

REMUNERATION REPORT FOR THE MANAGEMENT BOARD AND SUPERVISORY BOARD FOR THE FINANCIAL YEAR 2022/23

I. Basic information

In accordance with Sections 78c and 98a of the Austrian Stock Corporation Act (AktG), the Management Board and Supervisory Board of publicly listed companies have to prepare a Remuneration Report for the members of the Management Board and the Supervisory Board. The Remuneration Report informs shareholders about the remuneration of the Management and Supervisory Boards and shall be submitted to the Annual General Meeting for a vote every year. In addition, the company shall demonstrate in the subsequent Remuneration Report how the result of the vote on the Remuneration Report at the previous Annual General Meeting was addressed.

The Remuneration Report will be publicly accessible on the company's website, free of charge, for ten years. The Management Board and the Supervisory Board have jointly prepared the following Remuneration Report for presentation to the Annual General Meeting on July 6, 2023 in accordance with Section 78c AktG. The principles of completeness, reliability, clarity, transparency and comparability were complied with. The Remuneration Report provides a comprehensive overview of the remuneration granted or owed to the current and former members of the Management and Supervisory Boards during the financial year 2022/23 in accordance with the Remuneration Policy (Section 78a), including all benefits, and is covered by the Remuneration Policy confirmed for the Management Board by the 28th Annual General Meeting on July 7, 2022, and for the Supervisory Board by the 27th Annual General Meeting on July 8, 2021.

II. Remuneration of the Management Board

A. Objectives of the Remuneration Policy for the Management Board

When instituting the Remuneration Policy, the Nomination and Remuneration Committee's purpose was to appropriately reward the Management Board considering the scope of responsibilities of each beneficiary and their development, their seniority, their background and experience. The appropriateness is assessed with respect to pay magnitude and practices at comparable companies. Appropriate remuneration should also create sustainable performance incentives, support the company's long-term strategy and development, and align Management Board members' interests with those of shareholders.

Remuneration of the Management Board should be understood as a means to attract and retain talented and experienced managers as required for an international company publicly listed on the Vienna Stock Exchange, with a wide spectrum of high-tech products and intensive research and development to drive innovation. This requires maintaining a balance at several levels:

- The amount of fixed remuneration is the basis of the package, and the variable components are linked to it. Therefore, fixed remuneration should always remain consistent with the responsibilities and profile of the Management Board member internally, and competitive versus comparable companies.
- Incentive remuneration should support sustainable performance in line with the corporate strategy, thus leading to a balance between performance and risk-taking in the long term.
- Considering the company's competitive environment, the incentive remuneration should provide balanced incentives over the short and the long term to support responsiveness and continuous performance within a multi-year framework.
- In no case should the remuneration be considered excessive. The progressivity of payout and of exercise rights is to ensure adequacy of the remuneration while at the same time setting ambitious goals and maintaining a certain level of flexibility to consider exceptional performance.

B. Remuneration for the Management Board

To meet the above-mentioned objectives, the Nomination and Remuneration Committee relies on the following components:

- Base salary
- Short-term variable remuneration
- Long-term variable remuneration
- Additional benefits
 - Company car (including private use)
 - Pension contributions
 - Accident insurance
 - D&O insurance

C. Remuneration of the members of the Management Board

Total remuneration of the members of the Management Board (remuneration owed) during the financial year amounted to:

TOTAL REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD

€ in thousands

	Financial year 2022/23			Financial year 2021/22		
	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 Moitz 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 Moitz 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

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

In order to make appropriate decisions regarding remuneration and to prepare competitive remuneration packages for the members of the Management Board, the Nomination and Remuneration Committee analysed a variety of information in 2022, including relevant market information, developments and trends, suggestions received from various stakeholders such as shareholders, employee representatives, regulatory authorities and consultants, as well as internal data.

Based on external benchmarking against both the industry and relevant Austrian industrial enterprises, the base salaries and bonus percentages were adapted accordingly for the members of the Management Board in the Bonus Policy 2022, thus ensuring that the remuneration is at a competitive level.

The bonus in the past financial year ranged between 0 and 150% of the base salary of the CEO as the Chairman of the Management Board – the CEO receives 100% of his base salary as a performance-linked bonus if target attainment is exactly 100%. The bonus of the other Management Board members ranged between 0 and 120% of the base salary, whereby a bonus of 80% of the base salary is paid if target attainment is exactly 100%.

In relation to the total remuneration of the active Management Board, the fixed element represented 37.6% and the variable element 62.4% for the financial year 2022/23. Details regarding the individual members of the Management Board are shown in the table above.

The variable components of the Management Board remuneration for Petra Preining include one-off payments in connection with taking over the Management Board position in autumn of 2022.

The remuneration for Simone Faath, who stepped down from the Management Board with effect from October 25, 2021, was based on contractual agreements and the principles of the Remuneration Policy.

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 includes a special bonus of € 321 thousand for Andreas Gerstenmayer. This bonus was granted as a result of the significant impact on his management board activities caused by the necessity to temporarily take over the responsibilities of the Chief Financial Officer for the longer term. This bonus is capped at 100% of the base salary under the Remuneration Policy of 2022.

Short-term variable remuneration, which is generally accounted for in total remuneration, depends on the short-term achievement of three performance indicators defined in the budget for the respective financial year: return on capital employed (ROCE), with an 80% weighting, and the Vitality Index with a 10% weighting and the Renewable Energy Share (RES) with a weighting of 10%. The basic prerequisite for awarding this variable remuneration is positive EBIT for the Group for the respective financial year and the attainment of the target EBIT margin for the Group of at least 70% ("hurdle rate") in the financial year. If the ROCE, Vitality Index and RES targets are exceeded, bonuses were limited to a maximum of 150% of the annual bonus set out in the contract of employment.

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 shows 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. Overall, ROCE contributes to creating shareholder value and sustainable profitable growth.

The inclusion of the Vitality Index is equally important in giving variable remuneration a long-term focus. Innovation capability – i.e. the development of new technologies, products or product properties – is a crucial factor for the future business success of the company and can also be measured reliably. The Vitality Index represents the share of revenue generated from technologically innovative products introduced in the past three years. The three-year reference period provides a long-term component of variable remuneration.

The RES (Renewable Energy Share) measures the proportion of renewable energy of the company's total energy requirements. AT&S strives to make a significant contribution to climate protection and defines ambitious targets on the path towards decarbonisation every year. This performance indicator reflects the company's commitment to sustainability and also takes account of the growing interest of external stakeholders to address environmental sustainability goals in company management.

A long-term incentive programme (“LTI programme”) for the Management Board and key staff based on stock appreciation rights (“SAR”) was implemented by resolution of the Supervisory Board on July 3, 2014 for the period from 2014 to 2016. The LTI programme was continued essentially unchanged in the subsequent periods.

SAR are stock appreciation rights based on share performance over a defined period of time. As with stock options, but without granting actual shares or an option for such granting, the beneficiary receives financial remuneration only if the performance of the share price is positive. In particular, the conditions include long-term and multi-year performance criteria, a minimum vesting period of three years (with a subsequent exercise period of no more than two years), a minimum own investment by the recipient, and an upper limit on the potential financial benefits.

The indicator “earnings per share” (EPS) determines how many of the SAR allotted may actually be exercised once the vesting period ends. The EPS established by the medium-term plan for the reporting date of the third year following the allotment applies as the target. If less than 50% of the EPS target has been achieved at the end of the vesting period, the allotted SAR are forfeited. If 100% or more of the EPS target has been achieved at the end of the vesting period, all of the allotted SAR may be exercised. If achievement of the target is between 50% and 100%, the allotted SAR may be exercised in linear proportion to the percentage achieved.

Own investment is a mandatory prerequisite for exercising SAR. The own investment is made by purchasing shares corresponding to 20% of the first allotment amount in SAR for a given year (e.g. for an allotment of 5,000 SAR, the own investment is 1,000 shares). If the own investment has not been made in full by the end of the vesting period (after three years), all previously allotted SAR of the corresponding programme are forfeited. The own investment must be held for the entire period of participation in the LTI programme.

The exercise price is determined on the allotment date and is equal to the average closing price of AT&S shares on the Vienna Stock Exchange during the six calendar months preceding the respective allotment date.

The performance of the share price determines the amount of the LTI awarded to the recipient: the difference between the exercise price of the relevant virtual allotment and the closing price of the AT&S share on the Vienna Stock Exchange on the exercise date is multiplied by the number of SAR. There are no premiums on the exercise price and pay-outs are made in cash. In the event of exceptionally positive performance, the payout amount per SAR is limited to the amount represented by 200% of the respective exercise price (example: for an exercise price of € 8, the maximum value per SAR is € 16, which means that any share closing price above € 24 produces no associated increase in the value per SAR).

Three allotment tranches were possible for the LTI programmes 2014–2016 and 2017–2019 respectively, from April 1, 2014 to April 1, 2019. The LTI programme 2020 was limited to one allotment tranche since the previous programmes were evaluated and the results of this evaluation were waited for. The programme was continued essentially unchanged for the period from 2021 to 2023.

The number of outstanding stock appreciation rights (remuneration granted) and staff costs from stock appreciation rights granted (payout and provisions) 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 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). The number of outstanding stock appreciation rights for Monika Stoisser-Göhring lapsed due to her passing in September 2022.

Based on contractual agreements with all members of the Management Board, variable remuneration components that have been paid out shall be paid back to the company if it becomes clear that the payment was made on the basis of obviously false data. Since no payments were made on the basis of obviously false data, no remuneration components were reclaimed.

With respect to the variable remuneration of selected executives in other Group companies, the same principles apply as described above for the Management Board of the parent company.

In the event of premature termination initiated by a Management Board member for reasonable cause, or if the function is eliminated for legal reasons, remuneration is payable until the end of the appointment contract. Where a Management Board member resigns the appointment, is removed from office for severe breach of duty, and in the event of death, payment of salary ceases at the end of the applicable month.

Andreas Gerstenmayer, Petra Preining, Ingolf Schröder and Peter Schneider have pension entitlements in the form of individually agreed defined contribution plans. For Andreas Gerstenmayer, Petra Preining, Ingolf Schröder and Peter Schneider, a contribution of 10% of the monthly gross fixed salary was paid monthly into a pension fund.

Members of the Management Board are entitled to a company car (included in the above-mentioned fixed remuneration in the amount of the additional taxable amount) and are covered by accident insurance, the premium of which is also included in the above-mentioned fixed remuneration. Health insurance is limited to what is provided under the Austrian statutory social security system.

The total remuneration of the Management Board was thus implemented in accordance with the targets and provisions of the Remuneration Policy adopted at the 28th Annual General Meeting of the company.

D. Development of remuneration

Total remuneration of the Management Board developed as follows over the past five financial years:

DEVELOPMENT OF TOTAL REMUNERATION OF THE MANAGEMENT BOARD

€ in thousand

	Financial year				
	2018/19	2019/20	2020/21	2021/22	2022/23
Andreas Gerstenmayer	1,246	816	893	2,137	3,013
Peter Schneider	–	–	–	657	625
Petra Preining	–	–	–	–	441
Ingolf Schröder	–	–	445	753	625
Simone Faath	–	–	279	1,140	105
Heinz Moitzi	603	429	696	636	1,166
Monika Stoisser-Göhring	566	423	642	523	1,016
Karl Asamer	142	–	–	–	–
Total	2,557	1,668	2,955	5,846	6,991
Year-on-year-change in %		-34.8%	+77.2%	+97.8%	+19.6%

The fluctuations in remuneration result from the short-term and long-term variable remuneration components, which are linked to attaining the targets described above.

The remuneration of Karl Asamer in 2017/18, of Monika Stoisser-Göhring in 2020/2021 and of Simone Faath and Heinz Moitzi in 2021/22 includes payments in connection with the termination of their respective Management Board function.

The following table shows the remuneration in relation to the economic performance of the Group based on profit for the year:

TOTAL REMUNERATION OF THE MANAGEMENT BOARD MEMBERS IN RELATION TO THE GROUP'S ECONOMIC PERFORMANCE

in %

	Financial year				
	2018/19	2019/20	2020/21	2021/22	2022/23
Andreas Gerstenmayer	0.014%	0.041%	0.019%	0.021%	0.022%
Peter Schneider	–	–	–	0.006%	0.005%
Petra Preining	–	–	–	–	0.003%
Ingolf Schröder	–	–	0.009%	0.007%	0.005%
Simone Faath	–	–	0.006%	0.011%	0.001%
Heinz Moitzi	0.007%	0.022%	0.015%	0.006%	0.009%
Monika Stoisser-Göhring	0.007%	0.021%	0.014%	0.005%	0.007%
Karl Asamer	0.002%	–	–	–	–
Total	0.029%	0.084%	0.062%	0.057%	0.051%
Profit for the year (€ in million)	86.9	19.8	47.4	103.3	136.6

Overall, the total remuneration of the Management Board in relation to the economic performance has declined slightly over the past years.

Development of Management Board remuneration in relation to the average remuneration of employees:

TOTAL REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD IN RELATION TO AVERAGE REMUNERATION OF EMPLOYEES IN AUSTRIA

	Financial year				
	2018/19	2019/20	2020/21	2021/22	2022/23
Andreas Gerstenmayer	24.2	16.6	15.3	28.9	48.9
Peter Schneider	–	–	–	8.9	10.1
Petra Preining	–	–	–	–	7.2
Ingolf Schröder	–	–	7.6	10.2	10.1
Simone Faath	–	–	4.8	15.4	1.7
Heinz Moitzi	11.7	8.7	11.9	8.6	18.9
Monika Stoisser-Göhring	11.0	8.6	11.0	7.1	16.5
Karl Asamer	2.8	–	–	–	–

The figures stated above show how many times higher the total remuneration of the respective Management Board member is in comparison to the average remuneration of employees in Austria.

The Remuneration Policy describes an average target value of 1:16 for the CEO. The average target value defined for the other Management Board members is 1:11.

The ratios are higher in years when the share of variable remuneration components is higher. The exceptional deviation for Andreas Gerstenmayer in the financial year 2022/23 results from exercising the stock appreciation rights and the special bonus granted as described above.

III. Remuneration of the Supervisory Board

A. Objectives of the Remuneration Policy for the Supervisory Board

When instituting the Remuneration Policy, the Supervisory Board's purpose is to appropriately reward the Supervisory Board members considering the scope of functions and responsibilities. The appropriateness is assessed with respect to pay magnitude and practices at comparable companies. Appropriate remuneration should also create sustainable performance incentives, support the company's long-term strategy and development, and align Supervisory Board Members' interests with those of shareholders.

Remuneration of the Supervisory Board should be understood as a means to attract and retain experienced profiles as required for a publicly listed international company, with a wide spectrum of high-tech products and intensive research and development to drive innovation.

To meet the above-mentioned objectives, the Supervisory Board relies on the following components:

- Fixed remuneration
- Attendance fees
- Additional benefits: D&O insurance

B. Remuneration for the Supervisory Board

Remuneration for the members of the Supervisory Board is determined retrospectively for the past financial year by means of a resolution at the Annual General Meeting. Remuneration paid to members of the Supervisory Board in the financial year 2022/23 for the previous financial year 2021/22 was in accordance with the resolution passed at the 28th Annual General Meeting of July 7, 2022:

REMUNERATION FOR THE SUPERVISORY BOARD

€ in thousands

	2022/23	2021/22
Hannes Androsch	153.0	172.5
Regina Prehofer	120.5	135.5
Georg Riedl	134.0	158.0
Hermann Eul	69.5	84.5
Georg Hansis	56.0	65.0
Robert Lasshofer	78.5	99.5
Lars Reger	56.0	63.5
Karin Schaupp	56.0	65.0
Gertrude Tumpel-Gugerell	68.0	86.0
Total	791.5	929.5

The Chairman of the Supervisory Board received fixed remuneration of € 127,000, his Deputies € 78,000 and all other members of the Supervisory Board € 50,000. Chairmanship of a standing committee (Nomination and Remuneration Committee, Audit Committee) was remunerated with a fixed amount of € 20,000 per financial year, and membership of a standing committee with € 12,000. The attendance fee was € 1,500 per Supervisory Board meeting and all cash expenses were thus reimbursed.

No provisions are made for variable remuneration for members of the Supervisory Board.

The remuneration of the Supervisory Board for the financial year 2022/23 itself shall be determined at the 29th Annual General Meeting on July 6, 2023.

Members of the Supervisory Board do not receive stock options in the company or SAR.

Total remuneration of the Supervisory Board developed as follows over the past five financial years:

DEVELOPMENT OF TOTAL REMUNERATION OF THE SUPERVISORY BOARD

€ in thousand

	Financial year				
	2018/19	2019/20	2020/21	2021/22	2022/23
Hannes Androsch	79.0	67.0	161.5	172.5	153.0
Regina Prehofer	62.0	55.0	119.0	135.5	120.5
Georg Riedl	45.0	40.0	121.1	158.0	134.0
Hermann Eul	–	–	52.5	84.5	69.5
Georg Hansis	–	–	43.8	65.0	56.0
Robert Lasshofer	–	–	61.2	99.5	78.5
Lars Reger	–	–	43.8	63.5	56.0
Karin Schaupp	37.0	30.0	56.0	65.0	56.0
Gertrude Tumpel-Gugerell	–	24.0	71.0	86.0	68.0
Total Supervisory Board members	223.0	216.0	729.9	929.5	791.5
Willibald Dörflinger	60.0	53.0	29.4	–	–
Karl Fink	37.0	30.0	13.7	–	–
Albert Hochleitner	37.0	30.0	15.2	–	–
Gerhard Pichler	41.0	8.0	–	–	–
Total former Supervisory Board members	175.0	121.0	58.3	–	–
Total	398.0	337.0	788.2	929.5	791.5
Year-on-year change in %		-15.3%	+133.9%	+17.9%	+14.8%

The employee representatives delegated to the Supervisory Board perform their duties voluntarily and therefore do not receive any separate remuneration.

Total remuneration of the Supervisory Board was therefore implemented in accordance with the goals and targets of the Remuneration Policy adopted at the 27th Ordinary General Meeting of the company.

IV. DIRECTORS AND OFFICERS LIABILITY INSURANCE (D&O INSURANCE)

The D&O insurance at AT&S covers all past, present and future members of the company's and its subsidiaries' managing and supervisory bodies and selected other executive staff. The insurance covers court and all other costs of defence against unwarranted claims, together with the satisfaction of warranted claims for pure financial loss arising from breaches of duty by the insured in their managerial or supervisory activities. The insurance provides global cover and the annual premium is paid by AT&S.