AT & S Austria Technologie & Systemtechnik Aktiengesellschaft
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Report on item 11 of the agenda of the General Meeting

Report by the Management Board of AT & S Austria Technologie Systemtechnik Aktiengesellschaft with regard to the authorization of the Management Board to increase the share capital with the possibility to exclude the shareholders' subscription right (Section 170 (2) in conjunction with Section 153 (4) Stock Corporation Act)

1. Authorization

The Management Board and the Supervisory Board of AT & S Austria Technologie Systemtechnik Aktiengesellschaft ("AT&S") envisage to propose a resolution to the General Meeting, by which the Management Board shall be authorized to increase, until July 3, 2024 and with the consent of the Supervisory Board, the nominal capital of the Company by up to EUR 21,367,500.--, by issuing up to 19,425,000 new individual bearer shares in exchange for cash payment or contribution in kind, in one or several tranches, also by way of indirect offer for subscription after taking over by one or several credit institutions according to Section 153 (6) Stock Corporation Act. Subject to the approval of the Supervisory Board, the Management Board shall be authorised to exclude in this connection totally or partially the subscription right of the shareholders and to determine the details of the issue terms (including without limitation issue price, nature of the contribution in kind, contents of share rights, exclusion of subscription rights) with the consent of the Supervisory Board (authorised capital). The Supervisory Board shall be authorised to resolve on amendments to the Articles of Association resulting from the issue of shares from authorised capital.

With regard to the authorization included in this proposal for a resolution, by which the existing shareholders' subscription rights may be excluded, pursuant to Section 170 (2) in conjunction with Section 153 (4) Stock Corporation Act the Management Board reports as follows:

2. Purpose of the authorised capital

The proposed authorization to increase the nominal capital of the Company also whilst excluding the subscription right of the shareholders is in the interest of the Company and its shareholders.

The expansion and opening of new markets in all fields of business will be one of the strategic targets of AT&S in the future in order to strengthen the profitability and sustainable growth of the group of companies.

The preparation and structuring of transactions connected to the accomplishment of these targets require the best possible flexibility of the Management Board with regard to the utilization of the available financial instruments.

For the strategy pursued by the Company it is of major importance that the Management Board is also able to seize the opportunity to acquire existing businesses, participations or other assets for the preparation of an entrance into a new market or for the stabilization of an already existing market position. The acquisition of existing businesses may be advantageous because it allows a quick market entrance, to build-up on an already existing customer stock and to acquire employees familiar with the local markets. Furthermore, strategic partners are often interested in contributing businesses or other assets as contributions in kind in exchange for shares, to the Company or to implement a share for share exchange. In order to be able to seize the opportunity for the acquisition of businesses, participations or other assets as well as for the conclusion of strategic partnerships by way of contributions in kind to the Company, if necessary without any delay, the Management Board needs to have the authorization to exclude the general acquisition right of the shareholders. This shall also be feasible in the case of cash contributions, if the Company has a special interest therein and the legal requirements are met, e.g. in the case of a cooperation with another company in the interest of the Company, if the partner makes its engagement subject to the acquisition of participations, in the case a strategic partner wants to acquire a participation in the Company and such participation is substantially in the interest of the Company, or if a third party offers necessary additional financial services which can not be obtained otherwise or in the case of a necessary participation of further persons for marketing and market reasons. Also special transaction structures in the interests of the Company and its shareholders can justify the exclusion of the shareholders' subscription rights.

Further, in many cases, by using shares from authorised capital a better purchase price can be achieved than by using a cash consideration. Therefore, it is irrespective of the fact that AT&S due to its capital structure currently has sufficient capacity for the borrowing of debt capital, advisable to also allow the financing of further expansion steps by way of using shares from authorised capital.

The possibility of financing expansion measures with equity has the benefit that due to the lack of a cash purchase price no outflow of liquidity occurs at the Company level and, therefore, the equity basis of the Company is not adversely affected.

The possibility of the issuance of shares from authorized capital with exclusion of the subscription rights of the shareholders therefore in particular allows seizing market opportunities as well as occasions which arise in the new markets, in a quick and flexible way and covering the capital demand resulting therefrom in a time-efficient manner. By reason of a waiver of the time and cost intensive implementation of the general subscription offer to the shareholders, it is possible to cover the capital demand of the Company arising from short term market occasions in a very time efficient manner. Furthermore, the flexibility required for the seizing of such market occasions and opportunities may also necessitate the utilization of shares from authorised capital for the servicing of convertible bonds.

For these reasons, the exclusion of the shareholders' subscription right, if necessary, is for the benefit of the Company and therefore also for all existing shareholders.

Further, by an exclusion of the subscription right of the shareholders in the case of a capital increase from authorised capital, the Management Board shall have the possibility to offer the shares through a public offering or by way of an accelerated-book building-procedure, in particular in order to get as favourable conditions as possible for the financing of the Company or to extend the Company’s investor base. Excluding the shareholders’ general subscription right shall also be permissible in order to avoid fractional shares or to implement supplemental public offerings at national or foreign stock exchanges and to satisfy over-allotment options (greenshoe).

In general, only the possibility to exclude the shareholders’ subscription rights allows an offer of shares which is limited to qualified investors without the preparation of a capital markets prospectus and without observance of any subscription period or stock exchange trading hours. Thereby the flexibility required to optimally utilize possible market opportunities for favourable financings in a volatile market environment can be obtained. In particular, the risks related to the transaction and the market price as well as the transaction costs can be reduced, the risk of speculations against the shares in the Company can be minimized, the investor base can be broadened, and an issue price close to the then current stock exchange price can be achieved. In addition, current shareholders have the possibility to acquire shares in the Company over the stock exchange, which minimizes the risk of diluting the shareholders’ rights, whilst creating opportunities for the Company for quick and attractive financing, which is in the best interest of the Company and its shareholders.

Shares from authorised capital may also be used to grant shares to employees, senior employees and/or members of the Company’s Management Board or the management boards of its affiliates including for purposes of existing or future share transfer programs, in particular stock option plans, long term incentive plans or other employee stock ownership plans (in particular, existing and future plans under which employees can be allocated bonus shares up to a maximum amount and subject to a holding period if they purchase shares in the Company). This may also include the transfer of treasury shares to individuals or legal entities who hold such shares on trust or otherwise on behalf of and for the benefit of employees, executives and board members. The main reason for this approach is to encourage the participants to focus on long-term value creation. Another motive for allocating stock to employees is to reinforce their sense of identification with the Company, increase their loyalty to the Company and make it a more attractive employer. Treasury stock may also be used to satisfy stock options held by employees, senior employees, and members of the Company’s Management Board or the management boards of its affiliates. A resolution to exclude the general purchasing possibility of the shareholders is not required for this purpose.

In order to be able to implement capital increases, the Management Board shall also have the possibility to offer the shares by way of an indirect subscription right pursuant to Section 153 (6) Stock Corporation Act.

If the Management Board exercises its authorisation to issue shares from the authorised capital and exclude the subscription rights, the approval of the Supervisory Board is required. Therefore the Management Board has to establish a new written report outlining the reasons for the exclusion of the subscription right pursuant to Section 171 (1) Stock Corporation Act and has to publish such report at the latest two weeks prior the respective resolution of the Supervisory Board. In such a case, also all other corporate and capital market related rules applicable to such offering, in particular publishing and notification duties, shall be adhered to.

3. Weighing of interests

In summary, the proposed authorisation is objectively justified by the mentioned purposes and suitable to achieve the aims pursued.

It is expected that the advantages to the Company of the utilization of the authorisation to issue shares from the authorised capital which excludes the subscription rights will benefit all of shareholders. This advantage clearly outweighs possible proportionate losses in terms of percentage of equity interest of the shareholders whose subscription rights are being excluded. The interests of the company thus outweighs possible disadvantages to the shareholders arising from an exclusion of their subscription rights.

For the reasons given and under the relevant circumstances, the proposed authorization to exclude the shareholders' subscription right is necessary, appropriate, reasonable, in the interests of the Company and is thus objectively justified and required.

Leoben-Hinterberg, June 2019 The Management Board