity is the main energy source of AT&S. Consequently, the share of Scope 2 emissions is significantly higher than that of Scope 1. However, at 87.7%, Scope 3 emissions account for the largest share. Categories 1 “Purchased goods and services” and 2 “Capital goods” were identified as the main influences in this area; therefore, these two categories are also reflected in the newly set science-based target. Compared with the previous year, emissions from capital goods increased due to the establishment of the plant in Malaysia; in contrast, emissions from materials purchased declined due to lower purchasing volumes. Emissions in the two categories in relation to gross value added decreased by 17.8% in the financial year 2022/23 compared to the baseline due to the positive business development.

In addition to the above-mentioned categories 1 and 2, the total of the reported Scope 3 emissions in the table “Carbon footprint (Scope 3)” takes into account the shipping of products to customers, fuel- and energy-related emissions, air travel by AT&S employees as well as CO_2 emissions resulting from the commuting practices of employees. Since categories 1 and 2 are responsible for the majority of Scope 3 emissions, a decrease of 15.7% can also be seen in the total relative Scope 3 footprint.

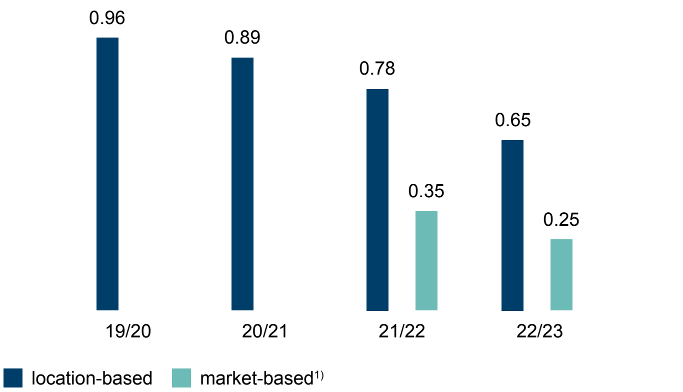
SPLIT OF CARBON FOOTPRINT BY SCOPE

in %



RELATIVE CARBON FOOTPRINT (SCOPE 1 & 2)

in kg CO_2 per € GVA



1) Market-based Scope 2 emissions have been reported since the financial year 2021/22.

GREENHOUSE GAS EMISSIONS 2022/23

Total greenhouse gas emissions >>>> **1,823 kt**

Scope 1

Direct emissions

31 kt

Diesel

Natural gas

Oil

Scope 2

Indirect emissions through purchased energy

193 kt

Purchased electricity (market-based)

Purchased steam (market-based)

Scope 3

Indirect emissions within the value chain

1,599 kt

Air travel of employees

Commuting practices of employees

Purchased goods and services

Capital goods

Shipping of products to customers

Fuel and energy-related emissions

CARBON FOOTPRINT (SCOPE 1 & 2, MARKET-BASED)

	Absolute carbon footprint (Scope 1 & 2) (in kt CO_2)			Relative carbon footprint (Scope 1 & 2) (in kg CO_2 per € GVA)		
	2022/23	2021/22	Change	2022/23	2021/22	Change
Mobile Devices & Substrates segment	207.9	225.6	(7.9%)	0.30	0.42	(29.7%)
Automotive, Industrial, Medical segment & Others	15.6	34.1	(54.3%)	0.08	0.16	(47.2%)
Total Group	**223.5**	**259.7**	**(13.9%)**	**0.25**	**0.35**	**(27.3%)**
thereof attributable to parent company	2.1	2.1	(3.3%)	0.02	0.01	14.6%

CARBON FOOTPRINT (SCOPE 3)

	Absolute carbon footprint (Scope 3) (in kt CO_2)			Relative carbon footprint (Scope 3) (in kg CO_2 per € GVA)		
	2022/23	2021/22	Change	2022/23	2021/22	Change
Mobile Devices & Substrates segment	1,417.0	1,431.6	(1.0%)	2.02	2.67	(24.5%)
Automotive, Industrial, Medical segment & Others	182.1	172.0	5.9%	0.98	0.80	22.2%
Total Group	**1,599.2**	**1,603.6**	**(0.3%)**	**1.80**	**2.14**	**(15.7%)**
thereof attributable to parent company	90.7	76.6	18.4%	0.74	0.53	40.3%

AT&S is expanding, sustainably

The company relies on a highly efficient energy concept to reduce energy consumption in the construction of the new research development centre in Leoben and the new production site in Kulim, Malaysia. Thanks to efficiency measures, saving part of the calculated energy consumption will be possible in both buildings in the future. The concept comprises perfected hot water systems, optimised electricity consumption in the utilities and a highly efficient humidification system. The buildings are heated using heat recovery systems, reducing natural gas consumption at the same time.

In addition, sustainable heating and cooling systems are installed both in the office building and the shop floor areas. Production machinery is equipped with optimised controls for heating and cooling, highly efficient motors, heat insulation and frequency-controlled drives. The new office building also features a state-of-the-art ventilation system.

The prefabricated concrete components act as heat accumulators; through concrete core activation, heat can be given off to the building or absorbed for cooling.

Collaboration with suppliers – a recipe for success

Lowering the energy consumption of selected machines is an integral part of the energy strategy. In the financial year 2021/22, a cooperation project was launched with a key machinery supplier to reduce the energy consumption of a pilot plant. Special software was used to measure the exact energy consumption of the machines, leading not only to a better understanding of module consumption but also to energy savings of 15% of the pilot plant's total consumption due to the development and implementation of measures.

In the future, AT&S will step up its collaboration with its suppliers even further to reduce emissions in the supply chain and will initiate a transfer of knowledge in this context.

CIRCULAR ECONOMY

The transformation from linear production patterns to closed cycles allows decoupling of economic growth from material resource input. AT&S follows this approach and thus conforms to the Circular Economy Action Plan of the European Green Deal.

With the strategic field of action “Circular Economy”, AT&S focuses on reducing resource consumption, regenerating the earth’s biological capacities and preventing waste along the entire value chain. Circularity and recycling are regarded as opportunities to make a corporate contribution to the conservation of natural resources while at the same time increasing economic profitability.

All measures in the areas of water, waste prevention and recycling, i.e. including life cycle assessment and recycling projects that embrace resource efficiency through technological know-how, are part of the strategic field of action “Circular Economy”. Therefore, the material topics “efficient production technology” and “innovation” are allocated to both this strategic field of action and to “Decarbonisation”.

The commitment to sustainable innovation is perfectly in accordance with the strategic orientation of AT&S. We continuously strive to improve our environmental footprint in all areas, whether it is demand for resources, CO_2 emissions or waste reduction.

Conscious use of water

Water is a central resource in manufacturing AT&S’s high-end interconnect solutions, which involves numerous wet chemical and partly resource-intensive processes. Because of that and in order to keep an eye on the conflicting goals of minimising water consumption while at the same time saving energy, the AT&S water strategy was initiated in the financial year 2019/20. This strategy addresses a sustainable water policy with the goal to reduce water consumption and to optimally recycle withdrawn water.

In view of the current expansion projects in Malaysia and Leoben, the focus was on water efficiency planning for the new production sites in the financial year 2022/23. One central issue in this process is the reduction of water consumption compared to standard operations for the new plants in Kulim and the new R&D centre in Leoben. The efficiency projects are designed to reduce the R&D centre’s water consumption by up to 30% in the future. The planned measures, for example electro-deionisation instead of ion exchangers, water recycling systems as well as efficiency projects, are in the process of being implemented.

AT&S systematically recycles used water, aiming to optimise water consumption this way. For example, water can be used multiple times in the production area, in biofilter systems and cooling towers. The wastewater generated is treated in biological and chemical-physical wastewater treatment facilities.

WATER CONSUMPTION

	Absolute water consumption (in m³ million)			Relative water consumption (in litres per € GVA)		
	2022/23	2021/22	Change	2022/23	2021/22	Change
Mobile Devices & Substrates segment	7.41	7.24	2.3%	10.57	13.53	(21.9%)
Automotive, Industrial, Medical segment & Others	0.53	0.62	(14.0%)	2.86	2.89	(0.8%)
Total Group	**7.95**	**7.86**	**1.1%**	**8.95**	**10.48**	**(14.6%)**
thereof attributable to parent company	0.21	0.21	(0.7%)	1.70	1.44	17.7%

The processing, treatment and recycling of water are measures to support sustainable use of water. As water scarcity is steadily increasing, intelligent water management is continuously gaining in importance.

Sparing use of water, above all in high-risk regions

AT&S sites located in high-risk regions according to the Aqueduct Water Risk Tool of the World Resources Institute (WRI) due to their geographical location are subject to strict water recycling rates. AT&S is aware of the responsibility for sustainable water management and advocates increasing these rates continuously. In the financial year 2022/23, the water recycling rates amounted to 51% at the Nanjangud site, 23% at the Shanghai plant and 8% in Chongqing.

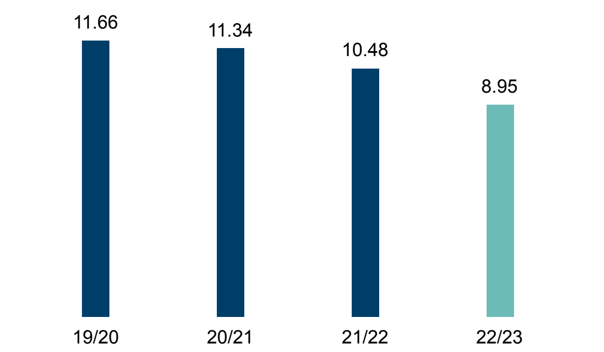
Relative water consumption was reduced to 8.95 litres per euro of gross value added in the financial year 2022/23, and thus by 14.6% compared with the previous year, while absolute consumption rose by 1.1%.

New wastewater treatment facility in Nanjangud

In Nanjangud, a project for a new wastewater treatment plant for thiourea (CH_4N_2S) was launched in 2022/23. The wastewater treatment plant was built with the technical support of an external partner. The aim of installing this recycling system is to limit thiourea salinity in the wastewater and to reduce fresh water withdrawal.

RELATIVE WATER CONSUMPTION

in litres per € GVA



Copper recycling at a high purity level

Copper is of essential importance to the entire manufacturing process of AT&S's high-end products and is one of the key components in printed circuit board and substrate production. In the financial year 2022/23, the copper purchasing volume totalled 3,470 tonnes.

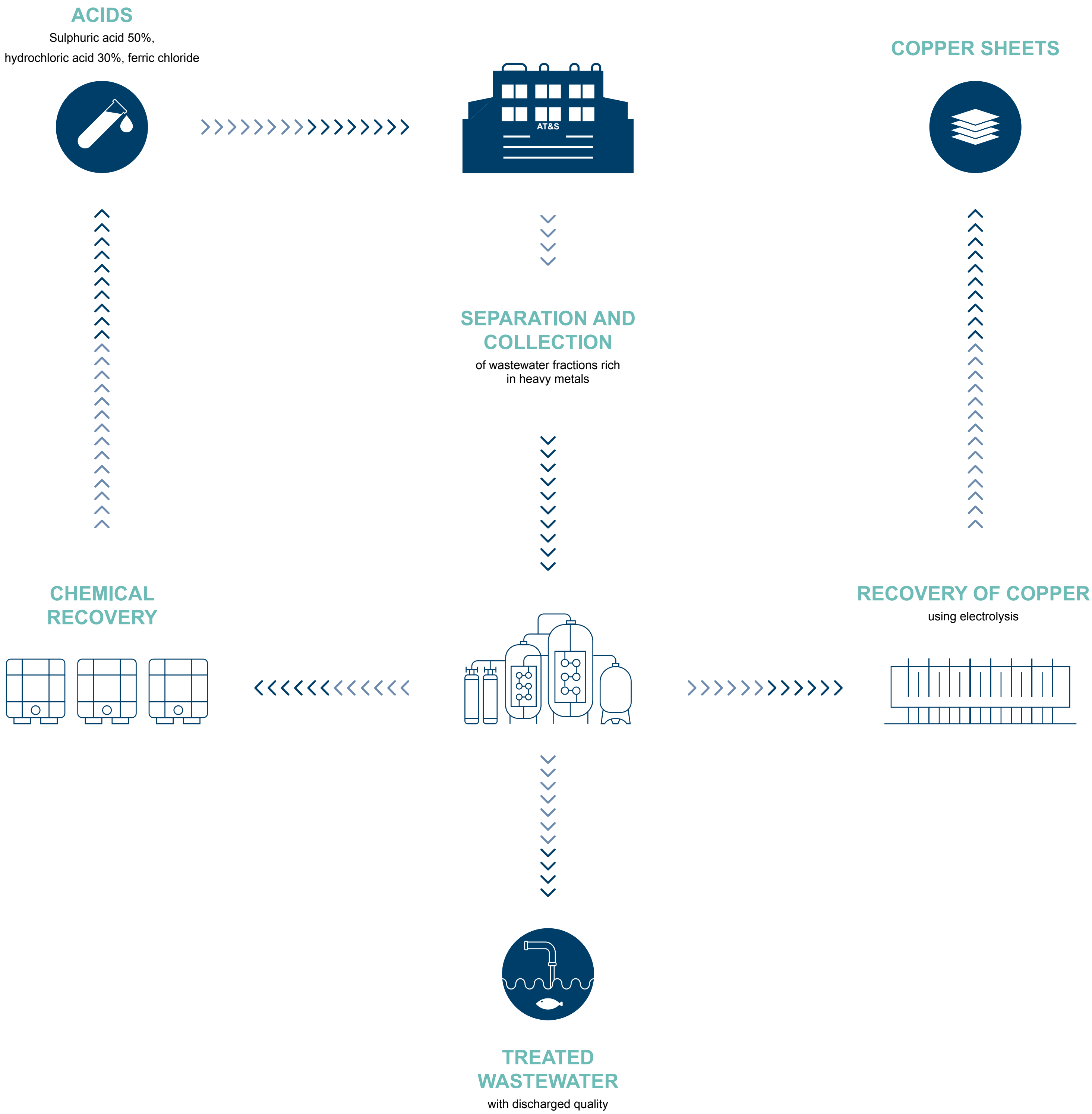
AT&S continuously evaluates technical options to use secondary raw materials in production. The copper recycling project initiated in Leoben in the financial year 2019/20 is a showcase project in this context.

With the implementation of this new, internally developed wastewater treatment process, AT&S sets a new standard for sustainable resource management and recycling practices in the electronics industry: a unique copper recycling system developed by AT&S to recover pure copper and reusable chemicals from waste. This state-of-the-art recycling system reduces CO_2 emissions and minimises the need for additional water.

Copper-containing wastewater is generated in a variety of manufacturing processes such as etching and electroplating and is treated in a physical-chemical process in an in-house wastewater treatment plant. Using different chemicals, a copper-containing sludge is produced from the material flows. In a linear material flow system, the copper-containing sludge is disposed of externally, and reusable materials are introduced to a new cycle or landfilled. The new circular concept increases raw material efficiency: acids and other chemicals are recovered from the production processes, or their use is reduced. At the same time, the waste generated, most of which is classified as hazardous waste, is minimised. The project thus supports our goal to employ valuable raw materials efficiently, or to recirculate them, in multiple ways in order to uncouple our growth from resource input.

After a development phase of nearly three years, the copper recycling project team was fully dedicated to implementing the project in the financial year 2022/23. Thanks to in-house collaboration across departments, the cooperation with external partners and the joint research activities with the University of Leoben, the project was successfully completed. Construction of the recycling centre was completed in the financial year 2022/23 and the installation of the facilities started immediately afterwards.

COPPER RECYCLING



The most important milestone was the commissioning of the electrolysis system, which is currently in the ramp-up phase and will reach full capacity in the coming months.

Even now, copper concentrate from the production machines is no longer discarded. Around 200 kilograms of copper per day, with a purity level of 99.98%, can be recovered through the facility. The chemical recirculation for hydrochloric acid is in the final phase of establishment, while sulphuric acid and ferric chloride can already be fully recycled to existing processes. AT&S will save additional quantities of copper and hydrochloric acid at the Leoben site as a result of the installation of the facility. Furthermore, the purchase of wastewater treatment chemicals can be reduced by 50%, CO_2 emissions can be cut as shipping routes are eliminated and operational safety can be increased significantly.

AT&S is currently reviewing options to roll out the recycling concept to its substrate plants and thus also apply the process at other locations.

Life cycle assessment of the copper recycling process

Applying ISO 14044, both the copper recycling process and the conventional wastewater treatment process were assessed for their material and energy flows in the financial year 2021/22. The categories examined included: abiotic depletion potential (ADP), global warming potential (GWP), human toxicity potential (HTP), photochemical ozone creation potential (POCP), acidification potential (AP) and eutrophication potential (EP). The life cycle assessment, based on which all relevant material, process and energy flows were mapped, was iteratively improved in the financial year 2022/23. As a result, emissions generated by the pyrometallurgical use of the copper sludge are now part of the life cycle assessment. The inclusion of emissions resulting from external further processing and neutralisation of copper chloride, as well as potential hydrochloric acid savings and the resulting caustic soda savings were also incorporated in the model. Based on the results of the revised model, optimisations were implemented directly on the facility, thus reducing hydrochloric acid consumption and returning the hydrochloric acid gained to the process.

Life cycle assessment at product level demanded

Business partners and legislators increasingly attach importance to the environmental impact of purchased products as well as comprehensive life cycle assessments. Customer enquiries increasingly concentrate on the environmental effects generated along the entire manufacturing and supply chain and in the production of goods. Appropriate documentation, transparency and evaluation are demanded. The raw materials and precursors employed, from which the environmental impact throughout the life cycle can be calculated, are examined under the heading of resource efficiency. In line with circular economy, the focus is on recyclability and degradability as well as the identification and derivation of optimisation options within our own processes.

WASTE AMOUNT

	Absolute waste amount (in kt)			Relative waste amount (in kg per € GVA)		
	2022/23	2021/22	Change	2022/23	2021/22	Change
Hazardous waste	46.2	50.8	(9.0%)	0.052	0.068	(23.1%)
Non-hazardous waste	11.2	11.9	(6.3%)	0.013	0.016	(20.8%)
Total waste amount	**57.4**	**62.7**	**(8.5%)**	**0.065**	**0.084**	**(22.7%)**
Mobile Devices & Substrates segment	34.0	38.8	(12.5%)	0.048	0.072	(33.2%)
Automotive, Industrial, Medical segment & Others	23.4	23.9	(2.1%)	0.126	0.111	13.0%
Total Group	**57.4**	**62.7**	**(8.5%)**	**0.065**	**0.084**	**(22.7%)**
thereof attributable to parent company	5.2	6.0	(13.4%)	0.043	0.042	2.6%

For several years, AT&S has undertaken significant efforts to prepare life cycle assessments for its product range. AT&S aims to establish a life cycle assessment at the product level in order to be able to calculate the ecological footprint of specific printed circuit boards. In this connection, all ecological effects on people and the environment are studied and data of all materials, ingredients and manufacturing processes throughout AT&S's scope of influence are determined. The result is a holistic view of the ecological impact and the environmental footprint of AT&S printed circuit boards rather than an isolated view or individual factors.

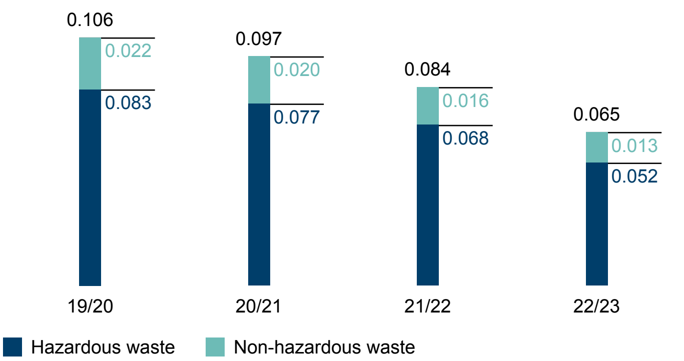
In the financial year 2022/23, the focus was on the exchange of information with suppliers in order to improve data quality regarding Scope 3 emissions and to gain a profound understanding within the supply chain.

Moreover, the consumption data of important facilities were collected and analysed, and the methodology and factors of the basic material data were adjusted.

The requirements regarding the life cycle assessment process are continuously evaluated and adjusted as necessary. After the successful installation and implementation at the Leoben site, the roll-out of the process to other locations is being assessed.

RELATIVE WASTE AMOUNT

in kg per € GVA



Less waste, more value added

Sustainably managed waste flows and preventing waste in the first place are among the central elements of the AT&S sustainability strategy.

In the financial year 2022/23, the relative volume of waste was reduced by 22.7%, while the absolute waste amount also declined by 8.5% year-on-year. As in the previous year, the share of hazardous waste remained at a constant level. In the future, this share is to be steadily reduced by focusing on the copper recycling project and evaluating other metal recycling options.

Conscious use of key materials

In addition to electricity and water, valuable raw materials and other materials are also required for manufacturing AT&S products. These include gold, palladium, copper, laminates and chemicals. The volume purchased decreased for all of these key materials in the financial year 2022/23 compared with the previous year. This development is attributable to more efficient material usage and a changed product mix. The chemicals purchased are broken down transparently using GHS classification.

As a supplier of central electronic components, AT&S observes all aspects of dealing responsibly with resources. This includes compliance with EU Regulation 1907/2006 REACH (Registration, evaluation, authorisation and restriction of chemicals) for all products, and with the RoHS Regulation of the EU, which governs putting hazardous materials in electronic devices and electronic components on the market. In addition, AT&S meets the requirements of EU Regulation 2019/1021 on Persistent Organic Pollutants (EU POP Regulation) and avoids the use of ozone depleting substances in accordance with the Montreal Protocol. In addition, the company meets all legal requirements of lists of substances, not only within the EU but also in Asia and in all other regions in which AT&S operates. The list of substances to regulate environmentally harmful substances in accordance with the REACH Regulation can be viewed on our website along with our general terms and conditions and the AT&S Supplier Code of Conduct.

PURCHASE OF SIGNIFICANT MATERIALS

Total Group	Unit	2022/23	2021/22	Change
Gold	kg	437	569	(23.2%)
Palladium	kg	268	325	(17.5%)
Copper	t	3,470	4,253	(18.4%)
Laminate	million m²	10.9	14.6	(25.1%)
Chemicals	thousand t	167.9	191.1	(12.2%)

PURCHASE OF SIGNIFICANT MATERIALS

attributable to parent company	Unit	2022/23	2021/22	Change
Gold	kg	55	69	(19.4%)
Palladium	kg	14	13	2.7%
Copper	t	331	381	(13.1%)
Laminate	million m²	0.8	1.4	(44.7%)
Chemicals	thousand t	11.0	10.9	1.4%

CLASSIFICATION OF CHEMICALS PURCHASED

in %		2022/23[1]	2021/22[1]	Change
Explosive	GHS01	–	–	n.a.
Flammable	GHS02	0.22	0.19	12.9%
Oxidising	GHS03	7.17	2.17	231.2%
Compressed gas	GHS04	1.84	1.41	29.8%
Corrosive	GHS05	73.41	72.50	1.3%
Toxic	GHS06	0.58	0.60	(3.0%)
Irritant	GHS07	29.28	28.41	3.0%
Health hazard	GHS08	4.78	4.69	1.8%
Environmental hazard	GHS09	2.01	2.05	(2.1%)
Non-hazardous	–	19.49	21.01	(7.2%)

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

Sustainability needs innovation

Preventing or reducing waste as well as recycling and closed-loop systems are examples demonstrating that, in addition to efficiency and effectiveness, innovative approaches play an increasingly important role. This is why AT&S focuses on strong innovative power when it comes to industrialising leading-edge technologies. This is also reflected in the construction of the new R&D centre in Leoben, where the company is stepping up investments in its innovative strength.

The share of employees in the research and development departments and engineering teams amounted to an average of 14.3% in the financial year 2022/23, an increase of 3.1% compared to the previous year.

AT&S InnoWorld – Creativity competitions produce tangible results

The AT&S InnoWorld platform, a multifaceted innovation platform for the entire AT&S workforce launched another major challenge in the financial year 2022/23. Data-driven solutions for all areas, whether for production, energy supply or waste disposal, were at the centre of the DATATHON Idea Challenge.

The challenge called for innovative solutions to enable AT&S to use data to simplify processes and enhance productivity.

"Today", "Tomorrow" and "Future" – the AT&S Innovation Award

AT&S values its employees' creativity, and the Innovation Award is met with great enthusiasm at AT&S. The focus is on innovative projects that stand out from standard undertakings through ingenuity and perseverance. At the same time, the award is intended to recognise employees who are particularly passionate about their project work, thus fostering motivation for developing and implementing new project ideas.

In the financial year 2022/23, the focus of the award was expanded with the introduction of three new categories: "Today", "Tomorrow" and "Future". As the "Most Sustainable" awards were also presented again, there were four opportunities to win this year. The jury, which consists of AT&S specialists from different areas, chose the winners in the different categories, among them the "Export Packaging Weight Reduction" project from Nanjangud in the "Most Sustainable" category. The idea to reduce export freight by lowering total weight contributes to reducing the ecological footprint in the area of Scope 3 emissions.

DECENT WORK

Our employees are one of our key success factors. Every single one of them contributes to the company's ambitious growth strategy and targeted development through their commitment and know-how. Sustainable economic success, founded on motivated, capable employees, requires a safe and inclusive working environment in which everyone can fully develop their abilities.

The section "Decent Work" comprises all activities related to social sustainability, including the material topics of "diversity", "knowledge" and "health & safety at work". The equally material topics of "human rights" and "anti-corruption" and the related due diligence processes and indicators are covered in the section "Sustainable Supply Chain & Business Ethics".

AT&S employed 14,687 persons at the end of the financial year 2022/23. This corresponds to an increase of 2.9% compared to the previous year. The company's growth strategy led to an increase in the number of employees at both the new location in Malaysia and at the Leoben plant, whereas the Shanghai plant recorded a decline in the number of employees due to efficiency programmes. The share of contract workers amounted to 2.7% at the end of the financial year, compared with 3.0% in the previous year.

Employees are remunerated at market conditions and in accordance with the applicable laws; in Austria employees are paid 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), the employees' personal performance and, since the financial year 2021/22, the share of renewable energy.

The ratio of personnel costs to revenue was 23.4% in the financial year 2022/23, up 0.4% on the previous year. Details are provided in the notes to the consolidated statement of profit or loss in the notes to the consolidated financial statements.

With an attrition rate of 17.7% in the financial year 2022/23, an increase of 1.4 percentage points was recorded in this area. Nevertheless, over multiple years this value is within the average, as the rate was particularly low in the previous years due to the pandemic. Attrition is generally higher at the Chinese locations, which is typical of the country's dynamic labour market. Since the attrition rate is also an indicator of employee satisfaction and motivation, AT&S strives to keep it as low as possible.

Inclusion in all areas

AT&S is aware of the potential of diverse teams. Diversity means innovative capability and creativity. It is important to us to offer employees the same opportunities in terms of development, career and work-life balance regardless of their gender or sexual orientation, age, origin, nationality, ideology or religion as well as physical or mental disability. This clear commitment to promoting diversity in all areas of the company is also communicated on the AT&S website.

HEADCOUNT (AT YEAR-END)

		2022/23			2021/22		
in heads		Male	Female	Total	Male	Female	Total
Category	White collar	4,129	1,437	5,566	3,526	1,162	4,688
	Blue collar	5,507	3,614	9,121	5,756	3,825	9,581
Region	Europe & USA	1,285	920	2,205	1,181	851	2,032
	Asia	8,351	4,131	12,482	8,101	4,136	12,237
Segment	Mobile Devices & Substrates	6,802	3,923	10,725	6,633	3,943	10,576
	Automotive, Industrial, Medical	2,518	933	3,452	2,410	901	3,311
	Others	316	195	511	239	143	382
Type of employment[1]	Full-time	9,572	4,831	14,403	9,239	4,756	13,995
	Part-time	56	190	246	38	203	241
	Non-guaranteed hours employees	0	0	0	0	0	0
Total Group		**9,636**	**5,051**	**14,687**	**9,282**	**4,987**	**14,269**
thereof attributable to parent company		1,257	893	2,150	1,150	824	1,974

[1] excl. inactive employees, e.g. parental or educational leave; all employees in the "Asia" region are full-time employees.

ATTRITION RATE

in %[1]	2022/23	2021/22	Change
Mobile Devices & Substrates segment	20.2	18.9	6.8%
Automotive, Industrial, Medical segment	10.4	9.1	14.1%
Others	8.4	8.1	3.7%
Total Group	**17.7**	**16.3**	**8.6%**
thereof attributable to parent company	10.8	9.9	8.8%

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

Overall, the company employed people of 68 nationalities in the financial year 2022/23. Every single person is unique: AT&S underlined this statement by signing the Diversity Charter in the financial year 2020/21. With this commitment, the company underscores its policy of zero tolerance of any form of discrimination and supports a working environment free of prejudice.

The Leoben site has a long-standing partnership with Café Beniva, a seminar centre that aims to enable people with Down syndrome to lead a self-determined life by promoting their skills, which they apply in their job.

Since the financial year 2021/22 AT&S has increased the use of inclusive language. In German texts, the style of using a colon to make the female population, as well as all people who feel more comfortable with non-binary identities, more visible is applied.

All job advertisements in Europe use inclusive wording (m/f/d) and address all genders. All qualifications being equal, preference will be given to the underrepresented gender when positions are advertised.

Aiming to overcome barriers of any kind, AT&S takes various initiatives and offers intercultural and language courses in German, English and Mandarin, among other things. This helps overcome language barriers, while at the same time addressing cultural differences. Since the financial year 2022/23, Speexx – a digital platform for language training and business coaching – has been a partner of AT&S, thus further extending the range of language courses offered for employees.

To enable its employees to optimally reconcile different aspects such as work, job, spare time and family, the company offers more than 100 different working hour models at its Austrian locations.

At 31 March 2023, AT&S employed 41 people with a disability worldwide, 83% of them in Austria. In the previous year, 45 persons with a disability were employed, 82% of them at locations in Austria.

Intercultural workshops for respect, tolerance and integration

The AT&S "Interculturality and Diversity" workshops focus on getting to know and understanding different cultures. These workshops are held at the Leoben site in cooperation with the anti-discrimination office of Styria and the Austrian Integration Fund and address interesting facts about mechanisms of discrimination, the effects of prejudices and strategies to prevent discrimination as well as dealing correctly with discriminating statements and behaviours.

Furthermore, three workshops on the topics of culinary cuisine, leisure activities in the vicinity of AT&S Leoben and in Styria, as well as Austrian traditions and festivities were held. With the support of the external language school Ideum, a centre of the Austrian Integration Fund, especially international employees working for the expansion project were invited to give them an opportunity to become familiar with Austrian culture.

DIVERSITY OF EMPLOYEES (AT YEAR-END)

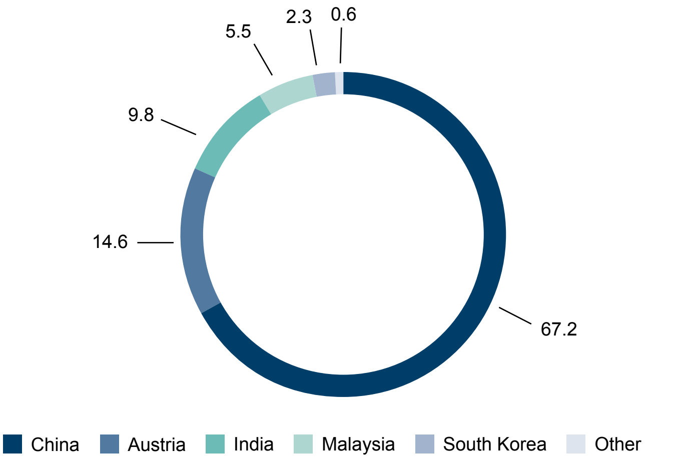
		2022/23		2021/22	
in %, total Group		White collar	Blue collar	White collar	Blue collar
Gender	Female	25.8	39.6	24.8	39.9
	Male	74.2	60.4	75.2	60.1
Age group	<30 years	31.1	36.7	34.4	42.1
	30–50 years	62.0	58.5	58.4	53.6
	>50 years	6.9	4.8	7.1	4.3

DIVERSITY OF EMPLOYEES (AT YEAR-END)

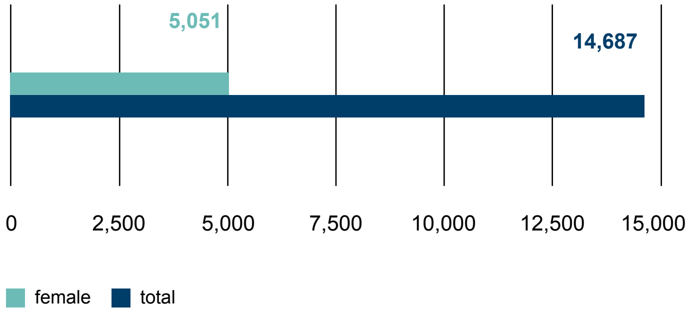
		2022/23		2021/22	
in %, parent company		White collar	Blue collar	White collar	Blue collar
Gender	Female	35.5	49.4	34.1	48.6
	Male	64.5	50.6	65.9	51.4
Age group	<30 years	25.8	27.7	25.8	30.3
	30–50 years	56.1	41.6	52.1	41.7
	>50 years	18.0	30.7	22.1	28.0

TOTAL EMPLOYEES PROPORTIONALLY REPRESENTED IN THE FOLLOWING COUNTRIES

in %

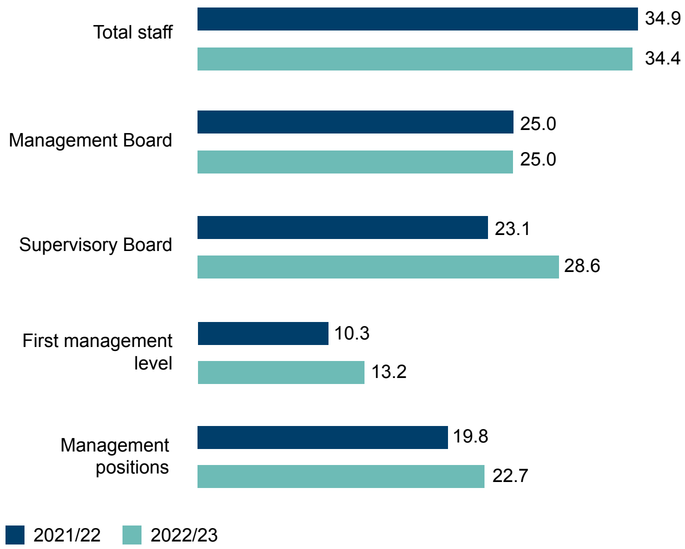


TOTAL NUMBER OF EMPLOYEES



SHARE OF WOMEN IN STAFF AND IN THE GOVERNING BODIES

in %



68

NATIONALITIES

in the workforce

AVERAGE AGE

Average age of all employees	34

Average age by country

China	33
Austria	39
India	34
South Korea	38
Malaysia	35

As of 31 March 2023

AT&S strives to support the integration of all colleagues in Austria to the best of its abilities by promoting exchanges of experience and mutual inspiration of employees from different countries.

Women at AT&S

The share of women at AT&S amounted to 34.4% at the end of the financial year 2022/23, a minimal decline compared with 34.9% in the previous year. At the first management level, i.e. in the direct reporting line to the Management Board of the AT&S Group, the share of women increased from 10.3% to 13.2%. The share of management positions held by female employees was also up 14.9% compared with the previous year and now amounts to 22.7%.

The average length of service was 5.9 years compared with 5.5 years in the previous year. The average age also rose slightly from 33.4 to 34.3 years. The age spread between the youngest and the oldest employee was 55 years.

Diversity in the governing bodies

When filling Supervisory Board mandates, the company aims to have at least 30% women and 30% men on the board in accordance with Section 86 para. 7 of the Austrian Stock Corporation Act (AktG). The age spread between the youngest and the oldest member should be at least 25 years. 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 sustainability management.

At the end of the financial year 2022/23, the share of women on the Supervisory Board as a whole amounted to 29% and to 33% among shareholder representatives. The share of women on the Management Board was 25%. Due to expansion of the Management Board to include CTO Peter Griehsnig as of 1 April 2023, this share has decreased to 20% in the financial year 2023/24. For further information regarding age and gender of governing bodies, please refer to the Corporate Governance Report.

Personal and professional development for a fair future

To enable AT&S to continue its growth in the future, experts who drive structured and sustainable improvements are needed. AT&S attaches great importance to personal development and training and follows employees' needs for continuous education and gaining international experience. The management is convinced that knowledge shapes the future and every single employee plays an important role in the development of the organisation. In line with the mission statement "We care about people", AT&S provides personal and professional development offers to create a working culture that inspires and connects people.

The Learning & Development departments at the AT&S locations offer a modern mix of in-person training with professional internal and external instructors as well as e-learning offerings. The focus is on necessary professional skills in the product area and soft skill training for leadership and communication. AT&S uses a uniform learning platform throughout the Group and cooperates with internationally renowned providers such as LinkedIn Learning and Speexx. In addition, the transfer of knowledge between experts is supported by exchange programmes between the individual locations. This exchange is particularly important for the establishment of the two new production sites in Hinterberg and Kulim.

In the financial year 2022/23, the Cyber Security Awareness campaign was initiated with the objective to build a group-wide culture of security, to sensitise employees to the importance of information and IT security and to raise awareness of this sensitive topic. Moreover, many e-learning courses on information security were developed as part of the Cyber Security Awareness campaign.

On average, every employee completed 14.2 training hours as part of online or in-person training in the financial year 2022/23. The lower average training hours compared to the previous year is attributable to an increase in online training courses aimed at an even larger target group, which can thus be conducted even more efficiently. In addition to these units, familiarisation training for new employees as well as continuous training and qualifications are conducted directly at the workplace. Along with in-house training, a total of €3.4 million was spent on external training and education measures in the financial year 2022/23. 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.

AT&S Performance Management Process

Every year between April and June, all AT&S employees undergo the process of target definition and appraisal by their manager, who assesses to what extent they met the expectations regarding results, targets and core competences for the past financial year.

The appraisals focus on the overall picture of their performance, which includes not only what was accomplished, i.e. how successfully targets were met and which results were achieved; it is also about how this was done, i.e. the skills, practices, commitment and values applied to attain the targets. The performance management process provides an opportunity for self-reflection, to exchange feedback, to formulate expectations, and for guidance.

In the financial year 2022/23, appraisal interviews were conducted with 93% of the salaried employees. In the previous year the completion rate was 95%. In addition, development interviews take place in autumn. Based on these interviews, employees' development needs are derived and have a direct influence on the set-up of future training offers. In the financial year 2022/23, these interviews were conducted with 82% of the salaried employees, compared to 94% in the previous year. The decline during the reporting period is due to internal restructuring.

Focus on promoting young professionals

AT&S offers young people a broad range of future-proof training. The apprenticeship programme comprises apprenticeships in process technology, mechatronics, laboratory technology (chemistry, test engineering), physics, for industrial administrators, IT technology as well as mechatronics and electrical engineering at the Leoben site. At the second Austrian AT&S location in Fehring, apprenticeships are offered in laboratory technology (chemistry, test engineering), physics, mechatronics and process technology. At the end of the financial year 2022/23, the company employed 39 apprentices at the Austrian locations.

In 2022/23, the apprenticeship initiative was expanded and now enables all young talents to complete their apprenticeship with a school-leaving exam ("Matura"). A second pilot project focuses on apprenticeships and sport, whereby young athletes can now also start as apprentices at AT&S.

AVERAGE TRAINING HOURS

in hours per head	2022/23	2021/22	Change
Female	15.7	16.1	(2.8%)
Male	11.4	17.4	(34.2%)
Total	**14.2**	**17.0**	**(16.1%)**
White collar	24.7	23.5	4.8%
Blue collar	8.5	13.9	(39.2%)
Total	**14.2**	**17.0**	**(16.1%)**
thereof attributable to parent company	5.8	7.3	(20.7%)

EXPENDITURES ON EXTERNAL TRAINING

in thousand €	2022/23	2021/22	Change
Mobile Devices & Substrates segment	1,069	443	141.5%
Automotive, Industrial, Medical segment	835	462	80.6%
Others	1,512	668	126.2%
Total Group	**3,415**	**1,573**	**117.1%**
thereof attributable to parent company	2,322	1,106	109.9%

In addition, apprentices can enjoy bonuses for academic success, outdoor camps, excursions for apprentices, apprentice sports during working hours, the option to do an internship abroad (Erasmus+), participation in apprentice competitions, seminars for personal development and a valuable job experience in a highly competitive international work environment.

Cooperation with educational institutions and training facilities all over the world

In the financial year 2022/23, a series of events focusing on an active exchange with universities and schools was launched. In a dialogue with students, a closer look is taken at topics from the electronics industry, thus putting young talents in touch with AT&S.

This new format was kicked off with the “Feel the Pulse of Sustainability” series of events at the Graz University of Technology (TU Graz), where sustainability topics were presented in connection with the technology development in the area of electronics packaging and critically discussed with students.

The global roll-out of the format started in Malaysia. Under the motto “Feel the Pulse of the Disruptive Nature of the Exponential Technologies and the IC Substrates Role in Our Digitalised World”, industrial talks were held at five selected universities to give the students insights into the technologies and requirements of industrial enterprises. This way, more than 2,000 students were directly addressed and informed about AT&S’s technologies.

At these five Malaysian universities, letters of intent stating focus topics for future collaborations were handed over; the topics range from employer branding, internships for students and cooperation in science education to joint research projects. Universiti Sains Malaysia (USM) in Penang plays a leading role in this context. It is part of the partnership which promotes the establishment of an institute for sustainable IC substrate technology together with AT&S. This institute will enable students to receive practical training, combined with research; in terms of content, the training primarily addresses matters regarding processes and designs for environmentally friendly packaging of electronics components. With this centre, AT&S will be able to expand its position in research and development and pick up on trends early. A strong integration of the activities into the European and Austrian research environment is planned.

In Europe, the focus in the financial year 2022/23 was on the collaboration with the Silicon Austria Labs, in which a research platform was created via the so-called “Chip2Sys” programme. Focus topics include power electronics and the core technology for IC substrates as well as interconnect technologies in the area of advanced packaging.

The cooperation with IMEC (Interuniversity Microelectronics Centre) in the high frequency area was expanded and now ranges from radar applications to 5G and 6G communication. The aim is to understand the requirements of chips for the interconnect solution early and to develop technologies that satisfy the future requirements of the market.

In cooperation with TU Graz, research is conducted on “technology-based design and characterisation of electronic components”. The objective is to gain a deeper understanding of the influence of interconnect solutions and of chip embedding on the performance of such systems. After the launch in 2020, a positive evaluation was completed in 2022/23, so that there is nothing in the way of continuing this research for the coming five years.

A cooperation with the Indian Institute of Technology in Delhi (IIT-Delhi) in the area of power electronics was intensified.

AT&S Transformation Tuesday

Steady change is an important principle for companies like AT&S. Only through continuous development and constant supply of new ideas can we grow and be successful in today’s fast-paced high-tech industry. To foster this open-mindedness and flexibility within the company, a new series of events on the topics of innovation and change was launched in the financial year 2022/23. Internal and external experts periodically held presentations and discussions at the EventSpace – and later at the newly constructed PioneerSpace – in Leoben, with content ranging from technological breakthroughs to future-oriented business practices. All events held within this framework are globally livestreamed for all employees and made available as recordings at a later point.

Occupational health management as an integrated part of the corporate strategy

In a rapidly and continuously changing world, employees are increasingly required to be mobile, flexible and available at any time. These and other demanding work requirements often cause stress. Considering that many people spend a considerable part of their lifetime at work and their workplace is perceived as their central living environment, the responsibility and key role of companies in connection with occupational health management are undisputed.

Especially during growth phases it is crucial that occupational health and safety keep pace with the speed of the expansion and ensure that all employees are familiar with the existing high standards of the company. The scalable flexible occupational health and safety management of AT&S provides occupational safety at a high level for the entire workforce.

Safety always comes first and is the basic principle of our work

AT&S aims to minimise risks through preventive measures and to eliminate hazards as far as possible. In this effort, the company acts in line with the health and safety requirements of RBA (Responsible Business Alliance). The AT&S occupational health and safety management system is certified according to ISO 45001 for occupational health and safety. The effectiveness of the occupational health and safety management system is analysed in internal and external audits at different levels of the company and during the workplace inspections included in the audits, due diligence processes are evaluated and corrective action is initiated where necessary.

The company follows the approach of preventive hazard identification and risk assessment in all areas in order to prevent incidents. Based on a quantitative approach, a three-factor risk assessment is conducted, which delivers a complete picture of all risks in the area of health and safety at work. This allows an effective identification and reduction of weak spots of the system in comparison to standard two-factor risk assessment.

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)		
	2022/23	2021/22	Change	2022/23	2021/22	Change
Mobile Devices & Substrates segment	0.8	2.1	(1.3)	4.7	11.2	(6.5)
Automotive, Industrial, Medical segment & Others	3.6	4.9	(1.3)	5.3	9.8	(4.4)
Total Group	**1.5**	**2.8**	**(1.3)**	**4.8**	**10.8**	**(6.0)**
attributable to parent company	3.8	9.4	(5.6)	3.2	17.7	(14.5)

Occupational hazards, which may entail a risk of injuries, in some cases with severe consequences, include chemical, thermal, electric, mechanical and ergonomic factors. AT&S takes a variety of measures to prevent such hazards and minimise risks in advance. This includes effective technical approaches such as the installation of supports on a ladder staircase at the production site in Ansan, the improvement of machine protection devices in Chongqing or a noise reduction project at the location in Shanghai.

Administrative measures include holding recurring safety training and the sensitisation of employees to the topics of chemical safety, fire protection, working at height and other relevant occupational health and safety issues.

At several locations, special training was conducted in the financial year 2022/23, including a course in Fehring teaching employees how to deal with radiation and toxins, or the sensitisation of employees working in the chemistry laboratory to the prevention of cyanide poisoning at the Nanjangud site.

All employees who are exposed to potential hazards in the workplace are provided with personal protective equipment (PPE). To increase the effectiveness of this hazard control, all persons are called upon to use the PPE correctly and consistently. At the Leoben site, "Skin Protection Days" were held for the employees in cooperation with AUVA, an Austrian social insurance institution.

To ensure continuous improvement of the management system for health and safety at work and to intensify the exchange of proven procedures across plants, the occupational health and safety team was expanded at group level in the past financial year.

As the company keeps growing, so does our responsibility for safe working conditions and health protection

AT&S is growing due to its expansion projects, not only with respect to the number of employees, but also because of the new plants in Malaysia and Leoben. As construction activities involve certain risks, AT&S relies on strong partnerships with dependable contractors in order to ensure a high level of occupational safety in every phase of construction. The results are high safety standards at all construction sites and low accident rates.

More people, fewer accidents

In absolute terms, 44 occupational accidents occurred in the financial year 2022/23. The rate of occupational accidents (per 1 million working hours) fell from 2.8 to 1.5, which is equivalent to a decline of 46%. The main reasons for work-related injuries are tripping, slipping and falling accidents as well as accidents involving chemicals. All occupational accidents and minor incidents without any lost days were reported, carefully analysed and their causes were defined. Based on the results of the investigations, different corrective and preventive measures were implemented in line with the control hierarchy.

The average monthly days lost (per 1,000 full-time equivalents) also declined from 10.8 to 4.8. In the financial year 2022/23, no accident involving severe consequences or fatal accident occurred in the Group, proving that the measures to eliminate hazards posing a risk for severe injuries are effective. Now our next step is to increasingly also concentrate on preventing minor accidents.

The rate of absences amounted to 0.9% in the financial year 2022/23, and thus remained at a similarly low level as in the previous year.

Contract workers are an integrated part of the occupational safety indicators at AT&S. Accidents on the way to and from work are not included in occupational accidents.

Comprehensive training and service offering in the area of occupational health and safety

Commitment and the motivation to perform determine the success of a company. Only employees who benefit from a healthy, positive work environment will be able to deliver a strong performance on a permanent basis. AT&S offers a wide range of medical services for employees on site. Every year, seasonal vaccination campaigns against illnesses such as influenza and tick-borne encephalitis are carried out. In addition, all employees who are exposed to certain work-related hazards receive regular medical check-ups. Annual health checks and blood donation campaigns are carried out at the Chinese locations.

AT&S also takes care of young parents and helps employees to successfully reconcile everyday work and parenthood. In Nanjangud, a crèche has been set up to support employees. In China, rooms for mothers and nursing cabins are available.

Not only physical health but also mental health is important. In cooperation with Instahelp, AT&S offers an opportunity to access professional psychological online advice anonymously and free of charge. All employees at the AT&S locations in Austria can obtain information and register on the Instahelp website. With this service, the company wants to promote the mental health of its workforce and underline the importance of mental and physical well-being.

AT&S continuously promotes safety philosophy and a healthy lifestyle

To actively embrace a culture of health and safety at work, the Malaysian team organised a quiz for colleagues at the AT&S site in Kulim. The aim was to raise awareness for environmental, health and safety issues among staff and to reduce accident rates in the future.

A series of activities were also launched in Nanjangud as part of the "National Safety Day 2022" in order to raise awareness of all safety measures including safety at work, safety for human health, road safety and environmental safety. Under the motto "Nurture young minds – Develop safety culture", the AT&S occupational health and safety team organised an event aiming to convey the importance of complying with all safety measures.

A healthy level of exercise and a balanced diet increase physical and mental well-being. AT&S supports employees' sporting and community activities through offerings for cycling, skiing and various team sports, hiking or participating in different company running events.

The summer months were dedicated to the "Go the extra mile" campaign in Leoben. With this internal challenge, employees were successfully motivated to make a conscious decision not to take the bus, but to walk the distance of around 1,200 metres between the headquarters and the employee parking lot. During this challenge, the AT&S employees logged a total of nearly 70 hours of walking time between the start and finish on their time cards, thus walking 414 kilometres.

Group-wide response to the COVID-19 pandemic

AT&S concentrated on minimising the risks and effects of the COVID-19 pandemic again in the past financial year. The COVID-19 taskforce continuously adapted the protective measures to the current situation. As people's access to the COVID-19 vaccine improved continuously, restrictions were gradually eased in most countries. Employees at the locations in Austria, China and India had the possibility to get vaccinated. In Nanjangud, a 100-percent vaccination rate was achieved by offering all employees two doses of the vaccine. Starting in August 2022, wearing face masks became voluntary in Nanjangud, but the use of disinfectants was continued. Most restrictions at the Austrian locations were already lifted at the beginning of the financial year 2022/23. During the active period, numerous PCR tests and rapid tests were performed; due to the high vaccination rate among employees, the infection risk was considered to be low.

In Korea, the obligation to wear face masks indoors was not lifted until 30 January 2023. Nevertheless, employees in Ansan continue to wear masks indoors to counter potential spreading of infections.

Due to the outbreak of further COVID-19 variants, strict temporary lockdowns were imposed in China, which affected the locations in Shanghai, starting in spring 2022, and Chongqing, from autumn 2022. The well-coordinated, close cooperation between the location-specific working groups provided the basis for maintaining operations during the lockdown at the Chinese locations. Thanks to the efforts of the local workforce, it was possible to keep production running, always ensuring maximum safety precautions. During the critical phases of the COVID-19 pandemic, the company had regular PCR and antigen tests carried out on site at the Chinese locations. Rooms and surfaces were consistently disinfected.

The interdepartmental teams – consisting of experts on environmental matters, health and safety at work, human resources, production, communication, procurement and logistics – have comprehensive knowledge as to which measures need to be taken. The taskforce teams worked daily on observing and assessing information, analysing guidelines and managing supply chains. In addition, they continuously supported employees in order to ensure smooth production.

As so often in the past, this situation and the way of coping with the pandemic once again showed how professionally and solution-oriented AT&S can react to challenges. The company continues to make every effort to guarantee the safety of all employees at all times and to continue production in compliance with the applicable regulations.

It was the joint effort and the consistent implementation of the COVID-19 rules that enabled AT&S to get through the pandemic years so well. The health and safety of all employees remain paramount for AT&S. Protective measures can be adjusted and/or reintroduced at any time should the infection situation require it.

Social initiatives and engagement with society

There are many people who urgently depend on support – this becomes apparent especially in times of crisis and war. For the second time, the AT&S employees and the Management Board supported the "Ö3-Weihnachtswunder" ("Ö3 Christmas Miracle") and "Licht ins Dunkel" ("Light into the Dark") charities and donated €15,000 for people in need.

Shortly after the war broke out, AT&S also provided immediate support for people fleeing from Ukraine. In addition to donation campaigns and aid shipments organised by the works council, apartments were rented in cooperation with Caritas, the authorities and the student residences Josefinum and Akademikerhilfe. Along with housing, food aid packages and the technical infrastructure for internet access were organised to enable people to keep in touch with their home country. Employees who worked as translators were given leave by the company.

Due to the food shortage caused by the COVID-19 pandemic, the company organised food supplies for employees in their homes at the location in Shanghai.

Since its establishment in 2011, AT&S Chongqing has participated in various social initiatives, also acting as a mentor for disadvantaged children. Although it was impossible to visit the children in person during the financial year 2022/23 because of the COVID-19 pandemic, the relationship was kept up via online communication, and donations in the form of educational materials and clothing were provided.

In 2022/23, the fourth edition of the "Iron Road for Children (IRFC)" Festival Weekend took place for a good cause in Leoben, which is committed to helping children with a disease from all over Austria. AT&S supports this year's edition of IRFC as a sponsor.

SUSTAINABLE SUPPLY CHAIN & BUSINESS ETHICS

Global supply chains can play a significant role in driving change when founded on responsibility, transparency and sustainability. The AT&S supply chain involves complex interactions between companies, aiming to ensure that all required materials and goods are always available on time, of the best quality and in sufficient quantity. Over the years, we have built a reliable, resilient and flexible supply chain, where responsible conduct and integrity in all business relationships are top priorities.

Suppliers are important partners in our endeavour to develop technologies responsibly and make a contribution to a fair, innovative and sustainable future. Our long-standing relationships within the supply chain allow collaboration based on transparency and trust. We share values that clearly oppose human rights violations, corruption and discrimination. To ensure that these values are not breached in procurement and supply chain management, "Sustainable Supply Chain & Business Ethics" has been defined as a strategic field of action in the strategy process. The material topics "human rights" and "anti-corruption" have been allocated to this field.

Compliance and anti-corruption to safeguard our principles of integrity

Human rights violations and corruption contradict our commitment to sustainable business operations and strict compliance with all applicable national and international legal standards. Potential compliance and governance risks are identified in the group-wide risk management process and subsequently mitigated. The Governance, Risk and Compliance Committee supports Enterprise Risk Management in monitoring the AT&S risk landscape and helps promote the associated compliance with legal and regulatory requirements. The Senior Management, including the Risk & Continuity Management, Compliance, Internal Audit and Legal departments, forms part of the committee.

Our internal compliance and anti-corruption policies are additional tools to promote responsible conduct and integrity in the company. They apply to all AT&S governance bodies and employees worldwide.

The content of these policies is conveyed to the employees via multiple communication channels and underlines the company's determination to counter any acceptance or provision of inappropriate invitations and gifts as well as any form of bribery. Using a risk-based approach, positions within the company have been identified that are exposed to increased risks due to the nature of the function and therefore require adequate training. In the financial year 2022/23, 1,499 employees received training as part of corruption prevention, which corresponds to a year-on-year increase of 14%.

The Capital Market Compliance Policy aims to ensure that companies act with integrity in the capital market. Key aspects of this regulation deal with the prevention of both unauthorised use of inside information and abuse of compliance-relevant information by implementing appropriate measures and in accordance with the applicable laws and regulations. Awareness of the content of the policy is strengthened through various internal communication channels, thus ensuring that all those involved understand the content of the topics and apply it in their everyday actions. The policy is binding for all employees. Likewise, training is mandatory for persons who are subject to increased risk. 153 people participated in capital market compliance training in the financial year 2022/23, while 181 persons completed this training in 2021/22.

Anonymous reporting system for tips regarding misconduct

Failure to respect human rights, corruption and any form of misconduct with respect to our Code of Conduct are not acceptable for AT&S. If violations of our Code of Conduct are suspected, these can and should be reported on the AT&S "We Care" whistleblowing platform. All entries will be treated confidentially. Anonymous reports are also possible if required. During the financial year 2022/23, a total of 16 reports were filed – nine more than in the previous year. Ten of the reported cases required detailed investigations. Corrective action was taken as necessary, including improvements to the internal control system or disciplinary consequences.

AT&S Code of Conduct as a guideline for acting responsibly

As an international corporation, AT&S is aware of its special responsibility towards its employees and business partners across the world. The company distances itself from any form of bribery or corruption and does not tolerate any kind of violence, abuse, exploitation of children or environmental degradation. The protection of and respect for all people and nature have top priority and are part of the company's ethical principles. These principles as well as compliance with all laws are indispensable elements of our corporate responsibility.

The AT&S Code of Conduct governs the clear ethical principles with respect to business ethics, labour conditions, occupational health and safety as well as environmental issues directly and indirectly associated with people and society. This Code is globally applicable and was drawn up in line with the requirements of the Responsible Business Alliance (RBA). The AT&S Code of Conduct serves as a binding guideline for our actions and forms the basis for our trustworthiness and credibility as well as for long-term partnerships and sustainable success.

To familiarise employees with the content of the AT&S Code of Conduct, an e-learning course which covers the topics of business ethics and management practices, health and safety at work, labour and human rights as well as environmental protection was developed in the financial year 2022/23. The training is scheduled to be rolled out globally in 2023/24.

AT&S Supplier Code of Conduct as an important element of sustainable supply chain management

As a basic prerequisite for a long-term business relationship, we expect our suppliers to comply with all applicable laws and the ethics and environmental principles to which AT&S has also committed. In general, we see a latent risk of violations of our ecologically, economically or socially sustainable principles within the supply chain. This is due to the fact that although all guidelines and measures can be directly controlled within the AT&S system boundary, the direct scope of influence of AT&S on responsible sourcing and a functioning supply chain management decreases with the number of sub-suppliers.

The AT&S Supplier Code of Conduct was drawn up to ensure fair and sustainable collaboration. In this way, we call upon our suppliers to comply with our standards, provide them with a framework of action and require them to apply the same standards to their suppliers. The AT&S Supplier Code of Conduct was drawn up in accordance with the requirements of the Responsible Business Alliance (RBA) and aims at a balance between generating profits and ethical responsibility. The Code also comprises topics related to business ethics and management practices, health and safety at work, labour and human rights as well as environmental protection.

In the financial year 2022/23, approximately 110 suppliers were considered to be essential, as they accounted for about 80% of AT&S's purchasing volume. 100% of them had signed the Code of Conduct at the end of the financial year. As in the past, the target was therefore met. In addition, the Code was signed by 99.1% of those suppliers who account for another 15% of AT&S's purchasing volume. The two suppliers who did not sign the Code of Conduct, however, committed to equivalent codes of conduct which are acceptable for AT&S.

PROPORTION OF CODE OF CONDUCT SIGNED (MATERIAL SUPPLIERS)

100 %

(previous year: 100%)

Transparency along the supply chain and continuous advancement of supplier relationships are important to us

We create added value for society and business through fair conduct beyond our system boundaries. In addition to price, quality and delivery time, we also consider environmental and social aspects when making purchasing decisions. Consequently, we include our business partners in our aspiration to act in a socially and ethically correct and environmentally oriented way.

NUMBER OF SUPPLIER AUDITS

52 audits

(previous year: 45 audits)

In this effort, the focus is on reliable compliance with quality and sustainability standards such as human rights and anti-corruption measures of our business partners. These and other ethical principles, which are part of the AT&S Supplier Code of Conduct, are among the basic prerequisites for partnerships. AT&S regularly coordinates with its partners regarding strategic orientation, product development and innovation in order to support the supply chain in the area of sustainability.

AT&S assesses its suppliers beyond economic criteria and derives a risk-based audit plan, whose assessment criteria include upholding human rights, a ban on child labour, work safety, environmental protection and fair remuneration.

Overall, 52 supplier audits were conducted in the financial year 2022/23, of which 26 audits covered business ethics and observance of human rights in addition to general social and economic topics. In these 26 audits, a total of twelve deviations were identified in the areas of business ethics, working conditions and human rights. To address these deficiencies, the company is working on the implementation of appropriate measures with the relevant suppliers.

Conflict-free sourcing of high-quality minerals

More and more stakeholders attach great importance to transparency when demonstrating social and ecological impacts in the supply chain. In addition to information about safe working conditions, observance of human rights and the efficient use of natural resources, this also includes the ethically unobjectionable procurement of minerals. Their sourcing and trading entails the risk of severe human rights violations or money laundering, among other things.

AT&S rejects any use of conflict minerals from the conflict regions and only procures minerals from responsible sources which satisfy the requirements of the Dodd-Frank Act Section 1502 of the US Congress. When purchasing so-called conflict minerals such as tin, tantalum, tungsten and gold (in short: 3TG), AT&S meets the requirements of EU Regulation 2017/821, which are defined in the general terms and conditions.

As part of the supply chain, the company undertakes to disclose and comply with the legal framework conditions with respect to conflict minerals and adheres to the due diligence process of the RMI (Responsible Minerals Initiative). All obligations are equally applicable along the supply chain, and transparent reporting using the Conflict Minerals Reporting Template (CMRT) of the RMI is required. The company contacts suppliers whose products could contain minerals such as gold, tin and cobalt due to their material groups at regular intervals or upon acute suspicion.

In the financial year 2022/23, 94% of our suppliers committed to a compliant supply chain. AT&S pursues the goal to source minerals exclusively from smelting plants and mines that conform to regulations and are regularly audited by the RMI. We are already in contact with the relevant suppliers in order to ensure a fully RMI-compliant supply chain in the future.

RMI COMPLIANCE OF OUR SUPPLY CHAIN

94%

(previous year: 100%)

AT&S ANNUAL REPORT 2022/23 COMPANY ADVANCED TECHNOLOGIES & SOLUTIONS

KPIs EU TAXONOMY

Share of turnover from goods or services associated with taxonomy-aligned economic activities:

				Substantial contribution criteria						DNSH										
Economic activities (1)	Code(s) (2)	Absolute Turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (CCM) (5)	Climate Change Adaptation (CCA) (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (CCM) (11)	Climate Change Adaptation (CCA) (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Safeguards (17)	Taxonomy-aligned proportion Turnover year N (18)	Taxonomy-aligned proportion Turnover year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		T€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Manufacture of renewable energy technologies	3.1.	6,401	0.4%																	
Total (A.1 + A.2)		**6,401**	**0.4%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		**1,784,943**	**99.6%**																	
Total (A+B)		**1,791,344**	**100%**																	

AT&S ANNUAL REPORT 2022/23 COMPANY ADVANCED TECHNOLOGIES & SOLUTIONS

CapEx share of goods or services associated with taxonomy-aligned economic activities:

				Substantial contribution criteria						DNSH										
Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate Change Mitigation (CCM) (5)	Climate Change Adaptation (CCA) (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (CCM) (11)	Climate Change Adaptation (CCA) (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Safeguards (17)	Taxonomy-aligned proportion CapEx year N (18)	Taxonomy-aligned proportion CapEx year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		T€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Construction, extension and operation of water collection, treatment and supply systems	5.1.	44,886	3.6%																	
Construction, extension and operation of wastewater collection and treatment	5.3.	28,316	2.3%																	
Collection and transport of non-hazardous waste in source segregated fractions	5.5.	13	0.0%																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5.	757	0.1%																	
Construction of new buildings	7.1.	272,543	22.1%																	
Renovation of existing buildings	7.2.	79,424	6.4%																	
Installation, maintenance and repair of energy efficiency equipment	7.3.	62,621	5.1%																	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4.	2,407	0.2%																	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5.	6,829	0.6%																	
Installation, maintenance and repair of renewable energy technologies	7.6.	3	0.0%																	
Acquisition and ownership of buildings	7.7.	59,044	4.8%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**556,845**	**45.1%**																	
Total (A.1 + A.2)		**556,845**	**45.1%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		**677,239**	**54.9%**																	
Total (A+B)		**1,234,085**	**100%**																	

AT&S ANNUAL REPORT 2022/23 COMPANY ADVANCED TECHNOLOGIES & SOLUTIONS

OpEx share of goods or services associated with taxonomy-aligned economic activities:

				Substantial contribution criteria						DNSH										
Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate Change Mitigation (CCM) (5)	Climate Change Adaptation (CCA) (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (CCM) (11)	Climate Change Adaptation (CCA) (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Safeguards (17)	Taxonomy-aligned proportion OpEx year N (18)	Taxonomy-aligned proportion OpEx year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		T€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Construction, extension and operation of water collection, treatment and supply systems	5.1.	727	0.3%																	
Construction, extension and operation of wastewater collection and treatment	5.3.	2,899	1.1%																	
Collection and transport of non-hazardous waste in source segregated fractions	5.5.	27	0.0%																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5.	1	0.0%																	
Renovation of existing buildings	7.2.	43	0.0%																	
Installation, maintenance and repair of energy efficiency equipment	7.3.	1,149	0.4%																	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4.	4	0.0%																	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5.	243	0.1%																	
Installation, maintenance and repair of renewable energy technologies	7.6.	5	0.0%																	
Acquisition and ownership of buildings	7.7.	1,988	0.8%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**7,086**	**2.8%**																	
Total (A.1 + A.2)		**7,086**	**2.8%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		**249,709**	**97.2%**																	
Total (A+B)		**256,796**	**100%**																	

GRI CONTENT INDEX

AT&S has reported the information cited in this GRI content index for the period from 1 April 2022 to 31 March 2023 with reference to the GRI Standards.

GRI standard	Disclosure	Page in the report, URL or reason for omission
GRI 1: Foundation (2021)		
GRI 2: General Disclosures (2021)		
1. The organization and its reporting practices		
	2-1 Organizational details	p. 101 f. and p. 188
	2-2 Entities included in the organization's sustainability reporting	p. 45 and p. 101 f.
	2-3 Reporting period, frequency and contact point	01/04/2022-31/03/2023; annual; contact annual report: Philipp Gebhardt, contact non-financial report: Marina Hornasek-Metzl publication date: p. 188
	2-4 Restatements of information	none
	2-5 External assurance	p. 16
2. Activities and workers		
	2-6 Activities, value chain and other business relationships	p. 29 f. and p. 123
	2-7 Employees	p. 56 ff.; uniform disclosure on fixed-term employment contracts not possible on an international basis
	2-8 Workers who are not employees	p. 56 ff.; uniform disclosure on fixed-term employment contracts not possible on an international basis
4. Strategy, policies and practices		
	2-22 Statement on sustainable development strategy	p. 25 f.
	2-28 Membership associations	p. 25 f.
5. Stakeholder engagement		
	2-29 Approach to stakeholder engagement	p. 33 ff.
	2-30 Collective bargaining agreements	p. 56 ff.
GRI 3: Material Topics (2021)		
	3-1 Process to determine material topics	p. 33 ff.
	3-2 List of material topics	p. 33 ff.
GRI 205: Anti-corruption (2016)		
	3-3 Management of material topics	p. 67
	205-2 Communication and training about anti-corruption policies and procedures	p. 67
	205-3 Confirmed incidents of corruption and actions taken	p. 67

GRI standard	Disclosure	Page in the report, URL or reason for omission
GRI 301: Materials (2016)		
	3-3 Management of material topics	p. 54 f.
	301-1 Materials used by weight or volume	p. 54 f.; distinction renewable/non-renewable not available
GRI 302: Energy (2016)		
	3-3 Management of material topics	p. 44 ff.
	302-1 Energy consumption within the organization	p. 46; for further information see CDP Climate Change Report (www.cdp.net)
	302-3 Energy intensity	p. 46; for further information see CDP Climate Change Report (www.cdp.net)
	302-4 Reduction of energy consumption	p. 45; for further information see CDP Climate Change Report (www.cdp.net)
GRI 303: Water and Effluents (2018)		
	3-3 Management of material topics	p. 50 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. 50 f. and CDP Water Security Report (www.cdp.net)
GRI 305: Emissions (2016)		
	3-3 Management of material topics	p. 46 ff.
	305-1 Direct (Scope 1) GHG emissions	p. 46 ff.; for further information see CDP Climate Change Report (www.cdp.net)
	305-2 Energy indirect (Scope 2) GHG emissions	p. 46 ff.; for further information see CDP Climate Change Report (www.cdp.net)
	305-3 Other indirect (Scope 3) GHG emissions	p. 46 ff.; for further information see CDP Climate Change Report (www.cdp.net)
	305-4 GHG emissions intensity	p. 46 ff.; for further information see CDP Climate Change Report (www.cdp.net)
	305-5 Reduction of GHG emissions	p. 45; for further information see CDP Climate Change Report (www.cdp.net)
GRI 306: Waste (2020)		
	3-3 Management of material topics	p. 51 ff.
	306-3 Waste generated	p. 53 f.

GRI standard	Disclosure	Page in the report, URL or reason for omission
GRI 403: Occupational Health and Safety (2018)		
	3-3 Management of material topics	p. 63 ff.
	403-9 Work-related injuries	p. 63 f.
GRI 404: Training and Education (2016)		
	3-3 Management of material topics	p. 60 ff.
	404-1 Average hours of training per year per employee	p. 61
	404-2 Programs for upgrading employee skills and transition assistance programs	p. 60 ff.
	404-3 Percentage of employees receiving regular performance and career development reviews	p. 61
GRI 405: Diversity and Equal Opportunity (2016)		
	3-3 Management of material topics	p. 57 ff. and p. 17 ff.
	405-1 Diversity of governance bodies and employees	p. 58 ff. and p. 17 ff.
GRI 406: Non-discrimination (2016)		
	3-3 Management of material topics	p. 67
	406-1 Incidents of discrimination and corrective actions taken	p. 67
GRI 414: Supplier Social Assessment (2016)		
	3-3 Management of material topics	p. 68 f.
	414-2 Negative social impacts in the supply chain and actions taken	p. 68 f.

GROUP MANAGEMENT REPORT 2022/23

80

1. MARKET AND INDUSTRY ENVIRONMENT

1.1. General economic environment

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

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

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

Toward the end of 2022, China relaxed the zero-Covid measures which they maintained throughout the pandemic. The opening of China, a relatively mild winter in Europe reducing energy prices and receding of inflation in parts of the world have provided grounds for cautious optimism for the global economy.

1.2. Industry environment

Semiconductor

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

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

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

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

[1] IMF, "World Economic Outlook Update", January 2023

[2] Semiconductor Industry Association, "SIA Databook", February 2023

[3] Gartner, "Market Share Analysis: Semiconductors - Worldwide 2022", January 2023

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

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

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

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

Consumer, computing, communication

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

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

Consecutive to the development in the end applications, the PCB markets for consumer and computing markets declined in 2022 by 3.8% and 9.9%[4], respectively. In 2023, both PCB markets are forecasted to further decline by -5.3% and -5.6%, respectively. The PCB market for communication as reported by Prismark Partners accounts for end devices like smartphones as well as infrastructure. The consolidated PCB market in this segment grew in 2022 by 2% year-on-year and is expected to decline in 2023 by 3.3%. Here, the investments in wired and wireless infrastructure counterbalanced the very weak smartphone market.

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

[4] Prismark Partners, “Application Forecasts”, March 2023

[5] IDC, “Quarterly Wearable Device Tracker, 2022|Q4”, March 2023

[6] IDC, “Quarterly Mobile Phone Tracker, 2022|Q4”, February 2023

[7] IDC, “Quarterly Personal Computing Device Tracker, 2022|Q4”, February 2023

Automotive

Global automotive production has reached 82 million vehicles in 2022, a 6% increase compared to the 77 million of 2021[8] due to the clear improvement of the chip supply at the end of the year and the tax incentives for electric vehicles in China, yet it has not been able to reach the 86 million vehicles forecasted at the end of 2021, weighed down by the effects of the conflict in Ukraine and the lockdowns in China. The strong shortage of semiconductors in the first part of the year not only had a negative impact on the vehicle sales, but also on the automotive electronics and automotive PCB market, which increased just 0.4% and 6.8%, respectively, in 2022.[4] In 2023, both markets are expected to grow further by 4.4% and 1.1%, respectively.

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

On the other hand, electrification and Advanced Driver Assistance System / Autonomous Driving (ADAS/AD) continue being the drivers of the automotive industry.[8] Global Battery Electric Vehicles (BEV) sales reached the two million mark for the first time in the third quarter of 2022, growing by 75% compared to the corresponding period last year. More than 7.8 million BEVs were sold in the world in 2022, representing a 70% increase compared to 2021. Much of that increase can be attributed to China, where the BEV market continued to expand at high speed. In the United States, the BEV market finally sparked to life in 2022 having previously appeared to lag behind the development seen in China and much of Europe. Spurred by massive OEM investment in exciting new models, meaningful government incentives and a gradually improving charging infrastructure, BEV sales in the US grew by 88% in 2022 in comparison with the previous year, the highest such increase in all markets.[9] Also, ADAS/AD is advancing faster than expected one year ago. In summer 2022, several regions, such as EU, China, Japan and several US States, announced legislations to allow the testing or deployment of autonomous vehicles in their roads, opening the door to the mass production of L4 vehicles as early as 2030.

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

Medical

The medical device industry has returned to revenue stability in 2022 after the disruptions of the past two years caused by the Covid-19 pandemic. The main companies in this sector reported revenue increases above 6%, a significant drop compared to the 16% of 2021 caused by the rebound after the pandemic effects in 2020. Globally, revenues for medical electronics increased by 4.6%, while revenues of medical PCBs grew by 3.5%, also showing a strong decrease from 13% growth in medical electronics and 20% growth in PCBs for medical devices in 2021, respectively[4]. On the other hand, geopolitical conflicts, growing supply chain risks, surging inflation and global economic downturn are jeopardizing a future sustainable growth. Also, global medical device spend declined in 2022, especially in the Asia-Pacific region due to the strong decline in demand of Covid-19 related products.[11] However, the return to the growth path is expected in 2023.

The pandemic has accelerated the adoption of telemedicine products and the developments in In-Vitro Diagnostics (IVD). The former has driven an increase in healthcare IT, a sector

[8] LMC Automotive, „Global Light Vehicle Forecast, Quarter 4, 2022", March 2023

[9] PwC, "Electric Vehicle Sales Review Q4 2022", February 2023

[10] McKinsey & Company, "Automotive software and electronics 2030", July 2019

[11] Medical Device Network, "2022 Medtech: The shadow of Covid-19 lingers over industry", January 2023

that has shown potential for long term revenue generation. Medical device companies are competing strongly to acquire or develop the latest health IT and artificial Intelligence (AI) innovations, and an increase in collaborations and acquisitions between medical technology leaders and technological companies has been observed.[12]

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

Industrial & infrastructure

The continuous growth of data is a feature of current times and of digitalization, a megatrend and one of the main drivers impacting the industry. In 2022, a total of 49.6 billion connected devices were reported as installed base, which means six times more than the worldwide population. 75% of those connected devices are an IoT device.[14] 5G technology, which enables connectivity at higher network speeds, low latency and large data capacity, started to gain momentum on the last period and it is expected to continue in 2023. More than 225 operators from 87 countries had launched 5G services in frequency ranges from mid-band to mmWave.[15] In 2022, the number of 5G large and small cell deployments reached 2.6 million units worldwide, growing at a CAGR of 42.9% (2020-2028).[16] A lot of people living in rural and suburban areas still do not have broadband access due to high mid- to long-term investment and high capex required for wireline deploying. This fact is leveraging 5G FWA (Fixed Wireless Access) as a cost-effective alternative to reduce the digital divide. It is predicted that in 2022, 20.5 million units of CPE (Customer Premises Equipment) for indoor and outdoor were shipped to deliver FWA solutions, and this amount is projected to reach over 36 million shipments in 2028, driven mainly by the US market deploying 5G CPE.[17] Private networks using both 5G small cells and FWA is also an application expected to push this market up. It is forecasted that industries and enterprises will invest US$1.92 billion to manage private networks by 2026, at a CAGR of 41.3%.[18] Although currently it is hard to determine the exact number of private networks, a database tracking this number shows that it grew at an 83.8% CAGR from 2019 to 2021, and mostly LTE and 5G networks.[19] While 5G deployment is in progress, an early vision for the next-generation is emerging. 6G technology is already in development by big players and on the agenda of regulators and standardization institutions, with commercialization predicted by 2030. This technology generation, integrated with edge cloud computing, AI, machine learning and big data analytics, is expected to transform networks into computing networks.[20] Prismark Partners reports on the PCB market for communication, including infrastructure and end devices. This consolidated market grew in 2022 by 2% and is expected to decline in 2023 by 3.3%. The strong infrastructure market is hereby balancing the overall weak smartphone market.

In line with the global economic development, the PCB market for industrial electronics grew in 2022 by 7.6% and is expected to decline in 2023 by 2.5%.[4] Key drivers have been investments in extending manufacturing capabilities in various industries in 2022.

1.3. Industry and technology trends

Package technology trend – Heterogeneous integration and chiplets

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

[12] EY, "Pulse of the industry medical technlology report 2022", January 2023

[13] Euroactiv, "Commission suggests prolonging medical device certification periods", January 2023

[14] IDC, "Worldwide IDC Global DataSphere IoT Device Installed Base and Data Generated Forecast, 2022-2026", September 2022

[15] GSMA, "The telecoms industry in 2023-trends to watch", January 2023

[16] Prismark Partners, "Total Base Stations Installations – Annual", January 2023

[17] Yole, "RF for Fixed Wireless Access 2023", January 2023

[18] IDC, "Worldwide and U.S. Private Mobile Networks Managed Services", June 2022

[19] GSA, "Private Mobile Networks", December 2022

[20] IDC, "6G Fulfilling the Promise of 5G", July 2021

organic substrates and ABF remain a fundamental building block of advanced packaging.

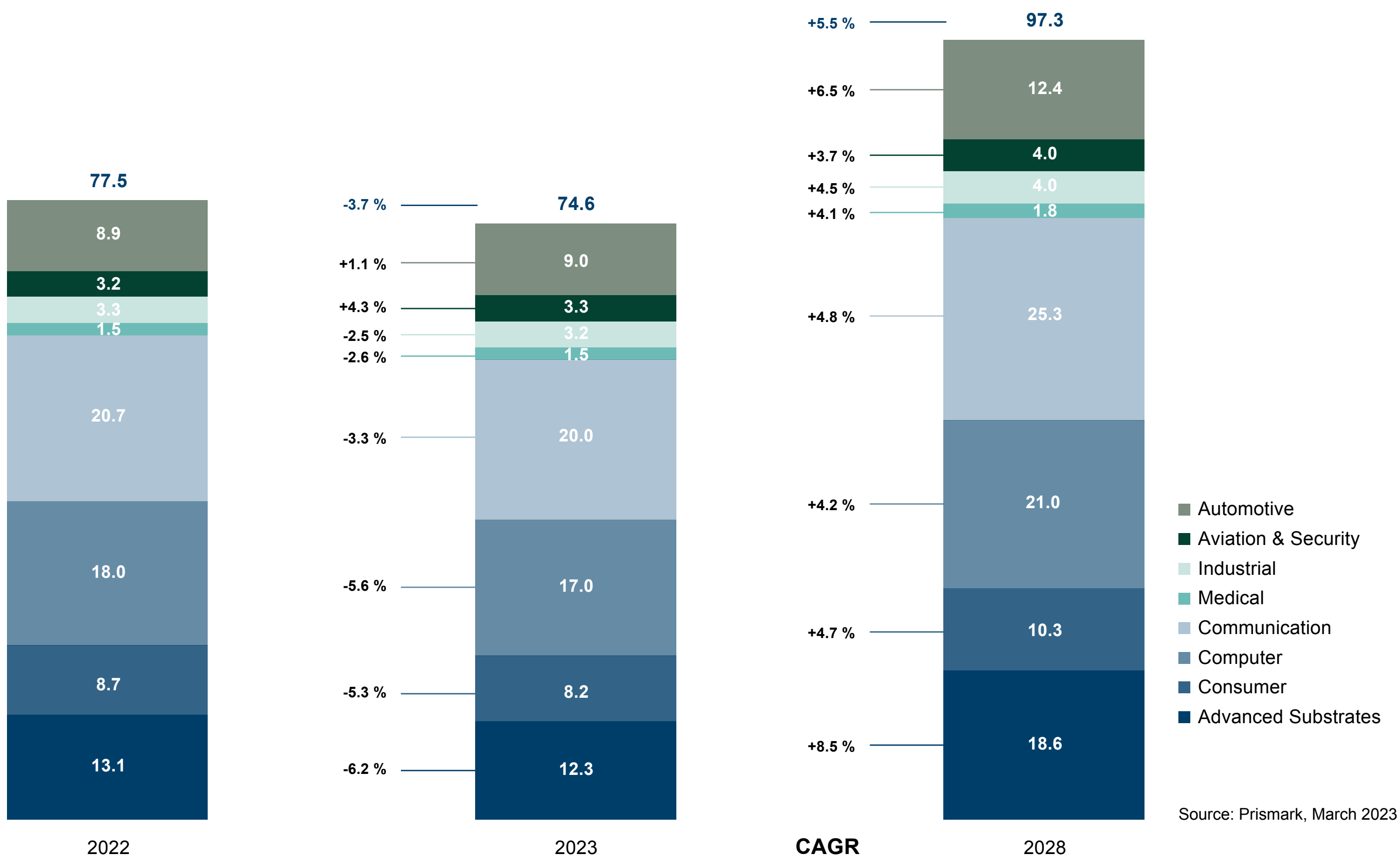
Significant developments in the field were the introduction of a new organic interposer by TSMC, CoWoS-R + (plus); the new organic interposer integrates chiplets together with passive components enhancing overall package performance. As all current state-of-the-art technologies for large body size packages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

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

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

SUBSTRATES AND PCB MARKET

US$ in billions



Source: Prismark, March 2023

2. ECONOMIC REPORT

2.1. Overall development of the Group

AT&S records robust growth

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

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

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

2.2. Earnings development in the Group

Revenue up 12.7%

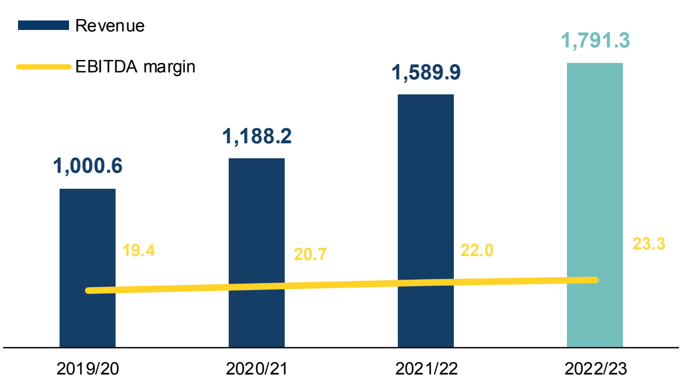
Revenue increased by 12.7% compared to the previous year and amounted to € 1,791.3 million, the highest revenue ever generated. Both segments contributed to revenue growth. While revenue in the MS segment was up 13.5%, the increase in the AIM segment amounted to 12.2%.

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

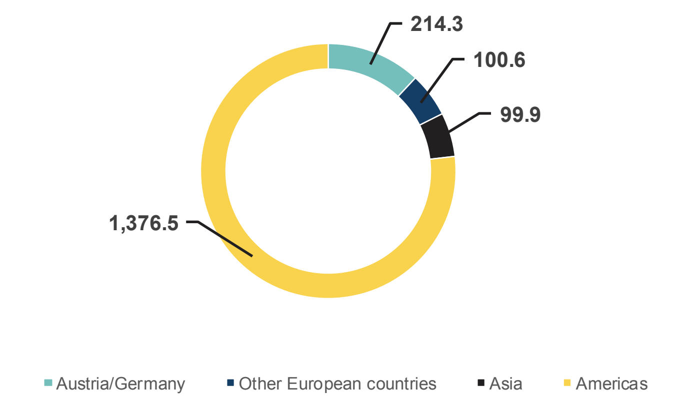
Revenue in the first and second quarters of the financial year was significantly higher than in the previous quarters, and reached all-time quarterly highs. Starting in the third quarter, the market climate in the MS segment deteriorated significantly, thus leading to a decline in demand.

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

DEVELOPMENT OF REVENUE AND EBITDA MARGIN
€ in millions/in % of revenue



REVENUE BROKEN DOWN BY REGION, based on customers´ headquarters
€ in millions

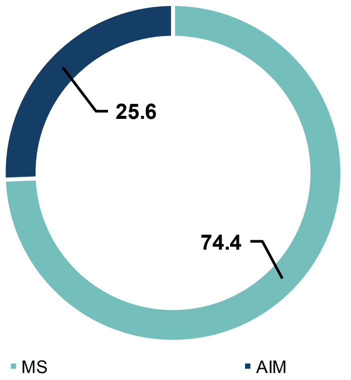


The effects of recognising revenue over time, which is required for a number of customers in accordance with IFRS 15, led to a decrease in revenue by € 34.8 million or -1.9% (effect in the previous year: increase by € 74.2 million or 4.7%). For further information please refer to the notes to the consolidated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

Revenue split by segment shows the following picture:

REVENUE FROM EXTERNAL CUSTOMERS BY SEGMENT

in %



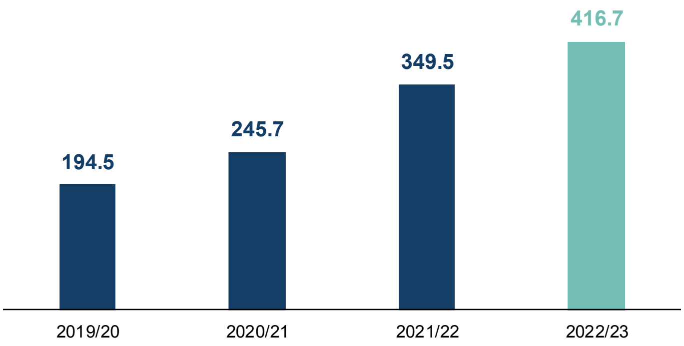
The share of the Mobile Devices & Substrates (MS) segment in third-party revenue declined slightly to 74.4% (previous year: 74.9%), the share of the Automotive, Industrial, Medical (AIM) segment increased to 25.6% (previous year: 25.1%). Further information on the development of the segments is provided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

EBITDA increases to € 416.7 million, EBITDA margin 23.3%

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

DEVELOPMENT OF EBITDA

€ in millions



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

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

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

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

Increase in expense items

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

In preparation for future technology generations and to pursue the modularisation strategy, AT&S increased its investment in research and development to € 183.4 million (previous year: € 181.5 million). These expenditures make the Company future-proof and significantly expand the earnings potential in the medium term.

Administrative and distribution costs exceeded the prior-year figures by € 1.8 million or 1.4%.

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

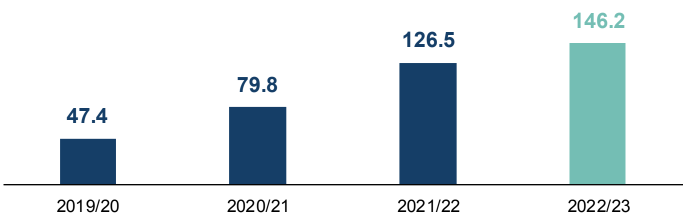
Depreciation of property, plant and equipment and amortisation of intangible assets of € 270.5 million or 10.0% of non-current assets (previous year: € 223.1 million or 11.3% of non-current assets) reflect the high technical standard and the intensity of investment of AT&S. The increase by € 47.4 million compared with the previous year included € 43.1 million from the Mobile Devices & Substrates (MS) segment, which was predominantly attributable to higher depreciation at the plant in Chongqing. Depreciation and amortisation in the Automotive, Industrial, Medical segment (AIM) rose by € 2.4 million.

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

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

DEVELOPMENT OF EBIT

€ in millions



Finance costs – net

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

RESULT KEY DATA

€ in millions (unless otherwise stated)

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

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

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

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

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

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

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

Profit for the year improves

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

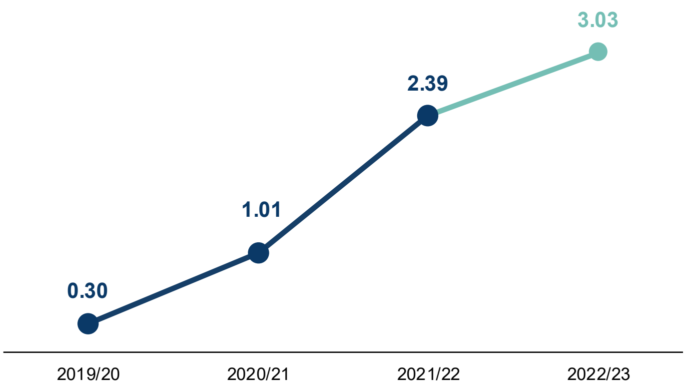
Current income taxes rose to € 26.1 million (previous year: € 17.4 million). As in the previous year, deferred taxes resulted in income, which rose by € € 3.7 million to € 5.1 million (previous year: € 1.4 million).

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

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

EARNINGS PER SHARE

in €



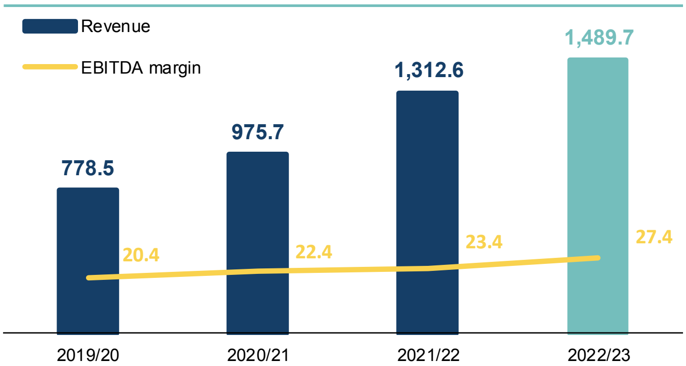
2.3. Earnings development in the segments

Mobile Devices & Substrates segment

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

MOBILE DEVICES & SUBSTRATES – DEVELOPMENT OF REVENUE, EBITDA MARGIN

€ in millions/in % of revenue



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

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

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

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

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

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

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

MOBILE DEVICES & SUBSTRATES SEGMENT – OVERVIEW

€ in millions (unless otherwise stated)

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

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

Automotive, Industrial, Medical segment: at a stable level

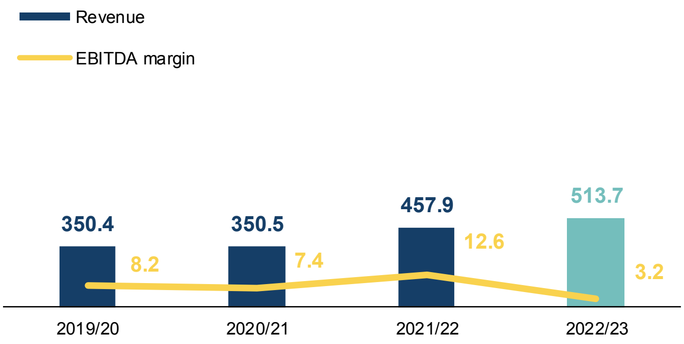
The segment's revenue, at € 513.7 million significantly exceeded the prior-year level of € 457.9 million. While a year-on-year revenue increase was recorded in the Automotive and Industrial segments, revenue from the Medical & Healthcare segment was slightly lower than in the previous year. The Automotive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

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

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

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

€ in millions/in % of revenue



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

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

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

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

Others segment

The result of the general holding activities included in the Others segment was € 6.0 million higher than in the previous year with EBIT amounting to € -8.6 million (previous year: € -14.6 million). The main reason for this deviation was the

AUTOMOTIVE, INDUSTRIAL, MEDICAL SEGMENT – OVERVIEW

€ in millions (unless otherwise stated)

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

reduction of the provision for stock appreciation rights, which was partially offset by higher costs in the production process.

OTHERS SEGMENT – OVERVIEW

€ in millions (unless otherwise stated)

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

2.4. Assets and financial position

2.4.1. ASSETS

Increase in non-current assets

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

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

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

Current assets decreased by € 361.7 million to € 1,361.6 million. Cash and cash equivalents declined to € 791.7 million (previous year: € 1,119.9 million). Financial assets declined by € 6.3 million to € 25.1 million. Overall, AT&S thus has cash and current financial assets totalling € 816.8 million (previous year: € 1,138.8 million). The reduction of inventories by € 47.9 million to € 145.4 million was primarily due to a reduction in raw material inventories and unfinished products as a result of the economic slowdown at the end of the financial year. Trade receivables, other receivables and contract assets rose by € 4.1 million to € 394.4 million. Other receivables increased by € 2.6 million, while contract assets declined by € 42.2 million and trade receivables fell by € 17.8 million. This reduction was partially offset by the resulting lower factoring activities (change: € -61.4 million).

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

Net gearing increased

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

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

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

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

NET WORKING CAPITAL

€ in millions (unless otherwise stated)

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

[1] Calculation logic changed in the 2022/23 business year. Previous year's value was adjusted.

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

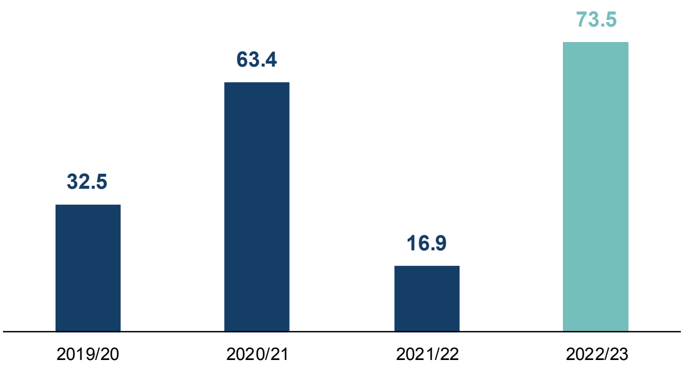
Current financial liabilities rose from € 78.4 million to € 662.4 million.

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

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

NET GEARING

in %



NET DEBT

€ in millions (unless otherwise stated)

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

2.4.2. FINANCING

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

Focus on diversification of financing instruments

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

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

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

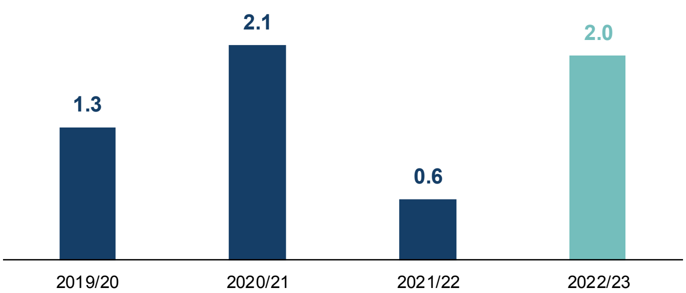
At 31 March 2023, promissory note loans totalling € 696.1 million (previous year: € 728.8 million) were placed with national and international investors. The remaining terms range between one month and roughly six years.

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

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

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

NET DEBT/EBITDA



INSTRUMENTS

€ in millions

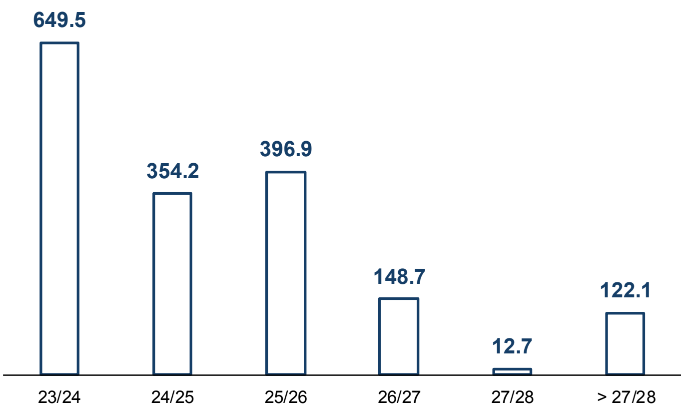
	31 Mar 2023	in %	31 Mar 2022	in %
Registered bond	15.0	0.6%	15.0	0.9%
Promissory note loans	696.1	28.7%	728.8	45.7%
Bank borrowings	984.7	40.7%	532.8	33.4%
Gross debt	**1,695.8**	**70.0%**	**1,276.5**	**80.0%**
Credit lines	725.6	30.0%	318.2	20.0%
Committed credit lines	**2,421.4**	**100.0%**	**1,594.7**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

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

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

REDEMPTION

€ in millions



Effective interest and currency management

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

Strategies for hedging interest rates are regularly evaluated and adapted as necessary. Compared with the previous year, the share of variable interest rates rose due to the maturing of liability items carrying fixed interest. Overall, AT&S is in a position to turn the interest exposure in the desired direction at any time by using appropriate hedging instruments.

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

Early conversion into foreign currencies also serves as a natural currency hedge and a reduction of the exposure to foreign currencies. The objective of AT&S is to keep the US dollar net risk position to a minimum. At 31 March 2023, assets denominated in US dollars (trade receivables, financial assets and cash denominated in US dollars) amounting to € 714.2 million (previous year: € 386.6 million) were offset by liabilities denominated in US dollars (trade payables and financial liabilities denominated in US dollars) amounting to € 291.1 million (previous year: € 87.4 million). The resulting net risk position – at 31 March 2023 this was an active balance of € 423.1 million (previous year: € 299.2 million) – thus amounted to 10.2% (previous year: 8.0%) of the Group’s total assets and liabilities.

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

Further development of the financing network

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

2.4.3. CASH FLOW

Earnings situation boosts liquidity

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

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

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

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

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

Free cash flow from operating activities, i.e., cash flow from operating activities less net investments in property, plant and equipment and intangible assets, amounted to € -519.8 million in the financial year 2022/23 (previous year: € 111.3 million).

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

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

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

CARRYING AMOUNT OF FINANCIAL LIABILITIES BY MATURITY

€ in millions

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

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

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

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

2.4.4. PERFORMANCE INDICATORS

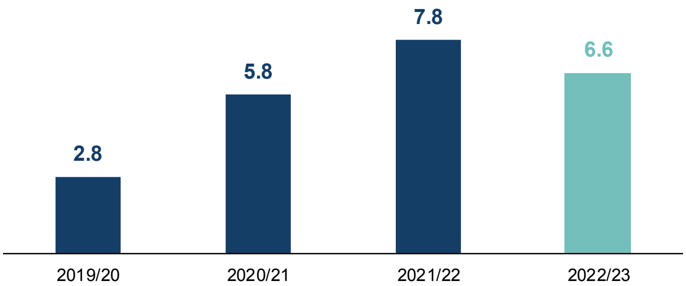
Indicators demonstrate strong operating performance

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

AT&S uses the return on capital employed (ROCE) to measure its operating performance from the point of view of investors, using the ratio of the result adjusted for finance costs – net to average capital employed. This ratio serves to derive the extent to which AT&S fulfils its investors' interest requirements. Average capital costs are derived from the minimum return investors expect for providing equity or borrowings. The weighted average cost of capital (WACC) for the printed circuit board industry was around 9.2%. With ROCE amounting to 6.6%, AT&S fell short of this level during the reporting period.

ROCE

in %



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

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

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

CASH FLOW STATEMENT (SHORT VERSION)

€ in millions

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

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

2.5. Significant events after the reporting period

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

RETURN ON CAPITAL EMPLOYED (ROCE)

€ in millions

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

VITALITY INDEX

€ in millions

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

3. OTHER STATUTORY INFORMATION

3.1. Plants and branch offices

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

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

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

Chongqing The location in Chongqing currently comprises three operating plants. The plants Chongqing I and Chongqing III are designed for the production of IC substrates (integrated circuit substrates). At Chongqing III, which was newly built in 2021, the first of four production lines commenced production of large series in October 2021. The second line was commissioned in 2022, while the installation of the third and fourth lines was slowed down due to a decline in production in the semiconductor industry in the second half of 2022 and in early 2023. The installation work for the two remaining lines will be resumed as soon as the semiconductor market has recovered. High-end mSAP printed circuit boards and printed circuit boards for modules are produced for mobile applications at the Chongqing II plant. The production capacity for modules was further expanded to serve the growing customer demand in the high-end segment. The full expansion of the plant is scheduled to be completed in the coming financial year.

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

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

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

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

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

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

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

Capital share structure and disclosure of shareholder rights

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

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

At the reporting date of 31 March 2023, roughly 64.3% of the shares were in free float. With the exception of the shareholdings stated below, no other shareholder held more than 10% of the voting rights in AT&S. No shares with special control rights exist. The exercise of the voting right by employees who hold shares in the Company is not subject to any limitations.

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

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

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

SIGNIFICANT DIRECT AND INDIRECT SHAREHOLDINGS

Shares/in %

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

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

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

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

Treasury shares

At the 27th Annual General meeting of 8 July 2021, the Management Board was again authorised to purchase, within a period of 30 months from the adoption of the resolution, treasury shares to an extent of up to 10% of the nominal share capital for a minimum consideration per share being at the most 30% lower than the average, unweighted stock exchange closing price over the preceding ten trading days and a maximum consideration per share at the most 30% higher than the average, unweighted stock exchange closing price over the ten preceding trading days; such purchases may take place via the stock exchange, by means of a public offering or any other legally permitted way, and for any legally permitted purpose. The Management Board was also authorised to withdraw shares after repurchase as well as treasury shares already held by the Company without further resolution by the Annual General Meeting. The Supervisory Board was authorised to adopt amendments to the Articles of Association arising from the withdrawal of shares. Furthermore, the Management Board was authorised for a period of five years, i.e. up to and including 3 July 2024, subject to the approval of the Supervisory Board, to sell or use the repurchased treasury shares or treasury shares currently held by the Company other than via the stock exchange or by public offer in particular for the purposes of stock transfer programmes, convertible bonds or as a consideration for the acquisition of entities, investments or other assets or for any other legal purpose, and to exclude a general purchase opportunity for shareholders.

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

Free reserves

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

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

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

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

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

3.3. Non-financial statement

In accordance with Section 243b (6) UGB (Austrian Commercial Code), the Company is exempt from the obligation to prepare a non-financial statement in the Management Report since a separate non-financial report has been drawn up. This non-financial report is included in the Annual Report 2022/23 as a separate chapter.

4. RESEARCH AND DEVELOPMENT

Structural development of technological opportunities

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

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

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

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

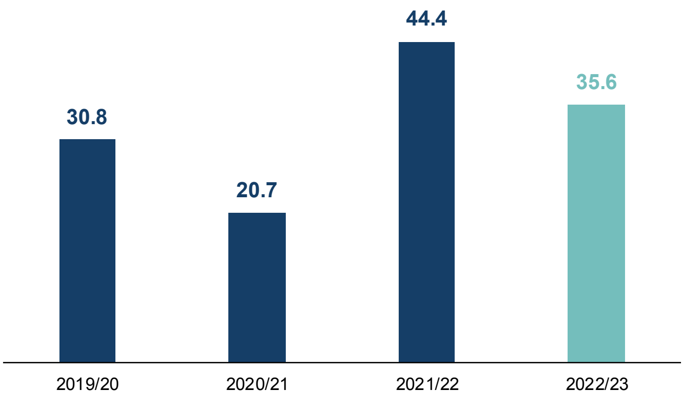
Virtual development and resource efficiency: Industrial production processes will change fundamentally in the decades to come. The processes will increasingly be organised using artificial intelligence (AI), and sustainability will also play a key role: the manufacturing of products must involve minimum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

Innovation rate still high

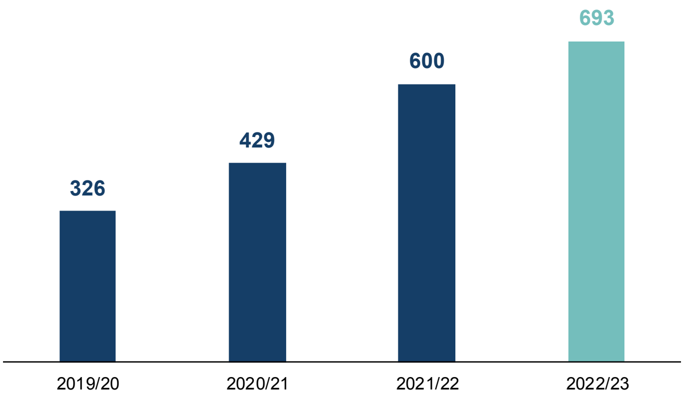
The Vitality Index measures the impact of the innovative strength of a company. It describes the share in revenue AT&S has generated with innovative products launched on the market in the past three years. Generally speaking, the Vitality Index is higher in the years following the successful implementation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

VITALITY INDEX

in %



NUMBER OF PATENTS GRANTED



The innovative strength and long-term competitiveness of a company are also reflected in the number and quality of its patents: AT&S submitted a total of 79 new patent applications in the financial year 2022/23. At present, AT&S has 522 patent families, which result in 693 granted patents. The IP portfolio is further strengthened by externally acquired licences, in particular in the area of embedding technology.

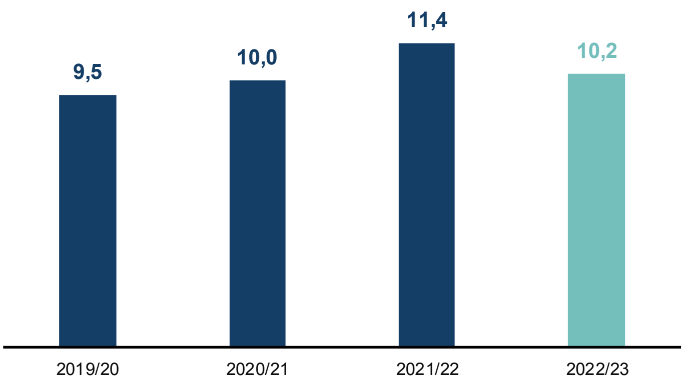
The innovative strength and long-term competitiveness of a company are also reflected in the number and quality of its patents: AT&S submitted a total of 49 new patent applications in the financial year 2021/22. At present, AT&S has 446 patent families, which result in 600 granted patents. The IP portfolio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

R&D expenses: 10.2% of revenue

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

RESEARCH RATE

in %/ratio to revenue



Two-stage development process

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

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

These development activities are accompanied by developments in the virtual world and strong collaboration with our customers, suppliers and research institutions.

Key development projects

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

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

5. OPPORTUNITIES AND RISKS

5.1. Opportunities and risk management

STRUCTURE AND INSTRUMENTS

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

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

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

Risk management is conducted based on the risk strategy and risk exposure at the hierarchy level assigned to the relevant level of risk (see Figure 2), which was defined in a Group-wide risk management policy.

RISK MANAGEMENT IN 2022/23

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

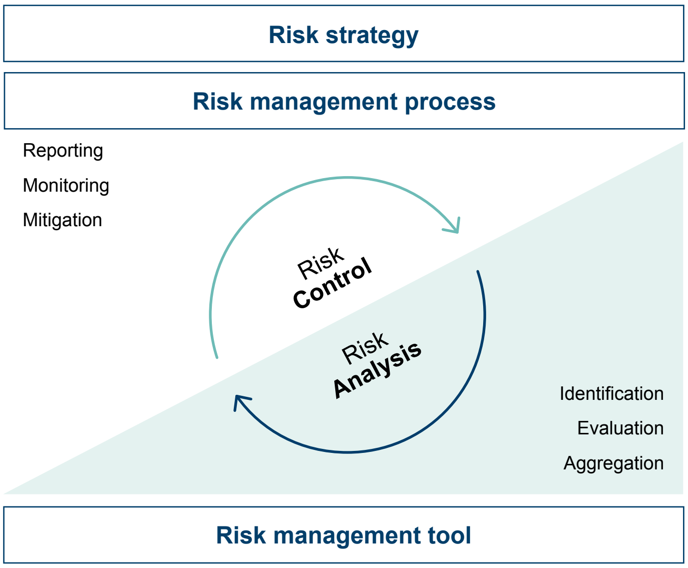


Figure 1: AT&S Risk management process

Risk strategy:
defined by the Management Board and process owners.

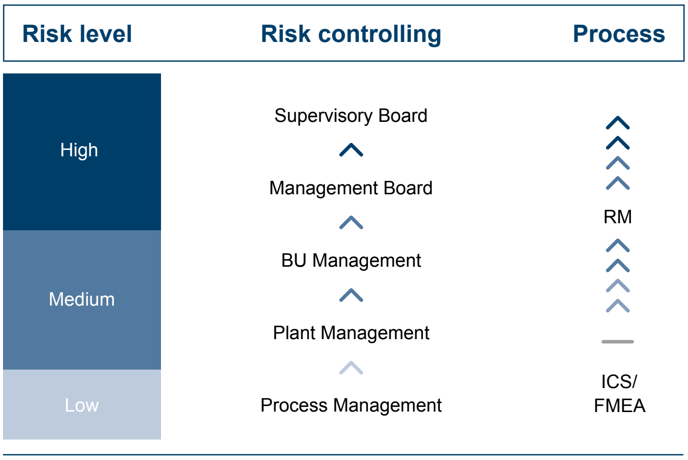
Risk identification:
group-wide identification and evaluation. Immediate reporting of significant new risks.

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

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

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

Risk management tool:
group-wide for risks



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

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

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

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

5.2. Explanation of individual risks

The risks, uncertainties and opportunities facing the Group are generally based on worldwide developments in the printed circuit board and substrate market and the Group's own operating performance. The material risks are described by risk category in the following section.

STRATEGY

Investment risk

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

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

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

Competition risk

The use of the HDI technology was successfully transferred from smartphone applications and other mobile devices to further applications, for example in the automotive industry. Delays in switching over to the new technologies on the customer side and volatile market developments may pose challenges for AT&S and lead to excess supply, overcapacities and underutilisation.

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

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

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

In addition, a difficult market environment in the financial year 2023/24 could have an adverse effect on the Group‘s results. The war in Ukraine with effects on the energy market, increased tensions between the USA and China as well as general economic slowdowns coupled with rising inflation and a higher interest level have significantly weakened the market environment after the end of the COVID pandemic. Lower demand for IC substrates, stagnating smartphone sales, weak demand in the Automotive and Industrial segments as well as unfavourable market developments in the other core segments could lead to a decline in revenue. The broadbased positioning of AT&S in the Mobile Devices & Substrates segment and in the Automotive, Industrial, Medical segment with their different production cycles can partially mitigate market risks. Along with controlling risks, crisis-proof applications are being pushed based on customer and application analyses, for example applications in the medical sector.

MARKET

Potential loss of key customers

With the help of advanced production technologies and high quality standards, AT&S has managed to establish itself as a reliable provider to some of the world’s most renowned players in the electronics industry. Due to the focus on high-end technology, the number of customers is limited to technology leaders. The revenue generated with the five largest customers accounts for 75% of total revenue, with the respective shares ranging from 2% to 37%. Our long-term relationships with these customers also offer excellent opportunities for the future. However, a concentration of this kind also poses risks in the event that there is a significant reduction in business volume or profitability from these customers. As part of its diversification strategy, AT&S succeeded in winning additional IC substrate customers, in particular in the area of server ICs. Likewise, major new customers were won in the PCB business and profitability was significantly increased. These measures support the rapid compensation of potential negative developments among individual key customers. Nevertheless, adverse changes in the markets can have a negative impact on AT&S, as the customers operate in similar market segments.

PROCUREMENT

Procurement prices and availability

Price fluctuations in energy and raw materials (gold, copper and laminates) can have both a positive and a negative impact on achievable margins in the short term. The focus in the financial year 2022/23 was on the availability of raw materials and on price development. In particular, the Ukraine-Russia war and its impact on the availability of materials and energy, and subsequently the pricing situation, was challenging for AT&S. Raw material prices are expected to stabilise in the coming financial year. In particular, the prices and availability of raw materials such as copper can have a massive impact on the business development. Raw material shortages lead to longer lead times and uncertainties in terms of delivery dates. However, AT&S was able to reduce the procurement risk through targeted supplier management. Capacity shortages of production materials, components and equipment can also occur in the growth markets targeted by AT&S in the future and influence the business development of AT&S.

Suppliers

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

BUSINESS ENVIRONMENT

Location-specific risks

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

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

Political risks

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

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

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

Compliance

Amendments to regulatory requirements (for example REACH and ROHS), such as the prohibition of specific processes or materials, might lead to a rise in production costs. AT&S might be subject to payment of substantial damages or penalties should any breach of customer confidentiality agreements or statutory provisions occur. AT&S has implemented organisational measures aimed at preventing or minimising the occurrence of compliance risks. The extension of such measures is ongoing. As a rule, AT&S follows a zero-tolerance policy and expects 100% compliance with all applicable laws and regulations from its employees. The Governance, Risk & Compliance Committee (GRC Committee) supports the Enterprise Risk Management in monitoring the risk landscape and helps promote compliance with legal and regulatory requirements. In addition, AT&S introduced the whistleblowing platform "We Care", which enables employees and external third parties to report potential compliance violations.

Fraud, data security and cybercrime

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

OPERATIONS

Quality and delivery performance

As in the past, the high quality of products, adherence to delivery deadlines and service quality will offer the Group an opportunity to differentiate itself from the competition and exploit growth opportunities in the future. At the same time, AT&S has to make substantial contractual commitments, especially to key customers, with respect to capacity reserves and volume guarantees, adherence to delivery deadlines and quality performance. Any technical defects, quality deficiencies, difficulties in delivering products or failure to provide volume guarantees granted may expose AT&S to warranty claims, claims for damages and contractual penalties. In the Mobile Device business, quality deficiencies may even lead to delivery stops for certain part numbers. Even if such quality deficiencies were not caused in the production process of AT&S but within the supply chain, such delivery stops may lead to significant drops in revenue. Substantial quality deficiencies could also result in product recalls and the loss of customers. AT&S has established a quality management and planning system designed to rule out or minimise deficiencies in product quality and planning mistakes and their negative consequences as far as possible. In order to ensure high product quality, AT&S not only meets general international quality standards (ISO 9001) but also further standards for the automotive (e.g. IATF 16949), aviation (e.g. NADCAP accreditation) and medical technology (e.g. DS/EN ISO 13485) sectors. Furthermore, the Group is insured against major risks by virtue of an (extended) product liability insurance policy taking into account exclusions of coverage and customary coverage limits.

Intellectual property

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

Technology and project development

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

Cost control

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

ORGANISATION

Employees

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

FINANCE

Foreign exchange risk

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

Financing and liquidity

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

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

Tax risk

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

ESG

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

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

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

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

Further principles of the ICS are:

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

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

The basic principles of accounting and reporting are documented in the process descriptions and in detailed process instructions, which are also filed in the central document management system. In addition, guidelines on measurement procedures and organisational requirements in connection with the processes of accounting and preparing the financial statements are compiled and updated on a regular basis. The necessary control measures in connection with accounting processes, for example access authorisations and separation of functions, are documented in the Internal Control System. Their implementation and effectiveness is regularly reviewed by Internal Audit and any improvement measures are identified.

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

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

6. OUTLOOK

Macroeconomic development

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

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

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

Structural trends drive growth

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

The expectations for AT&S's segments are currently as follows: In the markets for IC substrates, demand for notebooks in 2023 is expected to be lower than in 2022. The negative impact on the supplier chain will be aggravated by high inventory levels. According to current forecasts, this will affect the first half of 2023 in particular, with a recovery of demand anticipated towards the end of the year. Demand for IC substrates for servers will benefit from the technology shift towards heterogeneous integration[22] in the medium term.

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

Investments

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

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

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

Overall guidance for the financial year 2023/24

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

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[21] IMF, World Economic Outlook Update, January 2023

[22] Heterogeneous integration means that the different functionalities of a single microchip are split up into chiplets, which reduces costs and increases performance. However, this requires significantly larger and more complex IC substrates to ensure the connection between the individual chiplets.

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

Leoben-Hinterberg, 15 May 2023

The Management Board

Andreas Gerstenmayer m.p.
Peter Schneider m.p.
Peter Griehsnig m.p.
Petra Preining m.p.
Ingolf Schröder m.p.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. GENERAL INFORMATION

A. General

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

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

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

B. Accounting and measurement policies

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

a. Consolidation principles

The balance sheet date for all consolidated companies is 31 March 2023, with the following exceptions: due to the legal situation in China, the financial year of AT&S (China) Company Limited and AT&S (Chongqing) Company Limited corresponds to the calendar year (balance sheet date: 31 December 2022), meaning that they were consolidated on the basis of the interim financial statements as of 31 March 2023.

The consolidated financial statements were approved by the Management Board on 15 May 2023. The separate financial statements of the Company, which are included in the consolidation after reconciliation to the applicable accounting standards, will be presented for approval to the Supervisory Board on 31 May 2023. The separate financial statements of the Company can be modified by the Supervisory Board and, in case of presentation to the Annual General Meeting, by the Company's shareholders in a way that might also affect the presentation of the consolidated financial statements.

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

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

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

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

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

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

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

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

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

b. Segment reporting

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

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

- Mobile Devices & Substrates
- Automotive, Industrial, Medical

- Others

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

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

The business unit Others covers corporate and holding activities.

c. Foreign currencies

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

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

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

	Closing rate			Average rate		
	31 Mar 2023	31 Mar 2022	Change in %	01 Apr 2022 - 31 Mar 2023	01 Apr 2021 - 31 Mar 2022	Change in %
Chinese yuan renminbi	7.4738	7.0420	6.1%	7.1498	7.4579	(4.1%)
Hong Kong dollar	8.5378	8.6853	(1.7%)	8.1995	9.0419	(9.3%)
Malaysian ringgit	4.7917	4.6643	2.7%	4.6329	4.8392	(4.3%)
Indian rupee	89.2900	83.9684	6.3%	83.8214	86.2440	(2.8%)
Japanese yen	145.0400	134.9800	7.5%	140.8161	130.8508	7.6%
South Korean won	1,417.9600	1,345.7967	5.4%	1,361.4682	1,351.7529	0.7%
Swedish Krone	11.2582	10.3360	8.9%	10.8021	n.a.	n.a.
Taiwan dollar	33.1537	31.8146	4.2%	31.6838	32.4252	(2.3%)
US dollar	1.0875	1.1093	(2.0%)	1.0465	1.1613	(9.9%)

d. Revenue recognition

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

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

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

e. Income taxes

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

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

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

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

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

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

f. Property, plant and equipment

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

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

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

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

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

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

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

g. Leases

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

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

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

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

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

h. Intangible assets

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

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

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

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

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

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

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

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

j. Inventories

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

k. Trade and other receivables and contract assets

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

l. Financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

m. Cash and cash equivalents

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

n. Non-controlling interests

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

o. Provisions

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

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

p. Provisions for employee benefits

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

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

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

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

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

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

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

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

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

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

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

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

q. Stock appreciation rights

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

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

r. Liabilities

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

s. Contract liabilities

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

t. Government grants

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

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

u. Contingent liabilities, contingent assets and other financial obligations

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

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

v. First-time adoption of accounting standards

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

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

No material effects resulted from the amended standards.

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

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

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

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

[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 liabiliti and contingent assets and liabilities. All estimates and assumptions are reviewed on a regular basis and are based on past experiences and additional factors, including expectations regarding future events that seem reasonable under the given circumstances. As part of strategic business planning, the current overall economic conditions, the economic environment and the most recent estimates regarding market developments are considered in planning future cash flows. Actual results may differ from these estimates in the future. Management believes that the estimates are reasonable.

Development costs On the one hand, capitalised development costs largely relate to the development of a new technology for the production of substrates for silicon semiconductor chips for the Chongqing project. This technology has been available for use from March 2016 onwards and amortisation has begun. In the financial year 2021/22 costs of € 5,539 thousand were capitalised for the development of the new substrate generation started in 2020/21. The use of this new production method began in the first half of the financial year 2021/22. No development costs were capitalised in the financial year 2022/23.

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

These actuarial assumptions used to calculate the pension expenses and the expected defined benefit obligations were subjected to stress tests using the following parameters: an increase in the interest rate, in the expected remuneration and/or in future pensions for the Austrian entities by the percentage points stated in the table below would affect the present values of the projected pension and severance payment obligations as follows as at 31 March 2023:

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

A decrease in the same parameters for the Austrian companies would have the following effects on the present value of pension and severance payment obligations as at 31 March 2023:

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

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

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

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

	Pre-tax discount Interest rate +1,0 pp	EBIT margin -10.0%
CGU Hinterberg and Substrates-Chongqing	no impairment required	no impairment required

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

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

Deferred income tax assets in the amount of € 80,833 thousand were not recognised for income tax loss carryforwards in the Group of € 538,885 thousand. If the tax losses were subsequently expected to be realised, these deferred income tax assets would have to be recognised and a related tax income reported. Reference is made to Note 6 “Income taxes”.

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

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

D. Effects of COVID-19

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

E. Effect of geopolitical tensions

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

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

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

F. Effects of the climate crisis

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

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

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

G. Investment projects

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

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

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

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

II. SEGMENT REPORTING

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

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

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

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

Information by geographic region

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

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

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

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

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

III. NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

1. Revenue

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

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

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

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

2. Types of expenses

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

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

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

3. Research and development costs

In the financial year 2022/23, the Group incurred research and development costs in the amount of € 183,441 thousand (previous year: € 181,464 thousand). The stated amounts represent only costs which can be directly allocated and which are recognised in the profit or loss under cost of sales. In these consolidated financial statements, development costs of € 0 thousand (previous year: € 5,539 thousand) were capitalised. Reference is made to Note 8 “Intangible assets”.

4. Other operating result

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

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

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

5. Finance costs – net

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

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

6. Income taxes

Income tax expenses are broken down as follows:

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

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

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

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

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

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

As of 31 March 2023, the Group has income tax loss carryforwards amounting to a total of € 660,165 thousand (previous year: € 471,178 thousand). For loss carryforwards amounting to € 538,885 thousand (previous year: € 357,924 thousand) included in this figure, deferred income tax assets in the amount of € 80,833 thousand (previous year: € 53,689 thousand) were not recognised since it is unlikely that they will be realised in the foreseeable future. In addition, for temporary differences amounting to € 82,067 thousand (previous year: € 97,480 thousand) included in this figure, deferred income tax assets in the amount of € 12,310 thousand (previous year: € 14,622 thousand) were not recognised since it is likewise unlikely that they will be realised in the foreseeable future.

Deferred taxes on temporary differences and tax loss carryforwards amounting to € 18,673 thousand (previous year: € 21,883 thousand) are capitalised although the companies concerned reported losses in the current financial year or in the previous year. Based on present tax plannings, AT&S assumes the future taxable income of the companies will be sufficient to realise these deferred tax assets.

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

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

Deferred income taxes (net) changed as follows:

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

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

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

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

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

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

The following table shows the usage rights reported separately in accordance with IFRS 16, which are included in property, plant and equipment as of 31 March 2023:

€ in thousands	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Acquisition cost	132,768	107	8,845	–	141,720
Thereof additions	*43,366*	*–*	*3,222*	*–*	*46,588*
Accumulated depreciation	(17,819)	(80)	(5,328)	–	(23,227)
Carrying amount 31 Mar 2023	**114,949**	**27**	**3,517**	**–**	**118,493**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The cash-generating unit “Substrate-Chongqing” operates in an industry sector in which the collaboration between customers and suppliers is very long-term in nature. This results in development, qualification and preparation phases of many years until new products are launched on the market. Due to this long-term nature of the project and in order to adequately consider inflows and outflows from the substrate business expected in future period, the calculation of the value in use was based on the cash flows for the next eight years. An observation over a shorter period of time would lead to a disproportionally high weighting of cash outflows. For the period thereafter, the present value of a perpetual annuity was used. The calculations did not reveal a need for impairment.

Sale-and-leaseback transaction As part of a sale-and-leaseback transaction in the financial year 2006/07, properties in Leoben were sold to a lease company and leased back. The term of this lease (waiver of termination period) was extended by another 10 years during the financial year 2021/22, and a waiver of termination is thus in place until 2032. The intention is to subsequently acquire the properties at the residual value.

8. Intangible assets

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

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

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

9. Other non-current assets

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

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

10. Inventories

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

The balance of inventory write-downs recognised as an expense amounts to € 54,238 thousand as of 31 March 2023 (previous year: € 54,451 thousand). The write-downs amounting to € 2,285 thousand (previous year: € 1,336 thousand) resulted from the measurement of inventories at net realisable value in the financial year 2022/23. The write-downs are recognised in the cost of sales in the statement of profit or loss.

11. Trade and other receivables and contract assets

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

€ in thousands	31 Mar 2023	31 Mar 2022
Trade receivables	141,178	97,569
Impairments of trade receivables	(672)	(737)
Contract assets	135,427	177,605
Impairments of contract assets	(251)	(277)
VAT receivables	18,017	78,530
Other receivables from authorities	16,699	11,655
Prepayments	15,319	13,297
Energy tax refunds	1,105	2,633
Deposits	31,634	2,222
Insurance reimbursements	–	888
Other receivables	35,925	6,881
Total	**394,381**	**390,266**

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

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

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

Remaining maturities of receivables All receivables as at 31 March 2023 and 31 March 2022 have remaining maturities of less than one year.

Factoring As of 31 March 2023, trade receivables totalling € 131,837 thousand (previous year: € 193,267 thousand) were assigned to banks to the amount of 100% of the nominal value and are fully derecognised in accordance with the regulations of IFRS 9 as both opportunities and risks and control have been transferred to the acquiring party. The default risk was assigned to the purchaser. AT&S assumes a liability for default to the amount of the retention level from the credit insurance. The maximum risk associated with liability for default was € 13,184 thousand as of 31 March 2023 (previous year: € 19,327 thousand) less coverage of the credit insurance applied. Claims of existing credit insurances were transferred to the purchaser. The part of the purchasing price not yet paid by the acquiring party is shown under the item “Financial assets”. Payments from customers of assigned trade receivables are presented in the current financial liabilities.

Contract assets Contract assets have developed as follows:

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

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

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

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

Impairments of trade receivables are recognised if there are indications (past due, insolvency) that it is unlikely that the total amount can be collected. Receivables are derecognised if, on a legal basis, it can be assumed that no payment is to be expected anymore. In the financial year 2022/23, no trade receivables were derecognised (previous year: € 46 thousand).

Impairments of trade receivables have developed as follows:

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

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

12. Financial assets

The carrying amounts of the financial assets are as follows:

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

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

Financial assets at fair value through profit or loss

€ in thousands	31 Mar 2023	31 Mar 2022
Bonds	877	849
Total	**877**	**849**

All bonds are denominated in euros (nominal currency).

Financial assets at fair value through OCI

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

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

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

Derivative financial instruments

€ in thousands	31 Mar 2023	31 Mar 2022
Derivative financial instruments	17,401	4,463
Total	**17,401**	**4,463**

13. Cash and cash equivalents

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

The reported carrying amounts correspond to the respective fair values.

14. Trade and other payables

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

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

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

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

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

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

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

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

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

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

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

Number and allocation of granted SARs:

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

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

Risk-free interest rate	2.39 to 2.72%
Volatility	46.00 to 47.00%
Dividend per share	0.39

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

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

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

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

15. Financial liabilities

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

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

[1] Reference is made to Note 19 “Derivative financial instruments”

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

Other bank borrowings mainly include the following contracts:

- Promissory note loan in FY 2013/14

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

Financial contracts in FY 2022/23:

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

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

The contractually agreed (undiscounted) interest and redemption payments of the financial liabilities as at 31 March 2023, including interest rate hedging, are as follows in the coming financial years:

€ in thousands	Registered bonds	Export loans	Loans from state authorities	Other bank borrowings	Other financial liabilities due to financial partners	Liabilities from finance lease IFRS 16	Derivative financial instruments
2023/24							
Redemption	16	10,000	1,163	520,427	108,506	9,341	–
Fixed interest	270	–	16	1,838	–	–	–
Variable interest	–	298	–	42,487	–	3,827	–
2024/25							
Redemption	–	–	1,069	255,177	89,655	8,284	–
Fixed interest	270	–	8	1,027	–	–	–
Variable interest	–	–	–	32,358	–	3,477	–
2025/26							
Redemption	–	–	–	389,177	–	7,719	–
Fixed interest	270	–	–	948	–	–	–
Variable interest	–	–	–	18,147	–	3,150	–
2026/27							
Redemption	–	–	–	141,790	–	6,947	–
Fixed interest	270	–	–	292	–	–	–
Variable interest	–	–	–	6,113	–	2,841	–
2027/28							
Redemption	–	–	–	6,000	–	6,743	–
Fixed interest	270	–	–	272	–	–	–
Variable interest	–	–	–	1,956	–	2,541	–
after 2026/27							
Redemption	15,000	–	–	47,500	–	59,569	–
Fixed interest	270	–	–	272	–	–	–
Variable interest	–	–	–	2,600	–	7,816	–

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

At the previous year's balance sheet date of 31 March 2022, the contractually agreed (undiscounted) interest and redemption payments of the financial liabilities, including interest rate hedging, were as follows for the coming financial years:

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

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

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

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

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

€ in thousands	31 Mar 2023	31 Mar 2022
Euros	1,497,618	1,354,980
US dollars	198,161	–
Total	**1,695,779**	**1,354,980**

The Group's unused credit lines are as follows:

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

16. Contract liabilities

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

17. Provisions for employee benefits

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

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

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

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

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

For employees in Austria who joined on or after 1 January 2003, regular contributions are paid to a staff provision fund ("Mitarbeitervorsorgekasse") without any further obligations on the part of the Group. The contributions for the financial year 2022/23 amounted to € 1,328 thousand and for the financial year 2021/22 to € 894 thousand.

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

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

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

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

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

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

Pension obligations and severance payments are as follows:

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

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

€ in thousands	Funded retirement benefits 2022/23	Funded retirement benefits 2021/22	Unfunded retirement benefits 2022/23	Unfunded retirement benefits 2021/22
Present value of pension obligation				
Present value at the beginning of the financial year	17,807	17,568	1,323	1,346
Current service cost	–	53	–	–
Interest expense	338	228	25	17
Remeasurement from the change in demographic assumptions	–	–	–	–
Remeasurement from the change in financial assumptions	(2,309)	3	(131)	–
Remeasurement from adjustments based on past experience	688	575	95	29
Benefits paid	(724)	(620)	(71)	(69)
Present value at the end of the financial year	**15,800**	**17,807**	**1,241**	**1,323**

Fair value of plan assets		
Fair value at the beginning of the financial year	8,913	10,094
Investment result	(228)	(692)
Interest income	169	131
Benefits paid	(724)	(620)
Fair value at the end of the financial year	**8,130**	**8,913**
Funded status of funded pension benefits	**7,670**	**8,894**

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

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

in %	31 Mar 2023	31 Mar 2022
Debt securities	28%	30%
Equity securities	55%	57%
Real estate	10%	7%
Cash and cash equivalents	7%	6%
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 2022/23	Funded severance payments 2021/22	Unfunded severance payments 2022/23	Unfunded severance payments 2021/22
Present value of severance payment obligation				
Present value at the beginning of the financial year	2,056	1,879	30,557	31,313
Exchange differences	(132)	44	(363)	(86)
Service cost	142	129	2,341	2,171
Interest cost	143	120	646	457
Remeasurement from the change in demographic assumptions	–	–	(392)	(184)
Remeasurement from the change in financial assumptions	(67)	(87)	(2,323)	(1,940)
Remeasurement from adjustments based on past experience	51	22	224	1,449
Reclassification to other liabilities	–	–	(518)	–
Benefits paid	(120)	(51)	(2,951)	(2,623)
Present value at the end of the financial year	**2,073**	**2,056**	**27,221**	**30,557**

	2022/23	2021/22
Fair value of plan assets		
Fair value at the beginning of the financial year	1,913	1,490
Exchange differences	(130)	43
Contributions	236	313
Investment result	4	22
Interest income	136	96
Benefits paid	(120)	(51)
Fair value at the end of the financial year	**2,039**	**1,913**
Funded status of funded severance payments	**34**	**143**

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

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

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

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

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

	Retirement benefits		Severance payments		Other employee benefits (anniversary bonuses)	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
Discount rate	4.10 %	1.90 %	4.26 %	2.21 %	2.90 %	2.06 %
Expected rate of remuneration increase	–	–	4.29 %	3.35 %	6.22 %	5.40 %
Expected rate of pension increase	3.30 %	2.10 %	–	–	–	–
Retirement age	65	65	[1]	[1]	–	–

[1] Individual according to respective local legislation

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

18. Other provisions

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

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

€ in thousands	31 Mar 2023	31 Mar 2022
thereof non-current	–	–
thereof current	16,493	6,389
Carrying amount	**16,493**	**6,389**

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

Others This item relates substantially to provisions for risks from pending losses on onerous contracts in the amount of € 6,014 thousand (previous year: € 0 thousand) and to provisions relating to pension scheme contributions and tax matters in Asia amounting to € 5,436 thousand (previous year: € 1,542 thousand) resulting from the uncertain legal situation there. As in the previous year, the other risks are risks from pending transactions.

19. Derivative financial instruments

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

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

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

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

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

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

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

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

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

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

	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 2023	17,401	–	7,493	5,953
as per 31 Mar 2022	4,463	508	6,987	3,566

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

20. Additional disclosures on financial instruments

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

€ in thousands	Measurement categories in accordance with IFRS 9 or measurement in accord. with other IFRSs1)	Level	Carrying amount	Fair value
	31 Mar 2023			
Assets				
Non-current assets				
Derivative financial instruments	DHI	2	13,952	13,952
Other financial assets	FAAFVOCI	2	118	118
Other financial assets	FAAC		13,624	
Financial assets			**27,694**	**14,070**
Current assets				
Trade receivables less impairments	FAAC		132,890	
Trade receivables	FAAFVOCI	3	7,616	
Contract assets less impairments	-		135,176	
Other receivables	FAAC		35,925	
Other receivables	-		82,774	
Trade and other receivables			**394,381**	
Derivative financial instruments	DHI	2	3,449	3,449
Financial assets	FAAFVPL	1	877	877
Financial assets	FAAC		20,815	
Financial assets			**25,141**	**877**
Cash and cash equivalents	FAAC		791,738	
Cash and cash equivalents			**791,738**	**791,738**
Liabilities				
Other financial liabilities	FLAAC	2	1,695,779	1,698,875
Non-current and current financial liabilities			**1,695,779**	**1,698,875**
Trade payables	FLAAC		457,897	
Other payables	FLAAC		43,179	
Other payables	-		123,747	
Trade and other non-current and current payables			**624,823**	
Aggregated by measurement categories				
Assets				
At amortised cost	FAAC		994,992	–
Financial assets at fair value through OCI	FAAFVOCI		7,734	–
Financial assets at fair value through profit or loss	FAAFVPL		877	–
Derivatives as hedging instruments	DHI		17,401	–
Liabilities				
Financial liabilities at amortised cost	FLAAC		2,196,855	–

[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

€ in thousands	31 Mar 2022 Measurement categories in accordance with IAS 39 or measurement in accord. with other IFRSs1)	Level	Carrying amount	Fair value
Assets				
Non-current assets				
Derivative financial instruments	DHI	2	4,463	4,463
Other financial assets	FAAFVOCI	2	117	117
Other financial assets	FAAC		–	
Financial assets			**4,580**	**4,580**
Current assets				
Trade receivables less impairments	FAAC		91,155	
Trade receivables	FAAFVOCI	3	5,677	
Contract assets less impairments	-		177,328	
Other receivables	FAAC		7,769	
Other receivables	-		108,337	
Trade and other receivables			**390,266**	
Financial assets	FAAFVPL	1	849	849
Financial assets	FAAC		17,984	38,760
Financial assets			**18,833**	**849**
Cash and cash equivalents	FAAC		1,119,921	
Cash and cash equivalents			**1,119,921**	
Liabilities				
Other financial liabilities	FLAAC	2	1,354,472	1,356,286
Derivative financial instruments	DHI	2	508	508
Non-current and current financial liabilities			**1,354,980**	**1,356,794**
Trade payables	FLAAC		442,205	
Other payables	FLAAC		49,435	
Other payables	-		127,643	
Trade and other non-current and current payables			**619,283**	
Aggregated by measurement categories				
Assets				
At amortised cost			1,236,829	–
Financial assets at fair value through OCI			5,794	–
Financial assets at fair value through profit or loss			5,312	–
Derivatives as hedging instruments			4,463	–
Liabilities				
Financial liabilities at amortised cost			1,846,112	–
Derivatives as hedging instruments			508	–

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

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

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

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

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

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

€ 12,100 thousand in net profit (previous year: € 1,921 thousand in net expenses) of the total net result from financial instruments is included in the operating result and contains mainly foreign exchange effects, and € 28,962 thousand in net profit (previous year: € 586 thousand in net expenses) in “Finance costs – net”.

Financial risks

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

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

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

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

On the liabilities side, 44.0% (previous year: 43.8%) of the total bonds and bank borrowings are subject to fixed interest rates, taking into account interest rate hedging instruments. Reference is made to Note 15 “Financial liabilities”.

The financial liabilities of the Group are linked to loan commitments that are customary in the market. These commitments are reviewed on a quarterly or an annual basis. If defined KPI thresholds are exceeded, lenders have a right to a step-up on the existing interest rate agreement. Rights of notive have not been agreed in this context.

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

As of 31 March 2023, the Group has liquidity reserves of € 1,542.5 million (previous year: € 1,457.0 million). This comprises € 816.9 million (previous year: € 1,138.8 million) in cash and cash equivalents, held-to-maturity investments, securities held for trading and available-for-sale, and € 725.6 million (previous year: € 318.2 million) in available unused credit facilities. Thus, the liquidity reserves increased by € 85.5 million year-on-year and include € 20.3 million (previous year: € 21.6 million) in current reserves, which relate to AT&S in China and are subject to specific liquidity requirements.

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

The credit risk is kept to a minimum by means of a comprehensive process. Customers are subject to regular credit assessments and their receivables are covered by insurance to a large extent. Non-insured receivables are continuously monitored and, if any risks are identified, the deliveries are made only against advance payments or bank guarantees. In the financial year 2022/23, € 0.7 million (previous year: € 0.7 million) or 0.5% (previous year: 0.8%) of receivables were impaired.

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

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

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

Financial market risks Detailed information on financial market risks and derivative financial instruments is contained in Section I.B.I. “Accounting and measurement policies: Financial assets: Derivative financial instruments” and in Note 19 “Derivative financial instruments”. The Group uses derivative financial instruments, such as forward contracts, options and swaps, exclusively for hedging purposes.

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

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

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

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

If the EUR interest rates at the balance sheet date had been 100 basis points higher resp. lower, based on the financing structure at the balance sheet date, the profit for the year would have been € 7.1 million lower (previous year: € 3.6 million) resp. € 7.1 million higher (previous year: € 1.4 million), provided all other variables remained constant. A decline in the EUR interest rates would not have had any impact on the profit for the year. If the USD interest rates at the balance sheet date had been 100 basis points higher (or lower), based on the financing structure at the balance sheet date, the profit for the year would have been € 0.0 million lower (previous year: € 0.0 million) or € 0.0 million higher (previous year: € 0.0 million), provided all other variables remained constant.

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

According to IFRS 7, the impact of hypothetical changes in exchange rates on the profit for the year results from monetary financial instruments which are not denominated by the functional currency of the reporting company. Hence, the effect on profit/loss is calculated based on receivables, payables and financial balances or, if applicable, foreign currency derivatives. At AT&S, the risk primarily contains USD balances. Therefore, a sensitivity analysis is only carried out for this currency. The average changes in USD/EUR closing rates in the last 5 years amount to 5.0% (previous year: 7.0%). An increase in the US dollar exchange rate of 5.0% against the euro would have had a positive impact on the profit for the year in the amount of € 21.2 million (previous year: € 20.9 million). Devaluation of the US dollar exchange rate against the euro would have reduced the profit for the year by € 21.2 million (previous year: € 20.9 million). A decrease in the US dollar exchange rate against the euro by the same percentage would have reduced the profit for the year by € 21.2 million (previous year: € 20.9 million). On a closing date basis, the USD increased by 2.0% against the EUR.

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

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

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

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

21. Contingent liabilities and other financial commitments

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

22. Share capital

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

Ordinary shares The ordinary shares of the Company as of 31 March 2023 amounting to € 42,735 thousand are fully paid in (previous year: € 42,735 thousand) and are made up of 38,850,000 (previous year: 38,850,000) no-par value bearer shares with a notional value of € 1.10 each.

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

Furthermore, the Management Board was authorised at the 25th Annual General Meeting on 4 July 2019 to issue, subject to the approval of the Supervisory Board, one or several convertible bearer bonds at a total amount of up to € 150,000,000 until 3 July 2024, and to grant to bearers of convertible bonds conversion rights and/or subscription rights for up to 19,425,000 new no-par value bearer shares in the Company in accordance with the convertible bond terms and conditions to be defined by the Management Board. In this regard, the Management Board was also authorised to fully or partially exclude shareholders' subscription rights. In this context, the Company's ordinary shares were conditionally increased by up to € 21,367,500 by way of issuance of up to 19,425,000 new no-par value bearer shares in accordance with Section 159 (2) No. 1 of the Austrian Stock

Corporation Act (AktG). This conditional capital increase will only be carried out if the bearers of convertible bonds issued based on the authorisation resolution passed at the Annual General Meeting on 4 July 2019 claim the right to conversion and/or subscription granted to them with regard to the Company's shares. The Management Board was also authorised to determine, subject to approval of the Supervisory Board, the further details of carrying out the conditional capital increase (particularly the issue amount and the content of the share rights). The Supervisory Board was authorised to adopt amendments to the Articles of Association resulting from the issuance of shares from the conditional capital. The same applies in case the authorisation to issue convertible bonds is not exercised or the conditional capital is not used.

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

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

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

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

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

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

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

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

23. Other reserves

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

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

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

24. Hybrid capital

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

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

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

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

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

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

25. Cash flow

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

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

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

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

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

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

The non-cash expense/income is as follows:

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

Net debt reconciliation:

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

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

V. OTHER DISCLOSURES

26. Earnings per share

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

Weighted average of outstanding shares The number of shares issued is 38,850,000. As of 31 March 2023, no treasury shares are held, which would have had to be deducted in the calculation of earnings per share.

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

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

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

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

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

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

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

27. Material events after the balance sheet date

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

28. Related party transactions

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

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

Members of the Management Board and the Supervisory Board

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

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

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

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

Delegated by the Works Council:

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

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

	Number of outstanding stock appreciation rights		Staff costs (€ in thousands)	
	31 Mar 2023	31 Mar 2022	2022/23	2021/22
Andreas Gerstenmayer	150,000	150,000	(948)	3,410
Peter Schneider	60,000	30,000	(293)	293
Petra Preining	30,000	–	–	–
Ingolf Schröder	60,000	30,000	(293)	293
Heinz Moitzi[1]	–	77,949	–	1,993
Total Management Board members	**300,000**	**287,949**	**(1,534)**	**5,989**
Heinz Moitzi[1]	35,000	–	(586)	–
Monika Stoisser-Göhring[1]	–	60,000	(586)	1,607
Total	**335,000**	**347,949**	**(2,706)**	**7,596**

[1] Former member of the Management Board

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

For further details in this context, reference is made to the comments on the stock option plans under Note 14 “Trade and other payables”.

Total compensation to the members of the Management Board in accordance with IAS 24:

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

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

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

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

The variable compensation of Andreas Gerstenmayer includes remuneration from stock appreciation rights amounting to € 1,725 thousand (previous year: € 848 thousand). The variable compensation of Heinz Moitzi includes remuneration from stock appreciation rights amounting to € 1.166 thousand (previous year: € 308 thousand). The variable compensation of Monika Stoisser-Göhring includes remuneration from stock appreciation rights amounting to € 1,016 thousand (previous year: € 376 thousand).

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

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

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

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

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

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

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

29. Expenses for the Group auditor

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

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

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

30. Number of staff

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

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

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

Leoben-Hinterberg, 15 May 2023

The Management Board

Andreas Gerstenmayer m.p

Peter Schneider m.p   Peter Griehsnig m.p.   Petra Preining m.p.   Ingolf Schröder m.p.

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, 15 May 2023

The Management Board

Andreas Gerstenmayer m.p.
Chief Executive Officer

Peter Schneider m.p.
Member of the Executive Board,
EVP BU Electronics Solutions,
Deputy CEO

Peter Griehsnig m.p.
Chief Technology Officer

Petra Preining m.p.
Chief Financial Officer

Ingolf Schröder m.p.
Member of the Executive Board
EVP BU Microelectronics

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

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

Auditor's report

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of AT&S Austria Technologie & Systemtechnik Aktiengesellschaft, Leoben (the Group), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB.

Basis for Opinion

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

Key Audit Matters

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

The following matters were of most significance to our audit:

1. Recoverability of deferred tax assets
2. Revenue recognition over time according to IFRS 15

1. Recoverability of deferred tax assets

- Description and Issue

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

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

For further information we refer to the notes to the consolidated financial statements
- Section I.B.e on accounting and measurement policies in respect of income taxes
- Section I.C. on critical accounting estimates and assumptions concerning recognition and measurement of deferred income tax and current tax liabilities
- Section III.6. note on income taxes.

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

- Our Response

For all material consolidated companies we have

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

2. Revenue Recognition over time according to IFRS 15

- Description and Issue

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

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

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

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

- Our Response

We have

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

Other Information

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

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

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

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

Responsibilities of Management Audit Committee for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on the Audit of the Consolidated Management Report

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

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

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

Opinion

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

Statement

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

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

We were appointed as auditors by the annual general meeting on July 7, 2022 and commissioned by the supervisory board on September 5, 2022 to audit the consolidated financial statements for the financial year ending on March 31, 2023. We have been auditing the Group uninterrupted since the financial year ending March 31, 2021.

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

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

Engagement Partner

The engagement partner responsible for the audit is Gerhard Marterbauer.

Vienna

15 May 2023

Deloitte Audit Wirtschaftsprüfungs GmbH

Gerhard Marterbauer m.p.
Certified Public Accountant

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

INFORMATION

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AT&S ANNUAL REPORT 2022/23 INFORMATION ADVANCED TECHNOLOGIES & SOLUTIONS

KEYDATA 10-YEARS TIMELINE

IFRS	Unit	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Change prior year	Compound Annual Growth Rate 10 years
EARNINGS DATA AND GENERAL INFORMATION													
Revenue	€ in millions	589.9	667.0	762.9	814.9	991.8	1,028.0	1,000.6	1,188.2	1,589.9	1,791.3	12.7%	11.7%
thereof produced in Asia	%	76%	79%	81%	82%	84%	85%	87%	88%	88%	90%	–	–
thereof produced in Europe	%	24%	21%	19%	18%	16%	15%	13%	12%	12%	10%	–	–
Cost of sales	€ in millions	471.1	511.6	611.2	760.2	829.5	860.8	897.7	1,021.2	1,337.0	1,516.6	13.4%	12.4%
Gross profit	€ in millions	118.8	155.4	151.6	54.7	162.3	167.2	102.9	167.0	252.9	274.7	8.6%	8.7%
Gross profit margin	%	20.1%	23.3%	19.9%	6.7%	16.4%	16.3%	10.3%	14.1%	15.9%	15.3%	–	–
EBITDA	€ in millions	127.2	167.6	167.5	130.9	226.0	250.1	194.5	245.7	349.5	416.7	19.2%	12.6%
EBITDA margin	%	21.6%	25.1%	22.0%	16.1%	22.8%	24.3%	19.4%	20.7%	22.0%	23.3%	–	–
EBIT	€ in millions	53.9	90.1	77.0	6.6	90.3	117.2	47.4	79.8	126.5	146.2	15.6%	10.5%
EBIT margin	%	9.1%	13.5%	10.1%	0.8%	9.1%	11.4%	4.7%	6.7%	8.0%	8.2%	–	–
Profit for the period[5]	€ in millions	38.2	69.3	56.0	(22.9)	56.5	89.0	19.8	47.4	103.3	136.6	32.3%	13.6%
Profit for the period attributable to owners of the parent company[1,5]	€ in millions	38.2	69.3	56.0	(22.9)	53.6	80.7	11.5	47.4	92.8	117.9	27.0%	11.9%
Cash earnings[5]	€ in millions	111.4	146.8	146.5	101.8	189.3	213.6	158.6	205.0	318.3	387.7	21.8%	13.3%
ROE (Return on equity)[2]	%	11.0%	13.9%	9.5%	(4.1%)	9.0%	11.5%	2.7%	6.1%	10.1%	11.3%	–	–
ROCE (Return on capital employed)[1,2]	%	9.6%	12.0%	8.2%	(0.6%)	7.7%	9.7%	2.8%	5.8%	7.8%	6.6%	–	–
ROS (Return on sales)	%	6.5%	10.4%	7.3%	(2.8%)	5.7%	8.5%	2.1%	4.0%	6.5%	7.6%	–	–
Vitality Index	%	26.5%	29.2%	19.6%	21.8%	40.4%	35.3%	30.9%	20.7%	44.4%	35.6%	–	–
Cash flow from operating activities (OCF)	€ in millions	104.8	143.9	136.9	136.4	143.2	170.5	185.1	184.7	713.2	476.4	(33.2%)	16.3%
Net CAPEX	€ in millions	90.3	164.8	254.3	240.7	141.7	100.8	218.5	435.8	601.9	996.2	65.5%	27.1%
Operating free cash flow	€ in millions	14.5	(20.9)	(117.3)	(104.3)	1.5	69.7	(33.4)	(251.1)	111.3	(519.8)	–	n.a.
Free cash flow	€ in millions	14.5	(20.9)	(205.3)	(24.7)	(50.2)	(106.0)	68.5	(155.2)	133.5	(568.5)	–	n.a.
Employees (incl. leased personnel), end of reporting period	–	7,129	8,120	9,116	9,778	9,734	9,624	10,319	11,868	14,082	14,504	3.0%	7.4%
Employees (incl. leased personnel), average	–	7,027	7,638	8,759	9,526	9,981	9,811	10,239	11,349	13,046	15,280	17.1%	8.1%
BALANCE SHEET DATA													
Total assets	€ in millions	916.1	1,220.8	1,344.7	1,436.7	1,530.4	1,784.1	1,853.5	2,390.0	3,746.3	4,161.9	11.1%	16.3%
Total equity	€ in millions	390.7	604.4	568.9	540.1	711.4	803.5	760.3	802.0	1,252.3	1,157.5	(7.6%)	11.5%
Equity attributable to owners of the parent company	€ in millions	390.7	604.3	568.9	540.1	711.4	803.5	760.3	802.0	1,252.3	1,157.5	(7.6%)	11.5%
Equity ratio	%	42.7%	49.5%	42.3%	37.6%	46.5%	45.0%	41.0%	33.6%	33.4%	27.8%	–	–
Net debt	€ in millions	110.9	130.5	263.2	380.5	209.2	150.3	246.7	508.5	211.6	851.2	>100%	22.6%
Net gearing	%	28.4%	21.6%	46.3%	70.5%	29.4%	18.7%	32.5%	63.4%	16.9%	73.5%	–	–
Net working capital	€ in millions	91.7	95.3	88.4	24.4	72.4	160.5	144.4	200.9	271.5	278.7	2.7%	11.8%
Net working capital per revenue	%	15.6%	14.3%	11.6%	3.0%	7.3%	15.6%	14.4%	16.9%	17.1%	15.6%	–	–
STOCK EXCHANGE DATA													
Shares outstanding end of reporting period	–	38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	–	–
Weighted average number of shares outstanding	–	30,820,545	38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	–	2.3%
Earnings per shares outstanding end of reporting period[5]	€	0.98	1.78	1.44	(0.59)	1.38	2.08	0.30	1.01	2.39	3.03	26.8%	11.9%
Earnings per average number of shares outstanding[5]	€	1.24	1.78	1.44	(0.59)	1.38	2.08	0.30	1.01	2.39	3.03	26.8%	9.3%
Cash earnings per average number of shares[5]	€	3.61	3.78	3.77	2.62	4.87	5.50	4.08	5.28	8.19	9.98	21.9%	10.7%
Dividend per share[3]	€	0.20	0.36	0.36	0.10	0.36	0.60	0.25	0.39	0.90	0.40	(55.6%)	7.2%
Closing price	€	8.75	14.62	12.90	10.29	22.00	15.30	13.41	30.60	50.40	28.35	(43.8%)	12.5%
Dividend yield (at the closing price)[3]	%	2.3%	2.5%	2.8%	1.0%	1.6%	3.9%	1.9%	1.3%	1.8%	1.4%	–	–
Market capitalisation, end of reporting period	€ in millions	339.9	568.0	501.2	399.8	854.7	594.4	521.0	1,188.8	1,958.0	1,101.4	(43.8%)	12.5%
Market capitalisation per equity[4]	%	87.0%	94.0%	88.1%	74.0%	120.1%	74.0%	68.5%	148.2%	156.4%	95.2%	–	–

[1] 2018/19: Adjusted taking into account IAS 12 revised.
[2] Calculated on the basis of average values.
[3] 2022/23: Proposal to the Annual General Meeting.
[4] Equity attributable to owners of the parent company.
[5] 2019/20: Adjustment Hedge Accounting previous years.

GLOSSARY

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.

ESG
Environment, Social, Governance – another term for sustainability or corporate social responsibility.

Functional integration
Refers to the integration of several functions of an electronic system in a module.

GRI
Global Reporting Initiative – a non-profit institution, which provides a global framework for sustainability reporting.

GVA
Gross value added – it is the measure of value added in the production process and is derived from the total value of goods and services produced minus the value of intermediate consumption.

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.

mSAP
Modified semi-additive process.

NaDiVeG
Sustainability and Diversity Improvement Act – Austrian implementation of EU Regulation 2014/95/EU.

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.t.

OPEX
Operational expenditures: recurring expenses which are usually paid on a monthly or yearly basis. They are allocated to the accounting period in which the costs are incurred and the full amount isrecognised in this period.

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.

Science Based Target initiative
Drives ambitious climate action in the private sector by enabling organizations to set science-based emissions reduction targets.

SDGs
Sustainable Development Goals of the United Nations.

Vitality Index
The Vitality Index represents the share of total revenue generated from products that feature new, innovative technologiesand 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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