

# am<sup>OSRAM</sup> OSRAM

COMING TOGETHER

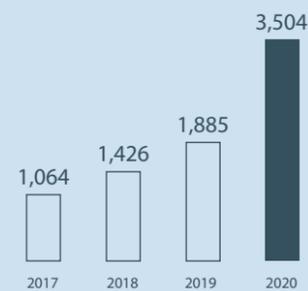


# HIGHLIGHTS

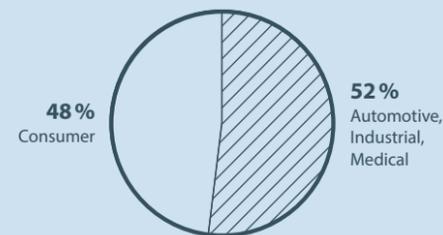
In millions of EUR	2020	Changes to 2019	2019	2018
<b>Revenues</b>	<b>3,504.3</b>	<b>86%</b>	<b>1,885.3</b>	<b>1,426.3</b>
Gross margin (adjusted) <sup>1)</sup>	33%		41%	32%
R&D expenses	423.0	62%	261.2	239.1
Operating result (EBIT) (adjusted) <sup>1)</sup>	462.6	18%	391.7	127.6
EBIT margin in % (adjusted) <sup>1)</sup>	13%		21%	9%
Net result (adjusted) <sup>1)</sup>	237.4	-35%	362.8	208.1
Earnings per share (adj., in EUR, basic) <sup>1)3)</sup>	1.07	-76%	4.52	2.54
Earnings per share (adj., in CHF, basic) <sup>1)2)3)</sup>	1.15	-77%	5.02	3.00
Operating Cash Flow	701.9	9%	645.7	315.4
Free Cash Flow	524.6	13%	464.1	-97.5
Net debt (as of December 31)	1,706.4	8%	1,581.8	1,193.9
Capital expenditures	177.4	-2%	181.6	412.9
Total assets (as of December 31)	9,963.1	125%	4,433.4	3,584.5
Equity ratio	30%		38%	36%
Employees (average)	30,031	241%	8,811	10,322

ams and OSRAM are now coming together

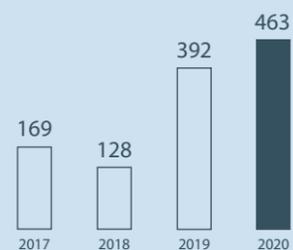
Total revenues in EURm



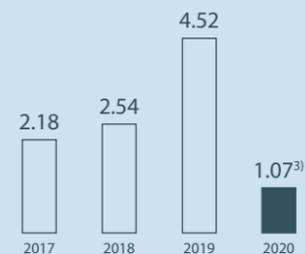
Revenues by market



Operating result (EBIT) in EURm<sup>1)</sup>



Earnings per share (EPS) in EUR (basic)<sup>1)</sup>



1) Excluding acquisition-related, one-time restructuring and share-based compensation costs and results from investments in associates

2) Earnings per share in CHF were converted using the average currency exchange rate for the respective periods

3) Reflects increased share count after capital increase in 2020

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# PREFACES BY THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD



## Management Board

Alexander Everke, CEO, Ingo Bank, CFO, Thomas Stockmeier, CTO, Mark Hamersma, CBO

## Preface by the Management Board

Dear Shareholders, Customers, Suppliers,  
and Employees, Ladies and Gentlemen

2020 was a historic year for ams. We closed the tender offer for the highly strategic acquisition of OSRAM Licht AG (OSRAM) and completed important steps to enable the full integration of ams and OSRAM which started earlier this year. This is why we are now “coming together” as a combined company. At the same time, 2020 was the year of Covid-19 spreading across the globe as a pandemic with strong impact on the world economy and global end markets. We not only steered our ams business successfully through the challenges of the pandemic, but were able to achieve historical records in revenues and adjusted operating result for the ams business in this unprecedented situation.

As ams and OSRAM we are combining the highly complementary portfolios of two leaders in optical technologies into a compelling offering that we do not see anywhere else in the market today. This strategic step is technology-driven and creates a powerhouse in light emission, optical components and modules, light detecting and sensing, related hardware, software and algorithms. We are able to drive breakthrough innovation for new markets and applications on our path to become the uncontested leader in optical solutions. Leveraging this platform, we are convinced that ams and OSRAM will realize strong long-term value creation for ams shareholders.

The successful closing of the tender offer for the acquisition of OSRAM in early July 2020 resulted in a shareholding of 71% in OSRAM. Later last year we concluded the envisaged Domination and Profit

and Loss Transfer Agreement with OSRAM which was approved by OSRAM shareholders in the fourth quarter. Following a legal delay the agreement came into effect in early March of this year, kicking off the actual integration of the two businesses. Ingo Bank has been appointed as CEO of OSRAM while Thomas Stockmeier has been appointed as Chairman of the OSRAM Supervisory Board. Based on operational and financial control of OSRAM we have started to implement a detailed integration roadmap to integrate systems, create one organization, and drive operational synergies.

Our financial results for the fiscal year 2020 include the OSRAM business for the second half on a 100% consolidated basis given our majority ownership of OSRAM since closing. Looking at key developments in our historical ams business last year we refer to the prior situation before the combination of ams and OSRAM which excludes the OSRAM business as we did not control OSRAM last year. For our historical ams business we are glad to report the best year in ams' history with record revenues of USD 2.29 billion and a record adjusted operating result of USD 519 million.

The historical ams consumer business was the key driver for our ams business last year. As a leader in optical sensing our historical ams business served top global OEMs for a range of consumer applications. The consumer market showed ongoing resilience over the course of 2020 despite the pandemic which benefited our historical ams consumer business, particularly when compared to other end markets. We believe changing work patterns and communication needs driven by Covid-19 were noticeable factors in this market development. Our historical ams business holds a strong position in 3D sensing technology with broad system expertise in structured light, indirect/direct time-of-flight, and active stereo vision technology. This includes high volume 3D sensing for consumer applications. As a strategic focus, our historical ams business is developing 3D system solutions based on its portfolio of VCSEL illumination, image sensing, algorithms, and software. Innovation areas include 3D dToF technology for new world-facing uses such as Augmented Reality and 3D behind the OLED display as a major future step in front-facing 3D authentication. Our historical ams business is a leading provider of light sensing and display management for consumer devices. Innovative invisible light sensing behind the OLED display (BOLED) continued its market success last year while the business was successful with ultra-small scale proximity sensing for wireless earbuds, camera-enhancing optical sensing for smartphones and active noise cancellation for ear- and headphones.

Our historical ams automotive, industrial, and medical businesses were impacted by the effects of Covid-19 last year, resulting in a weaker overall performance compared to 2019. The pandemic had a significant impact on global automotive demand in the first half which started to improve over the course of the second half. In the upcoming market for 3D LIDAR, a core sensing technology enabling the evolution



to automated and autonomous driving, our ams automotive business is strongly positioned for VCSEL illumination. An additional focus are the emerging markets in optical in-cabin sensing for comfort and safety functions such as driver monitoring, and projected lighting. Our historical ams industrial business saw a muted performance as effects from Covid-19 reduced industrial investment globally with a slow recovery starting towards year-end. This diversified business remains focused on industrial automation, HABA, and industrial imaging with a leading position in global shutter image sensing. The historical ams medical business performed well in 2020 against the backdrop of Covid-19. As a major player in medical imaging for computed tomography (CT) and digital X-ray sensors the business benefitted from success in the Asian market and Covid-19 related CT demand. Driven by the pandemic, the ams business introduced an innovative read-out solution for in vitro diagnostics. The highly accurate spectral sensing solution analyzes Covid-19 lateral flow test results for fast, robust diagnostics at the point-of-care.

We continued to invest strongly into our technology portfolio and drive developments for innovation and next generation applications. This strategic focus will not change for the combined company as ongoing substantial investments in R&D are a key element of our strategy for market leading positions and profitable growth. Combining ams and OSRAM means a powerful expansion of our capability to create differentiated solutions for new markets. We will continue to pursue significant but targeted R&D efforts to harness this exciting range of new opportunities.

Actively managing our business portfolio for innovation and growth is a central element of our strategic model. We will continue this approach as we realize and then move beyond the integration of ams and OSRAM. We have stated that we regard businesses within the Digital division of OSRAM as non-strategic, also including a business which OSRAM has already announced for disposal. Our plan is to create a combined business portfolio of ams and OSRAM which best supports our strategy in optical solutions.

In manufacturing we combine outsourcing with differentiated in-house production offering global industrial capacity across our ams and OSRAM businesses. Despite significant challenges resulting from the pandemic we ensured volume manufacturing last year and achieved high production efficiency and yields in the historical ams business. For ams and OSRAM, we plan to drive an increasing integration of both companies' production capabilities over the coming years. In our financial strategy we will pursue a path of deleveraging the group's balance sheet based on expected attractive cash generation from our businesses. Given the recently started business integration of OSRAM we have decided to suspend our cash dividend policy for fiscal year 2020 to focus resources on the integration. The Supervisory Board constructively supported our plans and backed our strategic decisions. The Supervisory Board was actively involved in preparing last year's steps related to the acquisition of OSRAM which we completed successfully. We appreciate its participation endorsing our path for integration.

We would like to thank our customers, partners, shareholders and, above all, the employees of ams. Our employees' imagination, ingenuity, energy, and dedication are cornerstones of our worldwide success. We are excited to add the employees of OSRAM to the global ams employee family, coming together as a powerful team. Together, they will drive our combined company and be the force behind our market success. The Covid-19 pandemic continues to change our way of working and running our business as a worldwide organization. Safeguarding the health and wellbeing of all employees remains our priority while we have been able to limit the effects of Covid-19 on our ams business in 2020. We would like to thank our employees for their outstanding commitment and flexibility over the course of this extraordinary and unprecedented year.

2021 will be a year of transition as we focus on all aspects of integrating the ams and OSRAM businesses to build a strong platform for long-term profitable growth. The process will extend beyond 2021 but we will start to see the shape of the future company as we complete this year. Combining the portfolios will enable outstanding opportunities for innovation, differentiation and growth in new markets, based on leadership in optical technologies. This is how we will create the uncontested leader in optical solutions.



Alexander Everke  
CEO



Ingo Bank  
CFO



Dr. Thomas Stockmeier  
CTO



Mark Hamersma  
CBO

## Preface by the Supervisory Board

Dear Shareholders,

Our extensive measures to prevent the spread of Covid-19 at our ams business locations were successful in protecting the health of our employees and ensuring the supply of our customers. Covid-19 also affected the activities of the Supervisory Board which over the course of 2020 were increasingly conducted in a virtual format, without losing efficiency. The acquisition of OSRAM was the main focus of the collaboration between the Supervisory Board and its committees and the Management Board and management of the ams group.

The main topics addressed by the Supervisory board included the capital increase in form of a rights issue, which was almost unanimously approved at the Extraordinary General Meeting in January 2020, the issue of the senior notes and convertible bond, the signing of the domination and profit and loss transfer agreement, which was also approved by an overwhelming majority of OSRAM shareholders, the roadmap to integrate the two companies, appointments to the Management Board and Supervisory Board, the combined external positioning, and importantly, the achievement of synergies. The latter will continue to be a top priority for this year. The goal for the combined company is to swiftly focus on our customers' future requirements in order to realize a sustained increase in the profitability as well as the share price.

Challenging economic conditions in several of our end markets resulting from the pandemic negatively affected our business development, yet we managed to generate record revenues and operating profit in our historical ams business. I would particularly like to thank our customers for their continued trust in us and the management and employees for their commitment in these difficult times which made this success possible. The ability of our employees and management to rapidly adjust to and cope with changing situations is engrained in the DNA of ams. This characteristic will be even more important when combining the businesses to a significantly larger ams/OSRAM group.

In 2020, the Supervisory Board held six meetings, including and excluding the Management Board, which covered the business situation and further development of the company in detail. Each member participated in all Supervisory Board and committee meetings. In the meetings and a number of direct discussions between members of the Management Board and Supervisory Board besides the monthly reports, the Management Board provided detailed information about the group's business and financial position, developments in the areas of HR, projects and technology, capital expenditures and the manufacturing situation. Other topics covered included the new groupwide organization, succession planning, updates to the global profit sharing program and preventive measures aimed at maintaining cybersecurity. In a separate full-day strategy meeting, the Supervisory Board, Management Board and management discussed longer-term technology developments and the medium-term plans for the individual business areas, which also form the basis of the annual budgets.

An important part of the Supervisory Board's activities is reviewing the decisions taken in previous years. To this end, the commercial success and the timing of the implementation of major decisions made in 2017 were analyzed last year. These included the acquisition of Heptagon and Princeton Optronics, the co-founding of software firm 7Sensing, the expansion of the filter lines and the production of optical

sensors in Singapore, the establishment of inhouse VCSEL manufacturing and the development of a number of platform projects for customer and ams. The Supervisory Board was pleased to see that the underlying expectations for most of the projects proved correct and, in some cases, were exceeded. This was particularly true for projects involving higher levels of capital expenditures. Where expectations were not met, the analysis revealed significant insights that will be incorporated into future decision-making. The Supervisory Board will conduct its regular self-evaluation again this year while all Supervisory Board members participated in a special workshop on compliance last year.

The Supervisory Board followed the Nomination Committee's recommendation to extend the contracts of Chief Technology Officer Thomas Stockmeier and Chief Business Development Officer Mark Hamersma for a further three years. Michael Wachsler-Markowitsch stepped down as Chief Financial Officer at the end of April 2020. The Supervisory Board would like to thank him for his outstanding efforts over the last 19 years and for his contribution in transforming ams from a medium-sized business focused on Europe to a global group. We were able to win Ingo Bank, the former Chief Financial Officer of OSRAM, as his successor. His many years of international experience in Europe, Asia and the U.S. and his detailed knowledge of the relevant technology markets are a particular asset for ams. After 27 (!) years, Johann Eitner stepped down as employee representative on the Supervisory Board in order to represent ams on the Supervisory Board of OSRAM. His pragmatic approach ensured good collaboration not only among the Supervisory Board members but also between the management and the employees at our Premstaetten site.

The Audit Committee met five times in 2020 and primarily discussed the creation and audit of the annual financial statements, mostly in close cooperation with the external auditors. Other areas of focus were the internal audit, the internal control and risk management systems and the reporting requirements in connection with the share and debt issues. The Technology Committee also held five meetings with the Chief Technology Officer and the management teams of the development departments. The committee focused on the implementation of the software strategy, the group's technology planning, the return on investment from development projects, innovation management and technical training within the company. In 2021, the important issues of sustainable management and the use of resources will be added to the Technology Committee's tasks.

The remuneration policy presented by the Supervisory Board in 2020 has not yet attracted sufficient approval from you. We have taken various comments on board and will present an adapted version at this year's Annual General Meeting. Whereas the Extraordinary General Meeting in January 2020 was held in the usual format, we had to conduct the Annual General Meeting as a virtual event. This year's Annual General Meeting will again be virtual and we look forward to your participation in this format.



Hans Jörg Kaltenbrunner  
Chairperson of the Supervisory Board

## OUR COMPANY

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We bring  
intelligence to light and  
passion to innovation

### Our Vision & Mission

For ams and OSRAM, our vision is to create the uncontested leader in optical solutions.

To achieve this vision, our mission is to pursue bold investments in disruptive innovation and continuous transformation that will deliver best in class profitability and growth.

### Our Company & Strategy

As ams and OSRAM, we bring intelligence to light and passion to innovation. Our portfolios complement each other perfectly: OSRAM is a leader in the field of emitting light and ams is a pioneer and leader in directing and sensing light and processing it.

Our purpose is to develop leading-edge optical technologies that enable our customers to create innovative solutions which open up new markets. With deep engineering expertise and differentiating IP, our strategy is to drive innovation that will meaningfully improve the quality of life in terms of health, safety and convenience. This is what we mean by "Sensing is Life".

We combine light emitters, optical components and modules, light sensors, driver and read-out ICs and software algorithms into optical solutions for attractive growth applications in Sensing, Visualization and Illumination. Innovation and technology leadership are key factors in our success serving the needs of leading OEMs worldwide in the Consumer, Automotive, Industrial and Medical end markets.

We leverage differentiated in-house manufacturing capabilities to strengthen our technology position and drive new applications, and outsourced production for more standard manufacturing requirements. As part of our strategy, we actively manage the broad portfolio of technologies and products that enables us to lead in optical solutions. Next to our significant investment in R&D, we strategically use technology-focused acquisitions as a means to expand our position in our target markets.

Implementing this strategic approach consistently and creatively, we achieve long-term growth, profitability and value creation for our company and its stakeholders.



## Our Talent

As ams and OSRAM, we bring together the talent of around 30,000 employees globally. Our employees drive our market success and form our most important asset as we set out to become the global leader in optical solutions. We work together from a truly global network to drive innovation and create market-leading solutions for our customers.

We combine ams and OSRAM to create a powerhouse in optical technologies. This enables us to attract and retain the best talent in the industry because we offer exciting opportunities for personal growth in a highly professional environment. For the combined company, we continue to value a broad base of creative, inventive and original thinkers who are able to drive new ideas and bring real innovation to the market.

Diversity has been part of both companies' history. In 2020, over 65 nationalities worked in locations on three continents in the historical ams business. Women comprised about 46% of the historical ams total employee base in 2020, with a higher proportion in manufacturing operations. Women accounted for around 17% of the engineering workforce in our historical ams business in 2020 and we continue our efforts to increase gender diversity in all areas of the combined company. To support gender diversity, the historical ams

business has created a mentoring and exchange platform sponsored by senior managers and plans to integrate this with programs in the historical OSRAM business.

Coming together as ams and OSRAM, we build on a clear set of core values and leadership principles for our success. We recognize every employee's effort and investment and value everyone's contribution to our performance as a company. We want to offer a dynamic, engaging and positive work environment that supports our long-term success and our employees' personal development. By establishing a new talent management landscape, we empower our employees and hold them accountable while expecting integrity in all activities. As ams and OSRAM, our priority is to harness and leverage the combined know-how and experience of the entire employee base to create a powerful team that will be hard to match in the industry.

The integration process of the two companies includes a roadmap to form a new, combined culture from central elements of both companies' heritage, building on our core values and leadership principles. Given the engagement and energy through which the employees of ams and OSRAM have been driving both companies forward, we are confident of success.



## Corporate Responsibility

### Governance

ams follows a high standard for professional practices, ethical behavior and environmental responsibility in conducting its worldwide business. For our historical ams business we have committed to adhering to the UN Global Compact which offers a recognized scope of social standards related to our workforce and our suppliers. Among others, they include the right of association, co-determination where legally provided for, and the prohibition of forced labor. We strive to improve our performance as Global Compact signatory on a continuous basis and provide an annual progress report on our website.

Our business activities are governed by our Code of Conduct which constitutes a binding set of principles and procedures for all our business functions to ensure consistent, responsible, and accountable practices. This includes the protection of employee rights across geographical locations and the prohibition of under-age labor throughout the supply chain. We follow a zero-tolerance policy on bribery and corruption, which strictly prohibits all forms of corruption and is detailed in our anti-corruption Compliance Codex. The framework includes secure anonymous channels to our Compliance Board

### Environment

Protecting the environment and sustainable resources while being successful as a business is a central element of our responsibility commitment. We have the goal to lower our global carbon emissions footprint relative to the size of our business and continue to promote technologies that allow us to consume less electricity and natural gas. As a group, we participate in CDP (formerly Carbon

for employee feedback or whistleblower information. Our Code of Conduct as well as our supplier agreements are compliant with the International Human Rights Bill core values and leadership program. We have a rigorous supplier audit system in place ranging from self-assessment to on-site audits. We also comply with the employment rights set out in international conventions of the United Nations, the International Labor Organisation and the Organisation for Economic Cooperation and Development.

Supporting our governance policies, we are now including a separate remuneration report in this Annual Report. The section offers detailed information on Management Board and Supervisory Board remuneration for ams AG as well as related policies and programs. In this context, the Supervisory Board has developed a new remuneration policy for the management of the ams Group which expands on previous policies and will be presented in the upcoming Annual General Meeting. The remuneration policy and remuneration report were both designed with the support of specialized external consultants.

Disclosure Project), to provide detailed information about our emissions footprint on a yearly basis. CDP with over 10,000 participants globally is recognized as the leading international platform for corporate disclosure of environmental information to stakeholders. We have been contributing to CDP since 2009 creating a long-term track record of quality disclosure.

Our manufacturing locations in Austria and the Philippines have been certified according to the Environmental Management System DIN EN ISO 14001 for many years while our production sites in Singapore recently received this certification. Environmental protection measures are managed, tracked and reviewed on group level within the established DIN EN ISO 14001 framework. We are implementing programs to reduce waste and consume less energy and water across the ams Group, continuously looking for new methods to improve our performance from an already high standard. As an example, a new recycling process at our Austrian site recycles 50% of the solvents used in certain manufacturing processes. We have also established an environmental product stewardship program in our historical ams

### Social

Diversity is a priority at ams and OSRAM and has been anchored in both companies' business for a long time. More detailed information on this topic is presented in the chapter "Our Talent" of this annual report.

We believe we hold responsibility as a business to engage with stakeholders in and beyond our business environment. Our historical ams business has been offering a range of additional benefits to our employees, which vary by location and geography. These include free or sponsored vaccinations, sponsored leisure activities, staff events and initiatives, volunteer opportunities, and support in special situations. Similarly, OSRAM has been offering an array of discretionary benefits above legal requirements as well as charitable and volunteer activities for employees depending on local rules and regulations. Related to external stakeholders,

business incorporating a range of measures. The ams GREEN initiative is a priority to support life cycle thinking across all areas of the group. Driving environmental product stewardship, we see ams GREEN as the guiding principle for all product development activities and manufacturing operations going forward.

Our products comply with international regulations regarding hazardous substances, including standards such as REACH, RoHS, ODS and California Proposition 65. We have also implemented a comprehensive initiative to achieve conflict minerals compliance in our direct materials as well as in our supply chain. These programs cover new as well as existing products through monitoring and validating suppliers and subcontractors.

our historical ams business has supported a variety of social initiatives and charities at the community up to the international level for many years. This includes a multi-year cooperation with SOS Children's Villages, a worldwide charity, but also community donations in case of natural disasters. OSRAM has a history of supporting social and humanitarian projects, which includes a cooperation with the German Red Cross and the Boston Children Hospital. Despite last year's Covid-19 related restrictions our historical ams business continued to contribute to social initiatives and charities as intended. While OSRAM's activities and events promoting social initiatives were affected last year, OSRAM supported local communities and organizations to mitigate the effects of the pandemic, for example by donating disinfection and protective equipment.

### Health and Safety

Health and Safety plays an important role in our responsibility efforts. We successfully received ISO 45001:2018 certification for the occupational health and safety (OH&S) management systems in all our Singapore manufacturing locations. As the safety and well-being of our employees is our priority, the evolving pandemic created an unprecedented situation last year. We quickly set up a global Covid-19 taskforce early in the year in our historical ams business and defined detailed

guidelines and safety measures for our worldwide locations, which proved to be very effective. While we maintained volume production in our historical ams business, we successfully mitigated the effects of the pandemic in the workplace globally. We also follow a zero-accident policy to safeguard the health and safety of our employees, thoroughly analyzing the very limited number of accidents per year to avoid incidents for the future.

### Sustainability strategy and corporate responsibility

As part of our continuous improvement and with the integration of ams and OSRAM now underway, we have started to create a comprehensive and integrated sustainability strategy for the combined company. We are implementing an analysis and stakeholder survey according to Global Reporting Initiative (GRI) standards. The related results will be harmonized with the existing framework of OSRAM to build a sustainability strategy for the group. OSRAM can draw on its long-term experience in extended ESG reporting as demonstrated by high ratings and several awards received over the last

years. We look forward to leveraging this success by integrating both companies' programs into one strategy in the coming twelve months. In this context we are also defining a roadmap to expand our reporting in line with GRI requirements. As part of the integration of ams and OSRAM we will also integrate the broader range of both companies' corporate responsibility initiatives into a consistent responsibility approach for the combined company.



## OUR BUSINESS

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“Sensing is life” for us

ams and OSRAM are a worldwide leader in light emitters and optical sensing serving the global market for optical technologies. Our combined portfolio spans light emission, optical components and modules, light sensing and detection, related ICs, algorithms and software, offering an industry-leading platform for optical applications. “Sensing is Life” for us and we are focused on innovative products and solutions for the Automotive, Consumer, Industrial and Medical end markets.

### [We enable innovation in mobile and wearable consumer applications](#)

Our solutions are embedded in current applications and support upcoming applications such as accurate facial authentication, secure payments, convenient access management, camera enhancement, 3D imaging and Augmented Reality (AR), driving differentiation in 3D sensing. We serve all 3D architectures – time-of-flight, active stereo vision and structured light – with a broad portfolio of 3D technology and IP from VCSEL light sources and NIR sensing to algorithms and software, which we believe is unparalleled in the industry. This enables us to offer system-level solutions and drive innovation in areas like world-facing 3D direct time-of-flight for new AR/Virtual Reality applications and next generation 3D sensing for face authentication that is invisible behind the display. We provide optical sensing solutions to optimize display functionality in consumer devices including color, ambient and proximity sensing behind the OLED display (BOLED) and to enable high quality photographs for the camera user.

Next generation displays will be built on micro LEDs, ultra-miniaturized light emitters that consume significantly less power and deliver outstanding visual performance. We are strongly positioned in this innovation area and drive the

industrialization of the complex technology. With our combined portfolio we plan to move even further, realizing seamless full sensor-display integration for optical sensing technologies. Earlier on, mini LEDs will improve the user experience for current display panels.

**We enable innovation in automotive mobility applications**

We are a global leader and innovator in automotive lighting where we enable an expanding range of exterior and interior applications including exterior LIDAR systems. LIDAR 3D technology enables safer driving and is a key architecture for higher level assisted driving (ADAS), automated driving and autonomous vehicles. We are building a leadership position in LIDAR illumination with a complementary range of emitter solutions. As LIDAR applications will see accelerating adoption in the coming years, we expect attractive growth in this sizeable new market. We are successful across architectures at a range of customers in several programs: Our high power VCSEL arrays and drivers enable true solid-state and flash LIDAR with addressable arrays offering multiple fields-of-view. Strong in edge-emitting laser illumination, we power systems based on MEMS and mechanical mirrors.

Our component and module solutions for exterior lighting and signaling are based on high performance LEDs and include advanced applications such as matrix LED headlights for maximum visibility and iconic styling, future pixelated lighting or projected lighting using miniaturized projectors. Tomorrow's automotive interior will be very different in appearance and functionality. We drive new generations of head-up displays which will include AR in the future, and control systems such as advanced gesture control for safer driving. Smart LED lighting increases comfort and will help to improve

onboard wellbeing. Driver and in-cabin monitoring based on optical sensing detects driver alertness or seat usage for improved safety and comfort while micro LED displays are expected to create opportunities in the future. An attractive aftermarket business across lighting technologies rounds off our strong position in the automotive market.

**We enable new medical and health applications**

From imaging to Smart Health solutions, we focus on non-invasive and point-of-care technologies for healthcare professionals and consumers. We are pioneering innovative biometric optical sensing for fitness tracking, health monitoring and analysis. Intelligent optical sensors integrate into wearable or even disposable devices to accurately measure vital signs including heart rate, temperature and blood oxygen saturation. As a worldwide leader in medical imaging, our image sensing solutions for computed tomography (CT), digital X-ray and mammography provide medical practitioners with a window into the body. We enable sharp diagnostic images at lower doses of radiation and our low noise sensors power next-generation CT scanners, including the latest photon counting technology. Disposable medical endoscopes are built around our micro cameras for high quality imaging.

Driving innovation in in-vitro diagnostics, our spectral sensing allows to detect biomarkers such as viruses and bacteria at the point-of-care. We optically analyze lateral flow test results with laboratory-grade accuracy for fast cloud-assisted diagnostics. Helping early Covid-19 detection today, the technology creates broader growth opportunities in Digital Health for the in-vitro market. Our innovative LED UVC technology targets the growth market for disinfection and pathogen decontamination as UV light is a chemical-free, highly efficient disinfectant. Safe, robust and



effective, UVC supports consumer health, industrial and medical applications which include extremely space-saving disinfection systems and new approaches in phototherapy.

**We enhance the sensing landscape in industrial applications**

For Industry 5.0, the next stage of sensor-rich automation, we realize a wide range of optical applications that enable customers to transform their production processes. In factory automation for Industry 5.0, 3D sensing is an important new technology to avoid collision and for human-machine interaction. We serve the growing robotics market with different 3D architectures that enhance so-called cobots (collaborative robots) which closely cooperate with humans and automated guided vehicles which carry objects across production areas and warehouses. For secure access control, we offer 3D face authentication solutions that implement touchless access for residential and commercial buildings. Our high-performance global shutter sensors create an industry-leading position in fast high-resolution image acquisition. Together with compact IR illumination for cameras and near-IR spectroscopy, we enable a multitude of industrial growth applications across security monitoring, Industrial IoT, traffic control, high-speed inspection and machine vision.

**We enable specialty lighting applications**

Lighting can be more than just illumination. As a leader in specialty lighting, we offer the right components and technology for complex solutions. In horticulture, the potential of LED light and sensors drives major agricultural innovation to naturally enhance harvests and maximize limited resources. We are an expert in LED lighting that improves professional plant and flower farming via growth-optimizing wavelengths. Spectral sensing technology enables real-time monitoring of illumination and plant growth, plant health analysis via drone imaging and monitoring of grain harvests and storage.

Smart LED indoor lighting can be designed to positively impact our well-being, productivity or learning potential through human-centric lighting. Combining advanced LED lighting and spectral sensing, we help to better manage our circadian rhythms and optimize daylight patterns in different settings. For professional outdoor lighting and entertainment lighting, our portfolio of cost-effective LED solutions and related sensing delivers outstanding performance and lifetime, together with new functionalities. Our solutions contribute to safety, beautify the public environment and create emotional attachment while offering more sustainable lighting choices.



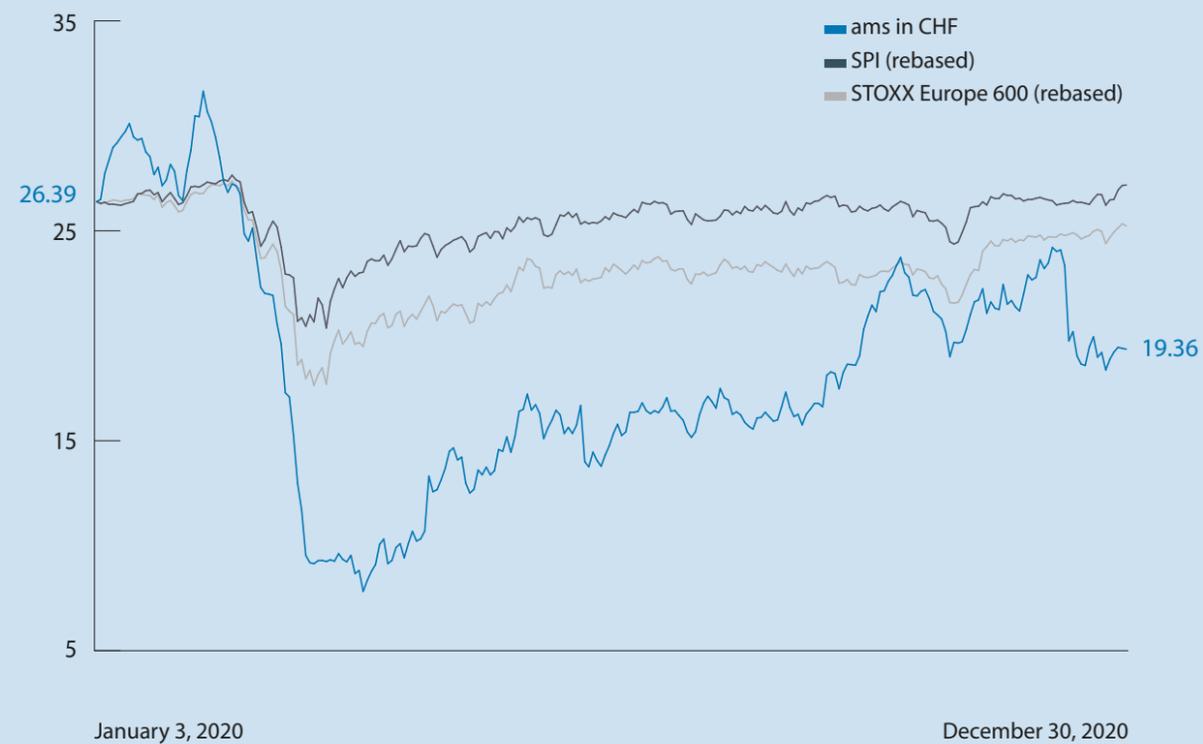
# INVESTOR RELATIONS AND EXECUTIVE BODIES

## Investor Relations

The combination of ams and OSRAM creates a broad range of opportunities for profitable growth in the future which ams expects to emerge over the coming years. At the same time, ams expects to create value from realizing substantial synergies between the businesses. Realizing the integration of OSRAM and ams therefore offers meaningful potential for value appreciation of the ams share. The ams share saw a volatile development through 2020, particularly due to the effects of the Covid-19 pandemic on global end markets and specific aspects related to the acquisition of OSRAM including financing transactions.

Following approval in a shareholder meeting at the beginning of the year, ams implemented the planned equity financing for the acquisition of OSRAM in form of a EUR 1.65bn rights issue in spring 2020. The transaction was successfully concluded during a period of exceptional equity market volatility which occurred in the first quarter driven by the evolving Covid-19 pandemic. The ams share price development showed a downward reaction in that period that not only reflected the challenging market environment, but also the increase in total shares outstanding from the rights issue. The equity transaction primarily served to secure the closing of the tender offer for the acquisition while appropriately improving the balance sheet structure of ams. From around mid-year onwards the ams share price began to show a strong positive development which reflected ongoing resilience in consumer demand and a slowly emerging improvement in the non-consumer business, namely Automotive, in the second half. In addition, ams closed the tender offer for the acquisition of OSRAM in early July 2020 having received all required regulatory approvals

ams share price development<sup>1)</sup>



1) Reflects increased share count after capital increase in spring 2020

as expected. Continuing the planned process for the integration of OSRAM, ams concluded the envisaged Domination and Profit and Loss Transfer Agreement (DPLTA) with OSRAM in September 2020 which OSRAM shareholders approved with overwhelming majority in November 2020. These milestones offered additional support for the ams share price. Taking into account the difficult capital market situation in spring last year, the ongoing impact of Covid-19 on world economies and end markets through the year and the financing transactions for the acquisition of OSRAM, the ams share ended the year 27% lower compared to the beginning of the year.

ams successfully implemented several additional financing transactions last year including a high yield bond and a convertible bond issue. These transactions served to secure diversified funding for the DPLTA with OSRAM as well as future steps to achieve the full integration of OSRAM. The combined EUR/USD high yield bond was successfully placed with international investors, including in Europe and the US, as a first time issuer in this market. ams had previously decided to suspend its cash dividend policy to focus on strengthening its business in the context of the acquisition of OSRAM. To support the integration of OSRAM, which recently started, ams has also decided to suspend its cash dividend policy for fiscal year 2020. ams has an authorized share buyback program under which the company bought back 13,714,464 shares in 2020, equivalent to 5% of total issued shares at year-end 2020. This followed a placement of the previously held treasury shares before the rights issue in spring 2020 as own shares do not receive subscription rights in a rights issue under Austrian law. ams plans to use a major portion of treasury shares resulting from its buyback activities to cover employee long-term incentive plans.

At the Annual General Meeting in June 2020, the agenda items subject to a vote were approved with an overwhelming majority except the agenda item on a new remuneration policy. ams expects to introduce an agenda item related to the remuneration policy in the upcoming Annual General Meeting.

ams continued its extensive investor relations activities last year, particularly based on its quarterly reporting and regular presentations to research analysts, press, and institutional investors. Despite the Covid-19 restrictions, ams held road shows covering Europe, North America and Asia/Pacific through the year in a virtual format. These also included investor relations activities related to the debt and equity financing transactions which ams successfully completed last year. International investor conferences, also held in a virtual format, were a further means to access existing shareholders and identify potential new investors. Given the acquisition of OSRAM and ams' global business with a strong presence in Asia, ams saw additional interest from investors outside Europe in spite of Covid-19 related end market impacts.

The "Investor" section of the company website ams.com offers a comprehensive range of financial reports, press releases, presentations, audio releases, general meeting information and additional data on the ams share.

ISIN: AT0000A18XM4  
Securities code: 24924656  
Ticker symbol (SIX Swiss Exchange): AMS  
Reuters / Bloomberg: AMS.S / AMS SW



## Executive Bodies

### Management Board

Alexander Everke (CEO)  
 Ingo Bank (CFO, since May 2020)  
 Michael Wachsler (CFO, until April 2020)  
 Dr. Thomas Stockmeier (CTO)  
 Mark Hamersma (CBO)

### Supervisory Board

Guido Klestil (Honorary Chairman)  
 Hans Jörg Kaltenbrunner (Chairman)  
 Michael Grimm (Deputy Chairman)  
 Loh Kin-Wah  
 Tan Yen Yen  
 Prof. Dr. Monika Henzinger  
 Brian Krzanich  
 Andreas Pein (employee representative)  
 Günter Kneffel (employee representative, since October 2020)  
 Sabine Radesey (employee representative, since October 2020)  
 Johann Eitner (employee representative, until July 2020)  
 Bianca Stotz (employee representative, until September 2020)



# CORPORATE GOVERNANCE

ams AG ("ams") is a stock corporation under Austrian law listed on the SIX Swiss Exchange in Switzerland and subject to the compulsory regulations of the SIX Swiss Exchange's directive concerning information on corporate governance ("Swiss Corporate Governance Directive"). The Swiss Corporate Governance Directive is available at <https://www.ser-ag.com/en/topics/corporate-reporting.html>. This chapter also contains the Corporate Governance report information according to the stipulations of Austrian law as far as applicable to ams.

In this context, ams points out that Austrian Corporate Law differs from the Swiss model in terms of the structure of its corporate bodies, their duties and their accountability. Hereinafter, the Austrian terms for the corporate bodies will be used. Corporations that are not constituted according to the Swiss Code of Obligations are required correspondingly to meet the regulations of the Swiss Corporate Governance Directive, which is formulated in close correspondence with the Swiss Code of Obligations. Consequently, there follows a brief description of the particular features of the Austrian organizational structure:

– The Management Board is responsible for the management and representation of the company. It is not subject to instructions by the shareholders or the Supervisory Board, acting rather on its own responsibility and without instructions. Where the Swiss Corporate Governance Directive calls for information on the Executive Board, corresponding details on the Management Board are provided. Nevertheless, the function of the Management Board does not correspond exactly with that of the Executive Board under Swiss law.

– The Supervisory Board is in charge of appointing and dismissing the Management Board and, in particular, supervising it in its management of the business. Furthermore, specific legal transactions also require the Supervisory Board's approval. Where the Swiss Corporate Governance Directive calls for information on the Administrative Board corresponding details on the Supervisory Board are provided. Nevertheless, the function of the Supervisory Board does not correspond exactly with that of the Swiss Administrative Board.

– The Annual General Meeting, functioning as the supreme means of decision-making body for a company, is responsible for appointing and dismissing the members of the Supervisory Board and the appointment of the auditor. Where the Swiss Corporate Governance Directive calls for information on the General Meeting corresponding details on the Annual General Meeting are provided. The Swiss and Austrian legal systems differ with regard to these two institutions.

## 1. Corporate Structure and Shareholders

### 1.1 Group Structure

ams AG, with headquarters in Premstaetten, Austria, has been officially listed on the main segment of the SIX Swiss Exchange since May 17, 2004 (securities number 24924656, ISIN AT0000A18XM4). On the reporting date, the company had a market capitalization of approximately CHF 5.0 billion. ams' business activity is divided into the business segments Consumer, Non-Consumer and OSRAM. The Segment "Consumer" is comprised of products and sensor solutions targeting the mobile, consumer and communications markets. The segment "Non-Consumer" is comprised of products

and sensor solutions targeting the industrial, automotive and medical markets. In the segment "OSRAM", ams reports the business of OSRAM Licht AG, which remained an independent majority-owned subsidiary by ams since the completion of the public takeover offer by ams AG in July 2020 until the end of the reporting year and has been contractually consolidated with ams since March 3, 2021 by virtue of the domination and profit and loss transfer agreement between ams Offer GmbH and OSRAM Licht AG. OSRAM is active in the light emitter market, in particular in the area of automotive lighting and is additionally active in the areas visualization, sensors and light-based applications.

The company management of the ams-Group is done by the Management Board of ams with the involvement of a Management Team, which includes managers responsible for managing the business areas within the framework of the strategy defined by the Management Board. The respective managers report directly to the Management Board of ams. Further information on the business segments is provided in the Notes to the Consolidated Financial Statements under item 2 (page 110 of this report).

The company has active unlisted direct subsidiaries; there are no listed subsidiaries. OSRAM Licht AG, with its registered office in Munich, represents a listed indirect subsidiary, as ams Offer GmbH, a fully owned subsidiary of ams AG, owns 71% of OSRAM as of the reporting date. OSRAM Licht AG is listed on the XETRA market in Germany (ISIN: DE000LED4000). Its market capitalization was approximately EUR 4.9 billion as of the reporting date.

The following table lists the company's direct active subsidiaries:

Company	Head office	Equity in EUR	Percentage of shares held
ams France S.à.r.l.	Vincennes	-7,112	100%
ams Italy S.r.l.	Milan	1,721,661	100%
ams International AG	Rapperswil	199,993,241	100%
ams R&D UK Ltd.	Launceston	416,522	100%
ams Japan Co. Ltd.	Tokyo	825,953	100%
ams Asia Inc.	Calamba City	26,745,920	100%
ams Semiconductors India Private Ltd.	Hyderabad	498,074	100%
Aspern Investment Inc.	County of Kent	3,909,905	100%
ams Sensors Hong Kong	Hong Kong	931	100%
AppliedSensor Sweden AB	Linköping	24,699,095	100%
CMOSIS International NV	Berchem	73,292,289	100%
ams Sensors Germany GmbH	Jena	-7,203,095	100%
ams Sensors Holding Asia Pte. Ltd.	Singapore	116,147,131	100%
ams Sensors Asia Pte. Ltd.	Singapore	-80,952,528	100%
ams Offer GmbH	Munich	1,101,125,108	100%
ams Sensors Taiwan Pte. Ltd.	Taiwan	611,642	100%

The following list includes the listed active subsidiaries of the Group as of the reporting date:

Company	Head office	Equity in EUR	Percentage of shares held*
OSRAM Licht AG	Munich	1.343.481.913	71%

\*indirect

Additional information on all group entities is available the financial section of this Annual Report (page 168).

### 1.2 Significant Shareholders

Since January 1, 2016 ams is subject to article 120 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FMIA) including the Ordinance of the Swiss Financial Market Supervisory Authority on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIO-FINMA). Pursuant thereto, ownership interests in companies with registered office outside of Switzerland whose equity securities are mainly listed in whole or in part in Switzerland must also be notified to the issuer company and to SIX Swiss Exchange when the holder's voting rights reach, increase above or fall below the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% and 66 2/3% of voting rights (exercisable or not). On the reporting date, the following ownership interests had been notified to ams:

Temasek Holdings Private Limited	5.40%
ams AG (treasury shares)	4.97%
BlackRock, Inc.	4.67%
UBS Fund Management (Switzerland) AG	3.94%

Information on significant shareholders or groups of shareholders filed with ams and the Disclosure Office of SIX Swiss Exchange in accordance with article 120 FMIA can also be viewed on the Disclosure Office's publication platform at <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

### 1.3 Cross Shareholding

No cross shareholdings exist at this time.

## 2. Capital Structure

### 2.1 Capital

As of December 31, 2020, ams' ordinary capital amounted to nominally EUR 274,289,280.00, divided up into 274,289,280 no-par-value bearer shares with a calculated nominal value of EUR 1.00 per share.

As of December 31, 2020, ams' authorized capital amounted to nominally EUR 8,441,982.00, divided up into 8,441,982 no-par-value bearer shares with a calculated nominal value of EUR 1.00 per share.

As of December 31, 2020, ams' conditional capital amounted to nominally EUR 35,870,910.00, divided up into 35,870,910 no-par-value bearer shares with a calculated nominal value of EUR 1.00 per share.

Further information on the share capital is available at: <https://ams.com/share-capital>. Articles of Association of ams AG are available at <https://ams.com/corporate-governance>.

### 2.2 Authorized and Conditional Capital in particular

(The figures shown reflect the situation at the time of authorization, unless stated otherwise.)

Articles of Association of ams AG are available at <https://ams.com/corporate-governance>.

### Authorized Capital

In June 2018 the Management Board was authorized by the Annual General Meeting to increase until June 5, 2023 – if required in several tranches - the share capital by up to EUR 8,441,982.00 by issuing up to 8,441,982 new shares with a nominal value of EUR 1.00 per share (no-par value shares) against cash and/or contribution in kind what represents 3% of the existing share capital as of the reporting date. In doing so, the Management Board can determine, in agreement with the Supervisory Board, the terms of issue and further details of the implementation of the capital increase (Authorized Capital 2018). For the Authorized Capital 2018, subscription rights may be excluded with the approval of the Supervisory Board. As of December 31, 2020, no shares have been issued from the Authorized Capital 2018.

### Conditional Capital

The Management Board was authorized in June 2015 to conditionally increase the share capital until June 2020 pursuant to § 159 paragraph 2 sub-par 3 Austrian Stock Corporation Act (AktG) in a manner that the share capital is increased up to EUR 5,000,000 by issuance of up to 5,000,000 no-par bearer shares (no-par value shares) which represents 2% of the existing share capital. The purpose of the Conditional Capital 2015 was to grant stock options to employees, officers and directors of the Company and any company affiliated within the scope of the Performance Stock Unit Plan (PSP) over a period of 5 years (Conditional Capital 2015). In 2020, 5 years after the authorization, the Conditional Capital 2015 expired, no shares have been issued from the Conditional Capital 2015.

The Management Board was authorized in June 2017 to conditionally increase the share capital until June 2022 pursuant to § 159 paragraph 2 sub-par 1 Austrian Stock Corporation Act (AktG) in a manner that the share capital is increased by up to EUR 8,441,982 by issuance of up to 8,441,982 no-par bearer shares with a nominal value of EUR 1.00 per share (no-par value shares). That represents 3% of the existing share capital as of the reporting date. The purpose the Conditional Capital 2017 was the issuance of financial instruments pursuant to § 174 Austrian Stock Corporation Act (AktG) (Conditional Capital 2017). In September 2017, the Management Board decided to place a convertible bond committing a portion of the Conditional Capital 2017 of 3,273,858 new ordinary no-par bearer shares (no-par value shares) as underlying for the possible conversion of the convertible bond (USD 2017).

In February 2018, the Management Board decided to place another convertible bond committing a further portion of the Conditional Capital 2017 of 4,410,412 new ordinary no-par bearer shares (no-par value shares) as underlying for the possible conversion of the convertible bond (EUR 2018). Consequently, 7,684,270 shares of the Conditional Capital 2017 have been committed after the issuance of both convertible bonds.

Due to the capital increase carried out in April 2020, the conversion prices of the USD 2017 and EUR 2018 convertible bond were adjusted based on the defined dilution protection, which consequently decreased the conversion price of both convertible bonds and increased the number of shares underlying to cover a potential conversion. Therefore, as of December 31, 2020, 8,441,982 shares of the Conditional Capital 2017 have been committed for the above-mentioned

convertible bonds. For the Conditional Capital 2017, subscription rights were excluded with the approval of the Supervisory Board. No shares have been issued from the Conditional Capital 2017.

The Management Board was authorized in June 2020 to conditionally increase the share capital until June 2025 pursuant to § 159 paragraph 2 sub-par 1 Austrian Stock Corporation Act (AktG) in a manner that the share capital is increased by up to EUR 27,428,928.00 by issuance of up to 27,428,928 no-par bearer shares with a nominal value of EUR 1.00 per share (no-par value shares) for the purpose of the issuance of financial instruments pursuant to § 174 Austrian Stock Corporation Act (AktG) (Conditional Capital 2020). That represents 10% of the existing share capital as of December 31, 2020. In October 2020, the Management Board decided to place a convertible bond committing 27,428,928 new ordinary no-par bearer shares (no-par value shares) of the Conditional Capital 2020 as underlying for the possible conversion of the convertible bond (EUR 2020). For Conditional Capital 2020, subscription rights were excluded with the approval of the Supervisory Board. As of December 31, 2020, 27,428,928 shares of the Conditional Capital 2020 have been committed for the above-mentioned convertible bonds, as no convertible bonds had been converted.

### 2.3 Changes in Capital

In total, the ams Group's shareholders' equity amounted to EUR 667.6 million as of December 31, 2016, to EUR 828.6 million as of December 31, 2017, EUR 1,293.75 million as of December 31, 2018, EUR 1,689.67 million as of December 31, 2019 and EUR 3,027.15 million as of December 31, 2020. The majority of the increase of the Group's equity in 2020 is based on the capital increase in connection with the takeover of OSRAM Licht AG. Information about the changes in shareholders' equity over the last two reporting years is provided in the section entitled "Consolidated Statement of Changes in Shareholders' Equity according to IFRS from January 1, 2020 until December 31, 2020" in the financial section of this Annual Report (page 93).

### 2.4 Shares and Participation Certificates

On the reporting date, ams' share capital consisted of 274,289,280 common no-par-value shares issued to bearer with a calculated nominal value of EUR 1.00 per share. In connection with the takeover of OSRAM Licht AG, a capital increase of 189,869,454 shares was carried out in April 2020 in form of a rights issue. Every bearer of a common share has the right to vote and is entitled to receive dividends; there are no preferential rights. Each share grants one vote. All shares are equal in terms of the company's residual assets; all capital was paid in. There are no participation certificates.

### 2.5 Dividend-right Certificates

There are no dividend-right certificates.

### 2.6 Limitations on transferability and nominee registrations

The company only has bearer shares outstanding. There are no restrictions on transferability or rules on nominee registration.

### 2.7 Convertible Bonds and Option Plan

#### Convertible Bonds

In September 2017, the Management Board passed a resolution to place a convertible bond. Consequently, the company issued a convertible bond in an aggregate nominal amount of USD 350 million with a 5-year maturity and a conversion premium of 50%, resulting in a conversion price of USD 106.91 per share.

In February 2018, the Management Board passed a resolution to place another convertible bond. Consequently, the company issued a convertible bond in an aggregate nominal amount of EUR 600 million

with a 7-year maturity and a conversion premium of 45%, resulting in a conversion price of EUR 136.04 per share. Based on a convertible bond buyback program in 2019, the outstanding amounts decreased to USD 320.4 million and EUR 524.4 million respectively.

Due to the capital increase carried out in April 2020, the conversion prices of the USD 2017 and EUR 2018 convertible bonds were adjusted based on the defined dilution protection, which consequently decreased the conversion price of both convertible bonds and increased the number of shares underlying to cover a potential conversion. The new conversion prices are USD 65.88 for the USD 2017 convertible bond and EUR 83.84 for the EUR 2018 convertible bond. This results into underlying shares of 4,863,056 no-par bearer shares (no-par value shares) for the USD convertible bond and 6,254,831 no-par bearer shares (no-par value shares) for the EUR convertible bond what represents 2% of the existing share capital for USD 2017 and 1.8% of the existing share capital for EUR 2018 as of the reporting date. The respective underlying ordinary no-par bearer shares are partially covered by the Conditional Capital 2017 of 8,441,982 shares what represents 10% of the existing share capital. The remaining portion is covered by treasury shares.

In October 2020, the Management Board passed a resolution to place a new convertible bond. Consequently, the company issued a convertible bond in an aggregate nominal amount of EUR 760 million with a 7-year maturity and a conversion premium of 47.5%, resulting in a conversion price of EUR 27.72 per share. The convertible bond has 27,428,928 new ordinary no-par bearer shares (no-par value shares) underlying for the potential conversion, which is fully covered by the Conditional Capital 2020.

Detailed information on the convertible bonds is available at <https://ams.com/fixed-income>.

#### Options Plans

##### Stock Option Plan 2011

In connection with the acquisition of TAOS Inc., the company committed to grant options to certain employees of TAOS Inc. by issuing a Stock Option Plan, which – as far as legally possible - matches the number of options and the option plan which has been granted to those employees under the TAOS Inc. - „Equity Incentive Plan 2000“. To fulfil this obligation, the Management Board of ams adopted a Stock Option Plan 2011 (SOP 2011), which the Supervisory Board of ams AG approved on July 9, 2011. The SOP 2011 comprises unvested options and vested options. Each option granted entitles each employee to purchase one share of the company. For holders of unvested options the exercise price equals the original exercise price under the TAOS Inc. plan. This price is in the range of USD 0.19 and USD 3.96. Certain employees of TAOS Inc., who held a small number of TAOS Inc. shares („Small Shareholders“), were granted exercisable options for shares of the Company as compensation for shares of TAOS Inc. held by them prior to the transaction (vested options). The option exercise price for these options is CHF 8.27 which is the average of the market price of the shares of the company on the SIX Swiss Exchange within 30 days following the date of grant of options. The options will expire between September 3, 2017 and June 8, 2021. The options of the Small Shareholders expire ten years after the date of issuance, therefore on July 12, 2021. Anti-dilution measures were taken for the option plan as part of the capital increase in April 2020. As a result, the exercise price was reduced to EUR 3.86 per share and further options in the amount of 6,734 were granted. In total, 1,137,454 options (incl. dilution measures) were distributed from SOP 2011 what represents 0.4% of the existing share capital as of the reporting date. Of these, 1,071,976 options were exercised as of the reporting date.

##### Stock Option Plan 2013

The Supervisory and Management Boards decided to adopt an additional Stock Option Plan on August 28, 2013 (SOP 2013). It comprises a maximum of 2,000,000 options, of which (i) up to 1,575,000 options may be granted to employees and executive employees and (ii) up to 235,000 options may be granted to the Chairman of the Management Board / Chief Executive Officer and up to 190,000 options may be granted to the Chief Financial Officer. This corresponds to 2.8% of the nominal capital of the Company at that time. Each option entitles the relevant employee, executive employee and/or managing director (collectively “Participants”) to acquire one no-par value ordinary share of ams. The available options were to be granted during the year 2013 after prior resolution by the SOP committee. All options granted must be exercised by June 30, 2021. The exercise price for the new shares corresponds to the average strike price within the last three months before the granting of the stock options. For 50% of the granted options, options can be exercised to the extent of 33% of the grant on the first, second and third anniversary of the options grant date at the earliest. For the other 50% of the granted options, the earliest date for exercising is the third anniversary of the options grant date depending on the achievement of the following criteria: (i) The benchmark growth of the market (sales growth of the analog semiconductor market as published by WSTS) has to be surpassed in the period 2013-2015 with stable gross margins (not to be lower than in 2012; adjusted for extraordinary impacts related to a positive long-term development of the business such as e.g. acquisition costs or financing costs). If this does not apply to the whole period, but only to single calendar years, a quota of one third of the exercisability for the relevant year has to be taken into account. (ii) Over the period from 2013 to 2015 an increase of earnings per share has to be achieved. If this does not apply to the whole period, but only to single calendar years (provided that earnings per share are not lower than in 2012), a quota of one third of the exercisability for the relevant year has to be taken into account. As part of the capital increase in April 2020, anti-dilution measures were taken for the option plan. As a result, the exercise price was reduced to EUR 8.02 per share and additional options in the amount of 95,005 were granted. In total, 1,666,010 options (incl. dilution measures) were distributed from SOP 2013 what represents 0.6% of the existing share capital as of the reporting date. Of these, 1,319,522 options were exercised as of the reporting date.

##### Long Term Incentive Plan 2014

The Supervisory and Management Boards decided to adopt a Long Term Incentive Plan on October 17, 2014 (LTIP 2014). It comprises a maximum of 5,124,940 options which corresponded to approximately 7% of the share capital of the Company at the time. Each option granted entitles each participant (members of the Management Board, senior executives and selected employees) to purchase one share of the Company. The available options were to be granted during the year 2014 for the first time after prior resolution by the LTIP committee. All options granted must be exercised ten years after granting date at the latest and the exercise price for the new shares is EUR 1.00. Issuance of the options is subject to the following criteria: a) approval of the plan by the Annual General Meeting; b) exercisability of 50% of the options depends on an increase of earnings per share measured over a period of three years compared to the earnings per share of the year prior to the respective grant; c) exercisability of the remaining 50% of the options depends on the comparison of total shareholder return over a period of three years to a defined benchmark group of semiconductor companies. The earliest date for exercise of options is three years after grant and the LTIP committee's decision about fulfilment of the above criteria. In 2019 no options from LTIP 2014 were granted to employees and management of the Company since the plan has ended in 2018. As part of the capital increase in April 2020, anti-dilution measures were taken for the option plan. As a result, the exercise price was reduced

to EUR 0.68 per share and additional options amounting to 549,324 were granted. In total, 3,455,594 options (incl. dilution measures) have been distributed from LTIP 2014 what represents 1.3% of the existing share capital as of the reporting date. Of these, 556,158 options were exercised as of the reporting date.

##### Special Stock Option Plan 2017

On June 9, 2017, the Supervisory and Management Boards adopted a Special Stock Option Plan (SSOP 2017). The SSOP 2017 comprised a maximum of 2,400,000 options at the time of the issuance which corresponded to approximately 3% of the share capital of the Company at the time. Each option granted entitles each participant (members of the Management Board, senior executives and selected employees) to purchase one share of the Company for an exercise price of EUR 27.56. The available options were granted once in 2017 after prior resolution by the LTIP committee. All granted options must be exercised by June 30, 2027. In each case, 17% of the associated options can be exercised one, two, three, four and five years after grant. The remaining 15% of the options may be exercised six years after grant. As part of the capital increase in April 2020, anti-dilution measures were taken for the option plan. As a result, the exercise price was reduced to EUR 18.63 per share and further options were granted in the amount of 915,406. In total, 3,277,406 stock options (incl. dilution measures) were granted from SSOP 2017 what represents 1.2% of the existing share capital as of the reporting date. Of these, 340,540 options were exercised as of the reporting date.

##### Special Long Term Incentive Plan 2018

The Supervisory Board and the Management Board adopted a Special Long Term Incentive Plan (SLTIP 2018) during the financial year 2018, which became effective on October 11, 2018. The SLTIP comprised a maximum of 350,000 options at the time of the issuance. This corresponded to approximately 0.5% of the share capital of Company at the time. Each option granted entitles each participant (members of the Management Board, senior executives and selected employees) to purchase one share of the Company for an exercise price of EUR 43.41. The available options have been granted once in 2018 after prior resolution by the LTIP committee. All granted options must be exercised by October 11, 2028. One-third of the options can be exercised after one, two and three years after the grant. During the fiscal years 2019 and 2020 no new options were granted from SLTIP 2018 (2018: 321,730 options). As part of the capital increase in April 2020, anti-dilution measures were taken for the option plan. As a result, the exercise price was reduced to EUR 29.34 per share and further options were granted in the amount of 143,909. In total, 465,639 stock options (incl. dilution measures) were granted from SLTIP 2018 what represents 0.2% of the existing share capital as of the reporting date. Of these, no options were exercised as of the reporting date.

##### Special Stock Option Plan 2019

In 2019 the Supervisory Board and the Management Board adopted a Special Stock Option Plan (SSOP 2019), which became effective on February 5, 2019. The SSOP 2019 serves as a replacement for the expired options under LTIP 2014 from the grant in fiscal year 2016. The SSOP 2019 comprised a maximum of 660,510 options at the time of the issuance. This corresponded to 0.78% of the Company's share capital at the time. Each option granted entitles each participant (members of the Management Board, senior executives and selected employees) to purchase one share of the Company for an exercise price of EUR 20.63. The available options have been granted once in 2019 following a resolution of the LTIP Committee. All options granted must be exercised by February 5, 2029. As part of the capital increase in April 2020, anti-dilution measures were taken for the option plan. As a result, the exercise

price was reduced to EUR 13.94 per share and additional options were granted in the amount of 263,722. In total, 924,232 stock options (incl. dilution measures) were granted from SSOP 2019 what represents 0.3% of the existing share capital as of the reporting date. Of these, 195,881 options were exercised as of the reporting date.

##### Long Term Incentive Plan 2019

On June 30, 2019, the Supervisory Board and the Management Board adopted a new Long Term Incentive Plan (LTIP 2019) to replace LTIP 2014, which became effective on September 9, 2019. Overall, the LTIP 2019 plan comprises of approximately 7.5% of the Company's share capital at the time over the course of 5 years (2019-2023). LTIP 2019 includes three different types of options: PSU (Performance Stock Unit), RSU (Restricted Stock Units) and SPSU (Special Performance Stock Units). The vesting of PSUs depends on the development of the share price of ams AG compared to a defined peer group of semiconductor companies as well as the achievement of the earning per share targets. PSUs will become exercisable 3 years after grant date. The RSUs and SPSUs can be exercised within 4 years after grant date. Each year one quarter of the total tranche of RSUs and SPSUs become exercisable. Each granted PSU and RSU entitles the participants (members of the Management Board, senior executives and selected employees) to purchase one share of the Company for an exercise price of EUR 1.00. Each granted SPSU entitles the participants to purchase one share of the Company for EUR 33.57. All granted options must be exercised by June 30, 2029. As part of the capital increase in April 2020, anti-dilution measures were taken for the option plan. As a result, the exercise price of the previously issued stock options was reduced to EUR 4.76 per share and additional options in the amount of 557,878 were granted. In total, 5,938,321 stock options were granted from LTIP 2019 what represents 2.2% of the existing share capital as of the reporting date. Of these, 9,704 options were exercised as of the reporting date.

Additional information on stock option plans is available the financial section of this Annual Report (page 114).

### 3. Supervisory Board

As of the reporting date, the company's Supervisory Board was composed of nine members, of whom three were employee representatives. The members were neither employed as members of the company's nor a subsidiary's Management Board over the last four years and are therefore non-executive. The company's Articles of Association are available at <https://ams.com/corporate-governance>.

#### 3.1 / 3.2 / 3.3 / 3.4 Members of the Supervisory Board, Other Activities, Vested Interests, Cross-Involvement, Election and Terms of Office

Insofar as nothing to the contrary is mentioned below, no material activities, vested interests or cross-involvements exist regarding the members of the Supervisory Board. Under the Corporate Governance Directive and the relevant guideline by SIX Swiss Exchange regulations of April 10, 2017, activities and vested interests are only indicated in listed Swiss and foreign organizations or ones that operate in the same or a related industry sector as the company. The information below shows committee memberships as of the reporting date, as well as former members, which were part of the Supervisory Board during the year under review.

The Supervisory Board members have been classified as independent or non-independent members according to the article 14 of the Swiss Code of Best Practice for Corporate Governance. Furthermore the Supervisory Board has set additional independence guidelines which declare that the maximum term of a Supervisory Board member is a

total of 15 years (subject to the required re-elections) and that the number of total Supervisory Board seats of a member is capped with maximum of 6 seats, while a Chairperson functions counts for two seats.

**Hans Jörg Kaltenbrunner** (Chairman), born in 1957, Austrian citizen, independent member. Member of the Supervisory Board since 2009, Chairman since 2013. Re-elected in 2018, current term of office until 2022. Having studied at the Vienna University of Business and Economics, Hans Jörg Kaltenbrunner began his professional career at the Austrian Trade Delegation in Taipei, Taiwan as Deputy Trade Delegate in 1982. From 1985 to 1994, he assumed management positions at the Hong Kong branch and in the asset management group of Creditanstalt-Bankverein. Following appointments to the management boards of RHI AG and Austria Mikro Systeme AG (ams AG), he has been a partner of Andlinger & Company since 2002 and has served as a member of management and supervisory boards of international industrial companies in this capacity.

**Michael Grimm** (Deputy Chairman), born in 1960, German citizen, independent member. Member of the Supervisory Board since 2009. Re-elected in 2018, current term of office until 2022. Michael Grimm studied Management at the University of Frankfurt and worked as a tax consultant, auditor and partner at Arthur Andersen Wirtschaftsprüfungsgesellschaft. From 1997 until 2001 he was at Hoechst AG and was involved in the transformation of Hoechst AG to Aventis. From 2002 until 2005 Michael Grimm was director of finance, accounting and investments at Grohe Water Technology AG & Co. KG, then Managing Director of Triton Beteiligungsberatung GmbH. From 2008 until 2020 he was Commercial Director of Dr. Johannes Heidenhain GmbH. From January 2019 until March 2020, Michael Grimm was a member of the Management Board of Diadur SE, and held positions in the Supervisory Board of Dr. Johannes Heidenhain GmbH and Elektronik GmbH. Since October 2020 he is a partner of WP Human Capital Group and a member of the Advisory Board of Atreus, a consulting firm.

**Brian Matthew Krzanich**, born in 1960, U.S. citizen, independent member. Member of the Supervisory Board since 2019, current term of office until 2022. Brian Matthew Krzanich joined Intel in 1982 as an engineer and held different management positions in numerous departments, such as SVP and GM of Manufacturing and Supply Chain and EVP & COO (Chief Operating Officer) responsible for global manufacturing, supply chain, human resources and information technology. In 2013 Brian Krzanich was appointed as the CEO of Intel. He led Intel's corporate strategy and operations, including development of Intel's business model and identifying emerging technologies. While serving in this role, Mr. Krzanich was credited for diversifying Intel's product offerings and workforce. Brian Krzanich is currently President and CEO of CDK Global, a leading supplier of integrated software along with digital marketing and advertising solutions to the retail automotive industry worldwide. He has served the Boards of Deere & Company and the Semiconductor Industry Association. Brian Krzanich holds a bachelor's degree in chemistry from San Jose State University.

**Loh Kin Wah**, born in 1954, Malaysian citizen, independent member. Member of the Supervisory Board since 2016. Re-elected 2019, current term of office until 2022. Kin Wah Loh has over 40 years of management experience in world leading semiconductor enterprises. He was formerly Executive Vice President, Global Sales and Marketing of NXP Semiconductors, President and Chief Executive Officer of Qimonda AG, and Executive Vice President, Communication Group of Infineon Technologies AG. He is currently Independent Director of AEM Holdings Ltd. Kin Wah Loh holds an Honors degree in Chemical Engineering from the University of Malaya, Kuala Lumpur, and a postgraduate certified diploma in accounting and finance from ACCA (UK).

**Tan Yen Yen**, born in 1965, Singapore citizen, independent member. Member of the Supervisory Board since 2018, current term of office until 2022. Yen Yen Tan held several different senior level positions in the technology and telecom sector, such as, President, Asia Pacific for Vodafone Global Enterprise, Senior Vice President of Applications for Oracle Asia Pacific, Vice President and Managing Director for Hewlett-Packard Singapore (HP) and Regional Vice President and Managing Director of Asia Pacific (South) for SAS Institute. Yen Yen Tan's current non-executive board roles include Director of Singapore Press Holdings, Director of OCBC Bank, Director of Jardine Cycle & Carriage Ltd, Director of Barry Callebaut AG and Chairman of Singapore Science Centre. She has a degree in Computer Science from National University of Singapore and an Executive MBA degree with Helsinki School of Economics Executive Education.

**Prof. Dr. Monika Henzinger**, born in 1966, German citizen, independent member. Member of the Supervisory Board since 2018, current term of office until 2022. Monika Henzinger received her PhD from Princeton University and was working as a Director of Research for Google. From 2005 until 2009, she was a professor at the School of Computer & Communication Sciences of EPFL (École polytechnique fédérale de Lausanne), heading the Laboratory of Theory and Applications of Algorithms. In 2013 she was awarded a Dr. h. c. degree from the Technical University of Dortmund, Germany. She has published over 150 scientific articles, is the co-inventor of over 80 patents, is a fellow of the ACM as well as the EATCS and is a member of the Austrian Academy of Science. Currently Monika Henzinger is a Professor at the University of Vienna, Austria, heading the research group of "Theory and Applications of Algorithms". She is a member of the Swiss and the Austria Science Board.

**Andreas Pein** (Employee Representative), born in 1964, Austrian citizen. Member of the Supervisory Board since February 2016, current term of office until 2023. Member of the Employee Council since 1998 and Chairman of the Employee Council from February 2016 to August 2016. Andreas Pein joined the company in 1986 as a data preparation technician in the mask lithography department. In 2002, he moved to the IT department where he worked as an automation engineer. Since 2018 he has been employed full-time as the deputy chairman of the Employees' Works Council.

**Sabine Radesey** (Employee Representative), born in 1974, Austrian citizen. Member of the Supervisory Board since October 2020, current term of office until 2023. She joined the company in 1994 and has worked in the Foundry department since then. Her responsibilities include the administration of user-specific customer projects incl. the organization of the corresponding value chains. Based on her more than 25 years of experience, she gained profound technical knowledge in the semiconductor industry and offers a customer-focused approach. Sabine Radesey has been part of the works council for many years and is involved through her active participation.

**Ing. Mag. Günter Kneffel** (Employee Representative), born in 1968, Austrian citizen. Member of the Supervisory Board from 1999 to 2017. Re-delegated since October 2020, current term of office until 2023. Chairman of the Employee Council and Employee Representative on the Supervisory Board with short intermissions since 1999. After completing his studies in RF Engineering and Electronics, Günter Kneffel gained more than 15 years of professional experience as a process engineer for photolithography and received a law degree in 2010.

**Johann C. Eitner** (Employee Representative), born in 1957, Austrian citizen. Member of the Supervisory Board since 1994. Re-elected in 2018, retired from the Supervisory Board in July 2020. Chairman of the Workers' Council and Employee Representative on the Supervisory

Board since 1994. During his more than 35-year career, Johann Eitner has been employed as an electrician in various positions and, since 1984, as supervisor in the mask lithography department at ams. He was trained as an electrician.

**Bianca Stotz** (Employee Representative), born in 1988, Austrian citizen. Member of the Supervisory Board since October 2017, retired from the Supervisory Board in September 2020. She joined the company in 2003 and has been a member of the Employee Council since 2005. After completing her education as an electronic technician with a focus on micro-technology, Bianca Stotz gained experience in semiconductor technology in various manufacturing areas of ams. Since 2011 she has been working in the field of training and certification of apprentices in technical and production-oriented vocations.

In June 2020 long-term Employee Representative Johann Eitner retired from the Supervisory Board. In September 2020 Bianca Stotz stepped down as an Employee Representative from the Supervisory Board as well. Consequently, Sabine Radesey and Günter Kneffel have been delegated as new Employee Representatives in October 2020.

Unless decided otherwise by the Annual General Meeting, election periods for members of the Supervisory Board are for the longest period admissible acc. to § 87 subsect. 7 of the Austrian Stock Corporation Act, i.e. until the end of the Annual General Meeting that decides on their discharge for the fourth business year after the election. For this purpose, the business year in which they were elected is not included in the calculation. Individual election or election as a group are both possible under the Articles of Association (available at <https://ams.com/corporate-governance>) and the Austrian Stock Corporation Act. The Articles of Association do not stipulate any staggering of the Supervisory Board members' terms of office.

### 3.5 Internal Organization

#### 3.5.1 Allocation of tasks in the Supervisory Board

Both the Management Board and the Supervisory Board have rules of procedure. The Supervisory Board has a Chairman and a Deputy Chairman. The Supervisory Board can appoint one or more committees from its midst for the purpose of preparing its negotiations and resolutions or monitoring the implementation of its resolutions. The Supervisory Board of ams has formed the following committees: Compensation Committee, Audit Committee, Nomination Committee, Technology Committee Long Term Incentive Plan Committee, and Convertible Bond Committee

#### 3.5.2 Members list, tasks and area of responsibility for all committees of the Supervisory Board

The information below shows committee memberships as of the reporting date.

##### – Compensation Committee

The Compensation Committee is responsible for negotiating and passing resolutions on the relationship between the company and the members of the Management Board except resolutions on appointments and dismissals of members of the Management Board (signing, adaptation and termination of the employment contracts for members and remuneration for the Management Board, etc.). The members of this committee are Hans Jörg Kaltenbrunner (Chairman) and Michael Grimm.

##### – Audit Committee

The Audit Committee is, amongst other matters, in charge of examining the annual financial statements, the management report and the proposal on the appropriation of profits, preparing the reports to be submitted to the Annual General Meeting and discussing the audit report with the auditor. The members of this committee are Michael Grimm (Chairman), Yen Yen Tan and Andreas Pein.

##### – Nomination Committee

The Nomination Committee is responsible for preparing proposals to the Supervisory Board regarding appointments to executive positions that become available on the Management Board, strategies for succession planning and, in addition, the shareholder representatives on the committee for preparing proposals to the Annual General Meeting regarding appointments to positions that become available on the Supervisory Board on the shareholders' side. The members of this committee are Brian Krzanich (Chairman), Hans Jörg Kaltenbrunner, Andreas Pein (since October 2020), Kin Wah Loh (until October 2020), Johann C. Eitner (until July 2020) and Bianca Stotz (until September 2020).

##### – Technology Committee

The Technology Committee is responsible for reviewing and assessing targets set to measure short- and long-term technical performance and its commercial results, recommendations regarding important technology strategies, including R&D developments, as well as the protection of the company's intellectual property and evaluation of future trends in technology. The members of this committee are Kin Wah Loh (Chairman), Monika Henzinger, Brian Krzanich, Sabine Radesey (since October 2020), Günter Kneffel (since October 2020), Andreas Pein (until September 2020) and Bianca Stotz (until September 2020).

##### – Long Term Incentive Plan Committee

The long-term incentive plan committee (the "LTIP Committee") is responsible for preparing the general policy and parameters of the long-term incentive plan (the "LTIP") of the ams Group for a final decision by the Supervisory Board and the Annual General Meeting to the extent required by law. Furthermore, it shall (i) periodically commission an external expert to review the general market conditions and advise on changes to the LTIP, (ii) review, change and approve the Management Board's proposal to award long-term incentives to employees of the ams Group and (iii) decide and approve the long-term incentives to members of the Management Board. The LTIP Committee consists of at least three members. The Chairperson of the Supervisory Board and his or her deputy are always members of the LTIP Committee and the Chairperson of the Supervisory Board also chairs the LTIP Committee. The members of this committee are Hans Jörg Kaltenbrunner (Chairman), Michael Grimm and Günter Kneffel (since October 2020) Johann C. Eitner (until July 2020).

##### - Convertible Bond Committee

The Convertible Bond Committee was set up ad-hoc to resolve and approve measures in connection with the terms and issue of the convertible bond in October 2020 as well as the exclusion of the shareholders' subscription rights in conjunction with the respective convertible bond offering. The members of the committee were Hans Jörg Kaltenbrunner (Chairman), Michael Grimm and Andreas Pein. The Convertible Bond Committee was dissolved after the issue of the convertible bond.

#### 3.5.3 Working procedures of the Supervisory Board and its committees

The meetings of the Supervisory Board (SB) are presided over by the Chairman and, in his absence, by a Deputy Chairman. Resolutions are passed by simple majority of the votes cast. In case of equality of votes, the Chairman's vote is decisive. The SB is entitled to request

written reports on corporate affairs and managerial issues from the Management Board at any time. In principle, the Management Board also attends the meetings of the SB and the corresponding committees in an advisory capacity. Seven to ten days in advance of a SB meeting, the members of the SB receive the meeting agenda, which has been aligned with the Chairman, and extensive information on the agenda items. The members of the SB can pose questions to the Management Board and request additional information via an internal communications tool. In the SB meeting the Management Board provides details on the development of the business including human resources, on the financial performance and on the progress of longer-term technical and commercial projects. Extensive time is allocated to discussions with the Management Board and within the SB. In accordance with the Management Board by-laws resolutions on investments, acquisitions and other proposals by the Management Board are a further important element of each SB meeting.

The SB committees are entitled to adopt a resolution which is binding for the SB only in cases where the committee has been granted such decision-making power by the SB in advance. The SB appoints a committee member as Committee Chairman and an additional committee member as the Chairman's deputy. Committee resolutions are passed by simple majority of the votes cast. In case of equality of votes, the Committee Chairman's vote is decisive.

In general, the Supervisory Board holds five scheduled meetings a year. During 2020, the Supervisory Board convened a total of six meetings and conducted one additional strategy session. In addition, the Supervisory Board held two consultative conferences followed by circular resolutions to decide on special issues relating to acquisition of OSRAM Licht AG and related financing instruments. The Supervisory Board meetings lasted an average of seven hours. Next to the debates on the current business situation and pursuing its statutory responsibilities, additional important topics of the SB included the public takeover OSRAM Licht AG, its financing as well as the respective integration, the adoption of the new group-wide organization, adjustments to the long-term incentive and profit-sharing plans and governance and cyber-security trainings. In early February 2020, all members of the Supervisory Board and management still participated in person in the SB meeting. During the course of the year an increasing number of SB members needed to resort to join via video conference due to COVID-19 related international travel restrictions. In line with the legal Austrian COVID-19 regulations all meetings were held via video conference, starting with December 2020.

The Compensation Committee assembled a total of six times with sessions lasting an average of around one hour, to assess and address the targets of the annual management bonus system, the extension and drafting of management contracts. The Audit Committee convened five times with sessions lasting an average of around two hours. In addition to their regulatory scope of activities the Audit Committee addressed special questions of the share and bond issues and additional reporting requirements of the enlarged group. The Nomination Committee convened three times with the session lasting one hour, discussing management and supervisory board nominations and succession planning. The Technology Committee convened five times with sessions lasting an average of five hours. The Committee's work focused predominantly on the group's technology roadmap, the implementation of the software strategy, the evaluation of technical projects, the ROI of engineering expenses, people management and innovation in optical sensing. The Convertible Bond Committee assembled once for one hour to approve the detailed terms of the convertible bond issue.

All members attended all meetings of the Supervisory Board and its Committees. The Chairman and Deputy Chairman of the Supervisory Board held scheduled monthly telephone conferences with all members of the Management Board and frequent one-one telephone conferences with individual members of the Management Board to discuss day-to-day business development and strategic issues. The Chairman of the Audit Committee was in regular contact with the CFO, members of the financial departments and the auditors of the company. The Chairman and members of the Technology Committee undertook various expert sessions with members of the management and technology board. The Chairman of the Nomination Committee supported the business development process of one of the business units.

Attendance of Supervisory Board (SB) members in meetings and committees in 2020 in %

SB member	Attendance SB meetings	Attendance committee meetings
Hans Jörg Kaltenbrunner (Chairman)	100%	100%
Michael Grimm (Deputy Chairman)	100%	100%
Yen Yen Tan	100%	100%
Monika Henzinger	100%	100%
Kin Wah Loh	100%	100%
Brian Krzanich	100%	100%
Johann Eitner (until July 2020)	100%	100%
Bianca Stotz (until September 2020)	100%	100%
Sabine Radesev (since October 2020)	100%	100%
Günter Kneffel (since October 2020)	100%	100%
Andreas Pein	100%	100%

### 3.6 Definition of Area of Responsibility

The Management Board of ams acts on its own responsibility and is not subject to instructions from the shareholders or the Supervisory Board. Specific legal transactions individually listed in the Austrian Stock Corporation Act require approval by the Supervisory Board. Amongst other responsibilities including succession planning and nomination and compensation of Board members, the Supervisory Board supervises the business conduct of the Management Board. This includes discussing regular updates on the company's financial and business development internally and with the Management Board and approving the company's budget for the following year. The Management Board clears the company's strategic orientation with the Supervisory Board and discusses the status of strategy implementation with the Supervisory Board at regular intervals.

### 3.7 Information and Control Instruments vis-à-vis the Management Board

The company possesses a Risk Management System, a Management Information System (MIS) and an internal audit function. Within the framework of the Risk Management System, recognizable risks in numerous areas of the company are compiled and assessed at least

twice a year. Further details on the Risk Management System are given in item 8 of the Group Management Report. The principal results are subsequently evaluated by the Management Board and brought to the attention of the Supervisory Board. The company's MIS compiles a multitude of performance indicators from various areas of the company as well as comprehensive financial information and promptly makes them available to management as processed files in electronic form. The Supervisory Board receives monthly and quarterly reports based on information from the MIS. The internal audit function compiles four audit reports per year which are made available to the Supervisory Board and cover specific areas of audit jointly defined by the Management and Supervisory Boards.

## 4. Management Board

### 4.1 / 4.2 Members of the Management Board, Other Activities and Vested Interests

Insofar as nothing to the contrary is mentioned below, no material activities or vested interests exist regarding the members of the Management Board.

**Alexander Everke**, born in 1963, German citizen. Member of the Management Board since October 2015 and Chairman of the Management Board (CEO) since March 2016. Contract term until 2021. Alexander Everke started his career in the semiconductor industry in 1991 with Siemens as Marketing Manager and Director. In 1996 he joined the Siemens spinoff Infineon as Vice President Sales responsible for the Memory Products Division. In 2001 he became Senior Vice President Sales responsible for the Global Sales Organization of Infineon. His final position with Infineon was Senior Vice President and General Manager for the Chip Card & Security ICs Business Unit before joining NXP Semiconductor UK as General Manager in 2006. In 2007 Alexander Everke became a Member of the NXP Management Team and served as Executive Vice President and General Manager for the Business Units Multimarket Semiconductors, High Performance Mixed Signal and Infrastructure & Industrial reporting in all roles directly to the CEO of NXP Semiconductor. Alexander Everke holds a Master diploma in Electrical Engineering and a Master's degree in Business Administration.

**Ingo Bank**, born in 1968, German citizen. Member of the Management Board responsible for Finance as Chief Financial Officer (CFO) since May 2020. Contract term until 2023. Ingo Bank joined ams from OSRAM Licht AG where he held the position of CFO as a Management Board member. He started his career at Philips, where he spent 18 years in various senior leadership positions, including Chief Financial Officer and Executive Vice President of Philips Healthcare and Chief Financial Officer of divisions within Philips Lighting. In 2013 he joined PAREXEL International Corporation, a provider of biopharmaceutical services, where he held the position of CFO and Senior Vice President. In 2016 he joined OSRAM Licht AG as the CFO. Since February 2021, he has also been CEO of OSRAM Licht AG. Ingo Bank holds a degree in Economics from Witten-Herdecke University, Germany, as well as a degree as Registered Controller from University Amsterdam/Maastricht, the Netherlands. Ingo Bank has lived in Europe, Asia and the United States during his more than 25-year career.

**Michael Wachslar**, born in 1968, Austrian citizen. Member of the Management Board from 2003 to 2020. He has been with ams since 2001, holding the position of Chief Financial Officer (CFO) from 2003 to 2020. During his more than 25-year career, Michael Wachslar was finance director of Ahead Communications AG and worked as a consultant and auditor for international mandates at KPMG Austria. He has extensive experience in accounting, corporate finance and tax consultancy.

Michael Wachslar studied Business Administration at Vienna University of Business and Economics (Magister degree) and founded Dynaconsult GmbH, an IT consulting firm, during the same period. He is a member of the Management Board of the Styrian Federation of Industry and heads the representative body for the electrical and electronics industries at the Styrian Chamber of Commerce Michael Wachslar resigned from the Management Board of ams AG as end of April 2020 in view of his candidacy for the Supervisory Board of ams AG in 2022. Currently he supports ams in an advisory role.

**Dr. Thomas Stockmeier**, born in 1958, German citizen. Member of the Management Board responsible for Technology (CTO) since October 2014. Contract term until 2023. He joined ams in April 2013 as Executive Vice President and General Manager of the Industrial & Medical business. Afterwards, he was appointed Executive Vice President and General Manager of the Division Sensors and Sensor Interfaces as well as Corporate Technology. Dr. Thomas Stockmeier has 35 years of broad experience in the electronics industry, gained with ABB in Switzerland and the U.S. where he spent 13 years holding various positions in R&D and management. Before joining ams, he worked at SEMIKRON for 13 years as Member of the Management Board and Chief Technology Officer (CTO) responsible for R&D, Operations, and Quality. Since 2020, he has also been Chairman of the Supervisory Board of OSRAM Licht AG. Dr. Thomas Stockmeier received a Diploma Degree in Material Science and a Doctorate Degree in Electrical Engineering from the University of Erlangen-Nuremberg.

**Mark Hamersma**, born in 1968, Dutch citizen. Member of the Management Board responsible for Business Development (CBO) since January 2018. Contract term until 2023. He joined ams in early 2016 as General Manager for the Division Environmental and Audio Sensors and head of Strategy and M&A. Mark Hamersma has 24 years of experience in the high-tech industry in strategy and business development, M&A and general management roles. Since joining ams he helped formulate ams' sensor solutions strategy and closed more than ten M&A and partnership deals. Before joining ams, Mark Hamersma was a Senior Vice President at NXP Semiconductors where over a period of 11 years he was responsible for Corporate Strategy, M&A, Strategic Marketing and Corporate Communications, and was General Manager of Emerging Businesses. Prior to that, he was a partner at McKinsey & Company focused on clients in the high-tech, telecoms and private equity sectors.

### 4.3 Management Contracts

There are currently no management contracts.

## 5. Compensation, Shareholdings and Loans

### 5.1 Content and Method of Determining Compensation and Share Ownership Programs

The Annual General Meeting is in charge of determining the remuneration of the company's Supervisory Board. A shareholder may submit a proposal for resolution to the Annual General Meeting.

The Compensation Committee, as part of the Supervisory Board, determines the fixed compensation and the criteria for the variable remuneration of the individual Management Board members for the term of the respective contract. The targets for the variable remuneration on an annual basis are determined by the Compensation Committee. The LTIP Committee determines the targets and parameters for the stock option programs of the individual Management Board members. The Management Board members do not have a right to attend these meetings. The Supervisory Board is informed about the developments in this process at least once.

### 5.3 Remuneration report in keeping with Arts. 14 to 16 of the Swiss Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC)

Detailed information on the compensation/remuneration of the Management Board is available as part of the Remuneration Report starting on page 50.

Regarding clauses on changes of control please refer to section 7.2

#### Management board shareholdings and options as of Dec. 31, 2020

Name	Function	Number of shares held	Number of options held
Alexander Everke	CEO	40.000	1.817.091
Ingo Bank	CFO	0	294.223
Thomas Stockmeier	CTO	10.825	960.322
Mark Hamersma	CBO	43.000	594.971
<b>Total</b>		<b>93.825</b>	<b>3.666.027</b>

#### Supervisory Board shareholdings and options as of Dec. 31, 2020

Amount	Function	Number of shares held as of Dec. 31	Number of options held as of Dec. 31
<b>Name</b>			
Hans Jörg Kaltenbrunner	Chairman	100,000	0
Michael Grimm	Deputy Chairman	35,000	0
Yen Yen Tan	Member	0	0
Monika Henzinger	Member	0	0
Kin Wah Loh	Member	0	0
Brian Krzanich	Member	0	0
Johann Eitner	Employee representative (until July 2020)	0	0
Bianca Stotz	Employee representative (until September 2020)	0	0
Sabine Radese	Employee representative (since October 2020)	0	147
Günter Kneffel	Employee representative (since October 2020)	0	0
Andreas Pein	Employee representative	0	406
<b>Total</b>		<b>135,000</b>	<b>553</b>

The Management Board held 34,400 shares and call options for the purchase of 1,925,994 shares of ams AG as of December 31, 2019.

For conditions, criteria, objectives and valuations of the call options for shares of ams AG based the respective stock options programs please refer to the Remuneration Report on page 59 or Note 4 "Expenses" of the Notes to the Consolidated Financial Statements (page 113-124 of this report). Persons related to the Management Board members held 4,750 shares and 0 options to purchase shares of ams AG as of December 31, 2020 (1,250 shares and 0 options as of December 31, 2019).

Detailed information on the compensation/remuneration of the Supervisory Board is available as part of the Remuneration Report starting on page 50.

#### Supervisory Board shareholdings and options as of Dec 31, 2019

Amount	Function	Number of shares held as of Dec. 31	Number of options held as of Dec. 31
<b>Name</b>			
Hans Jörg Kaltenbrunner	Chairman	0	0
Michael Grimm	Deputy Chairman	0	0
Jacob Jacobsson	Member (until June 2019)	54,000	0
Yen Yen Tan	Member	0	0
Monika Henzinger	Member	0	0
Kin Wah Loh	Member	0	0
Brian Krzanich	Member (since June 2019)	0	0
Johann Eitner	Employee representative	0	0
Bianca Stotz	Employee representative	0	0
Andreas Pein	Employee representative	0	335
<b>Total</b>		<b>54,000</b>	<b>335</b>

## 6. Shareholders' Right of Participation

### 6.1 Voting Rights and Representation Restrictions

The articles of association are available at: <https://ams.com/corporate-governance>

All shareholders of ams hold common bearer shares. Every share entitles its bearer to one vote at the Annual General Meeting. There are no voting right restrictions. Voting by proxy is only possible with a written power of attorney which remains with the company.

### 6.2 Statutory Quorums

The resolutions passed by the Annual General Meeting require the majority of the votes cast (simple majority) insofar as the Austrian Stock Corporation Act or the Articles of Association do not foresee a larger majority or additional requirements. The Articles of Association of ams AG do not call for greater majority requirements than those required by the Austrian Stock Corporation Act.

### 6.3 Convocation of the Annual General Meeting

Pursuant to the Austrian Stock Corporation Act, the Annual General Meeting is convened by the Management Board. In accordance with the company's Articles of Association, the Annual General Meeting must be convened no later than the 28th day prior to the scheduled date. The convocation is published in the "Wiener Zeitung" and announced in "Finanz & Wirtschaft".

### 6.4 Agenda

In compliance with the Austrian Stock Corporation Act, the agenda proposed for the Annual General Meeting shall be published in connection with the convocation of said meeting. No later than the 21st day before the date of the Annual General Meeting, a minority of at least 5% of the ordinary capital may demand that the agenda of a previously convened Annual General Meeting shall be supplemented. Those proposing must have been in possession of the shares for at least three months prior to making their proposal.

### 6.5 Inscriptions into the Share Register

The company only has bearer shares outstanding and therefore does not keep a share register.

## 7. Changes of Control and Defense Measures

### 7.1 Duty to Make a Public Offer

Since ams is an Austrian corporation mainly listed in Switzerland, the regulations of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FMIA) regarding public takeover offers apply at the reporting date. Under article 135 para. 1 FMIA, anyone acquiring equity securities with 33 1/3% or more of all voting rights must mandatorily make a public tender offer. The Articles of Association of ams (available at <https://ams.com/corporate-governance>) contain neither an opting-up clause (in other words, they do not raise this percentage threshold) nor an opting-out clause (i.e., they do not waive the requirement of a tender offer). At the same time, the regulations of Austrian takeover law relating to offer obligations do not apply to ams.

### 7.2 Clauses on Changes of Control

At the reporting date, no clauses on changes of control existed in agreements or plans involving members of the Supervisory Board, the Management Board or other members of management.

## 8. Auditors

8.1 Duration of the Mandate and Term of Office of the Lead Auditor  
The existing auditing mandate was assumed by KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, in 2005. Its election as auditor for the year under review was confirmed at the Annual General Meeting on June 3, 2020. The audit partner responsible for this mandate, Johannes Bauer, took office for the fiscal year 2020 and was already responsible for auditing ams in the past.

#### 8.2 Auditing Fees

The auditing firm charged auditing fees amounting to EUR 0.3 million during the year under review.

#### 8.3 Additional Fees

The auditing firm charged fees for additional consulting services amounting to EUR 0.1 million during the year under review, mostly related to capital market transactions.

#### 8.4 Supervisory and Control Instruments Pertaining to the Audit

The auditor reports to the Supervisory Board's Audit Committee both orally and in writing on a regular basis, typically several times over the course of the year. In the period under review, the auditor reported in five Audit Committee meetings, which were held in February, March, April, October, and December 2020 and attended one Supervisory Board meeting.

The auditor is monitored and evaluated by the Supervisory Board's Audit Committee at regular intervals. The auditor is selected on the basis of a tendering process that takes a broad spectrum of criteria into account. The auditor's remuneration is regularly evaluated against prevailing market fees. The lead auditor for the company rotates every five years.

## 9. Information Policy

ams is committed to an open and transparent information policy towards the stakeholders. Important information on the development of business and the share price (reports, financial information and share price data) is available on the company website <https://ams.com> in the section "Investor". The financial calendar is available at <https://ams.com/investor-calendar>. The company's ad-hoc publications concerning share-price-relevant events are available at <https://ams.com/ad-hoc>, can be subscribed via <https://ams.com/investor-contact> and are published promptly through the media in accordance with applicable regulations. ams issues quarterly reports regarding the development of its business. The publications are made available in electronic form at <https://ams.com/financial-reports>. The Annual Report may also be made available in a printed version. For the company's contact details, refer to the publishing information at the end of the Annual Report (page 182 of this report).

# REMUNERATION REPORT AMS AG FOR FISCAL YEAR 2020

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## 1. Introduction

ams Group pursues the goal of becoming the world's leading provider in the fast-growing market of optical solutions. In order to achieve this leadership position ams invests extensively in breakthrough innovations and continuous transformation. At the same time, it is important that the long-term interests of shareholders are always considered in the business strategy. As part of our compensation policy, we therefore ensure that long-term and strategic decisions are incentivized.

The remuneration policy of ams AG defines the principles on which the remuneration of its Management Board and Supervisory Board is based. The overall objective is to promote the business strategy and long-term development of the company in the interests of shareholders.

### Performance 2020

The development of the global semiconductor sector in 2020 was defined by the Covid-19 pandemic and its effects on the worldwide macro-economic environment. Demand in different end markets exhibited significant volatility as the pandemic continued to impact economies in all key regions.

Pursuing ams strategic path focused on optical technologies, ams successfully acquired the highly strategic transaction of OSRAM Licht AG (OSRAM), a leading global provider of light emitting technologies and photonics, in July 2020. As a consequence of ams' majority shareholding in OSRAM, ams started full consolidation financial results of OSRAM from 9 July 2020 onwards. This meaningfully impacted the group's financial results for the second half 2020, with significantly increased group revenues and relatively lower comparable operating profitability. ams' standalone business

expanded in 2020 despite the Covid-19 pandemic and its effects on end market demand while the company was able to increase its market presence in Asia/Pacific, Europe, and North America.

On an ams standalone basis, ams was able to achieve record results in terms of revenues and operating profit (EBIT adjusted by OSRAM transaction costs) despite the challenges involved with the Covid-19 pandemic and a subsequent rather muted demand environment in its automotive and industrial end markets.

Despite the fact that ams included the OSRAM group within its consolidation and ams is majority shareholder of OSRAM Licht AG, it still remained an independent subsidiary throughout the past financial year. Therefore, the ams standalone financial results for 2020 were used as a basis for respective annual target achievements.

### Key remuneration elements

The compensation of the Management Board generally consists of three main elements

- Fixed base salary
- Short-term variable remuneration based on annual target achievements
- Long-term remuneration based on equity incentive plans

The fixed base salary reflects an external benchmarking with respect to comparable positions in the global electronics and semiconductor industry.

The short-term annual variable remuneration is determined according to the fulfillment of annually determined performance targets for the members of the Management Board.

Based on the strong performance of the ams standalone business in 2020 all annual targets have been fulfilled and the maximum annual performance bonus of 200% has been awarded to all members of the management board. The targets for the fiscal year 2020 consisted of KPI improvements compared to 2019 in terms of Revenues & EBIT adjusted on ams-standalone basis as well as a special target linked to the closing of the OSRAM transaction. Further information is available in chapter II.3. & II.4.

The long-term remuneration consists of several stock options plans, for which the vesting of such options is generally linked to the achievement of performance criteria of KPIs, such as EPS (earnings per share) /-growth or TSR (total shareholder return) in comparison to a defined peer group. The respective stock options generally vest over an extended time period throughout the duration of the stock options plans. The capital increase in 2020 in connection with the OSRAM transaction has led

to an increased number of outstanding shares, which has been reflected in the stock options plans accordingly. Further information is available in chapter II.5.

### Board changes

As announced in March 2020 ams' long-term CFO Michael Wachsler decided to step down effective end of April 2020. Ingo Bank, former CFO of OSRAM Licht AG, took over as new CFO of ams in May 2020. An economics graduate, Ingo Bank has an extensive track record working in a range of technology markets. Details of Mr. Wachsler's and Mr. Bank's remuneration are included in this remuneration report.

Additionally, the role of former COO (Chief Operating Officer) Thomas Stockmeier changed to CTO (Chief Technology Officer) with 2021 to be able to focus more on technology progress and its future development.

## 2. Remuneration of the Management Board

### 2.1 Principles for the Remuneration of the Management Board

The remuneration policy ensures that the total remuneration of the members of the Management Board is corresponding with the performance of the company and with customary remuneration in comparable positions in the worldwide semiconductor and technology industry and that it supports the business strategy and long-term development of the company. Moreover, the remuneration policy takes into account the size as well as the development of the business of the ams group.

Considering the remuneration and employment conditions of the employees of ams AG, regarding ongoing and future equity incentive plans, members of the Management Board as well as selected employees and executives of ams AG are given the opportunity to participate in the success of the Company. The objectives of this participation scheme are to promote the alignment of interests between the shareholders of the company and the employees, who make a decisive contribution to the increase in value of ams AG, the long-term commitment of the employees and to maintain the attractiveness of ams AG on the labour market.

The remuneration of the members of the Management Board reflects the responsibility as lawful representatives of ams AG and the scope of activities of the respective member as determined by the assignment of functions. In addition, relevant professional experience and skills profile is considered to a significant extent.

The base salary reflects the professional experience and the area of responsibility of the individual

member of the Management Board. Accordingly, the chairman of the Management Board receives a higher base salary due to his special responsibility and importance to ams AG. The base salary is in line with comparable international companies in the semiconductor and technology industry and market conditions. Therefore, it needs to be correspondingly attractive for top international talents.

Board members are provided with an upper-middle class passenger car for business and private purposes. The selection of the type of car considers the representative character of the company. Alternatively, board members are provided with a car allowance. The Company may enter into D&O insurance contracts for members of the Management Board for the duration of their respective Management Board function. In addition, ams AG may under certain circumstances take out a private accident insurance policy for the benefit of the members of the Management Board or for the benefit of a third party named by the respective member of the Management Board.

Pension commitments for members of the Management Board are generally not provided for. Generally, no early retirement schemes are established. Nevertheless, there are contractual severance payments agreed, when a board member leaves the company. These are presented separately in the following tables.

The short-term variable remuneration depicts an annual performance bonus. The determination and fulfilment of the criteria for granting variable remuneration is determined by detailed calculations

conducted by the Compensation Committee and assessed at the beginning of the year following the assessed performance year.

The annual performance bonus of the Management Board is based on the achievement of targets set by the Supervisory Board of ams AG for each member of the Management Board at the beginning of each financial year based on the approved budget. In 2020, the Revenue and Adjusted EBIT targets are weighted at 50% and 35% on ams standalone performance. For 2020, in connection with the takeover of OSRAM Licht AG, OSRAM closing target was defined as an additional performance indicator with a 15% weighting. The basis for the calculation of the performance bonus is the annual gross salary. A bonus is paid if a threshold value of at least 80% of the agreed target of any individual performance indicator is reached.

A long-term remuneration component exists in the form of equity incentive plans. These medium- to long-term equity incentive plans provide incentives for the long-term development of the

company and ensure that the remuneration of the Management Board is commensurate with the company's performance compared to the international semiconductor and technology industry. The equity incentive plans are, due to their nature, not a distinct component of the total remuneration presented in chapter II.2., but are reported separately in chapter II.5. on share-based remuneration.

Equity incentive plans represent a significant portion of the medium- and long-term remuneration of the members of the Management Board. Within the framework of differently designed plans, the Management Board as well as selected employees and executives are given the opportunity to participate in the success of ams AG. The objectives of these equity incentive plans are to strengthen the alignment of interests between shareholders and employees, to provide an incentive for the generation of enhanced value, to ensure long-term commitment of employees and to maintain a motivating remuneration system that offers additional income opportunities.

## 2.2 Presentation of the Total Remuneration for Directors

Table 1. Total remuneration

In kEUR	Fixed remuneration								Variable compensation <sup>2)</sup>		Total remuneration		Proportion 2020	
	Base Salary		Other benefits <sup>1)</sup>		Severance benefits		Total		Performance Bonus		2020	2019	fix	variable
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019				
Alexander Everke (CEO)	697	715	27	12	300	300	1,024	1,027	1,470	1,630	2,494	2,657	41%	59%
Ingo Bank (CFO) since May 1, 2020	434	n/a	11	n/a	108	n/a	553	n/a	1,066	n/a	1,619	n/a	38%	62%
Michael Wachsler (CFO) until April 30, 2020	155	459	99	212	n/a	1,200	254	1,872	0	1,125	254	2,997	100%	n/a
Thomas Stockmeier (CTO)	400	400	12	12	493	0	905	412	840	911	1,745	1,323	52%	48%
Mark Hamersma (CBO)	400	400	14	0	405	133	819	533	840	960	1,659	1,493	49%	51%
<b>Total</b>	<b>2,086</b>	<b>1,974</b>	<b>163</b>	<b>236</b>	<b>1,306</b>	<b>1,633</b>	<b>3,555</b>	<b>3,844</b>	<b>4,216</b>	<b>4,626</b>	<b>7,771</b>	<b>8,470</b>	<b>47%</b>	<b>53%</b>

Table 2. Total remuneration paid

In kEUR	Fixed remuneration						Variable compensation <sup>2)</sup>		Total remuneration	
	Base Salary		Severance benefits		Total		Performance Bonus		2020	2019
	2020	2019	2020	2019	2020	2019	2020	2019		
Alexander Everke (CEO)	698	715	0	0	698	715	1,388	136	2,086	851
Ingo Bank (CFO) since May 1, 2020	433	n/a	0	n/a	433	n/a	0	n/a	433	n/a
Michael Wachsler (CFO) until April 30, 2020	155	459	2,734	0	2,889	459	908	88	3,797	547
Thomas Stockmeier (CTO)	400	400	0	0	400	400	793	87	1,193	487
Mark Hamersma (CBO)	400	400	0	0	400	400	793	88	1,193	488
<b>Total</b>	<b>2,086</b>	<b>1,974</b>	<b>2,734</b>	<b>0</b>	<b>4,820</b>	<b>1,974</b>	<b>3,882</b>	<b>399</b>	<b>8,702</b>	<b>2,373</b>

1) The position of other benefits comprises the provision an upper-middle class passenger car for business and private purposes or car allowance, D&O insurance, and under certain circumstances a private accident insurance policy for the benefit of the members of the Management Board or for the benefit of a third party named by the respective member of the Management Board. The other benefits are recognized at their taxable value.

2) The variable compensation depicts the amounts accrued (table 1) or paid (table 2) for the respective financial period.

## 2.3 Information on how the remuneration complies with the remuneration policy

**Table 3. Annual Performance Bonus**

The performance targets are set annually by the Compensation Committee. In this process the absolute values are defined in the context of growth or sales and profitability or EBIT, as well as

individual targets are set based on the situation of the company. The variable performance bonus and target achievement are determined on the basis of these targets.

Directors	Performance targets		a) Payout rate achievement (%)
	Target	Weight	b) Bonus (in kEUR) 2020
Alexander Everke (CEO)	Performance Bonus	Revenue ams standalone	35%
			a) 200%
			b) 515
		EBIT ams standalone	50%
			a) 200%
			b) 735
		OSRAM closing target	15%
			a) 200%
			b) 220
Ingo Bank (CFO) since May 1, 2020	Performance Bonus	Revenue ams standalone	35%
			a) 200%
			b) 373
		EBIT ams standalone	50%
			a) 200%
			b) 533
		OSRAM closing target	15%
			a) 200%
			b) 160
Thomas Stockmeier (CTO)	Performance Bonus	Revenue ams standalone	35%
			a) 200%
			b) 294
		EBIT ams standalone	50%
			a) 200%
			b) 420
		OSRAM closing target	15%
			a) 200%
			b) 126
Mark Hamersma (CBO)	Performance Bonus	Revenue ams standalone	35%
			a) 200%
			b) 294
		EBIT ams standalone	50%
			a) 200%
			b) 420
		OSRAM closing target	15%
			a) 200%
			b) 126

## 2.4 Comparative information on the developments of remuneration and company performance

**Table 4. Development of executive remuneration and company performance**

Annual change	2020 vs 2019	
	Absolute (in kEUR)	Relative
<b>Director's remuneration</b>		
Alexander Everke (CEO)	-462	-17%
CFO	1	0%
Ingo Bank (CFO) since May 1, 2020	+1,619	n/a
Michael Wachsler (CFO) until April 30, 2020	-1,618	n/a
Thomas Stockmeier (CTO)	+422	49%
Mark Hamersma (CBO)	+466	31%
<b>Company Performance</b>		
Revenue ams standalone	+40,856	2%
Adjusted EBIT ams standalone*	+65	0%
<b>Average remuneration on a full-time equivalent basis of employees</b>		
Employees of the company ams AG (Austria)	+14	20%

## 2.5 Share-based remuneration

On June 30, 2019, the Supervisory Board and the Management Board adopted a new Long Term Incentive Plan (LTIP 2019) to replace LTIP 2014, which became effective on September 9, 2019. The LTIP 2019 grant comprises a maximum of 1,552,490 options in the fiscal year 2020, this corresponds to 1% of the Company's share capital. Overall, the LTIP 2019 plan comprises of approximately 7.5% of the Company's share capital over the course of five years (2019-2023). LTIP 2019 includes three different types of options: PSU (Performance Stock Unit), RSU (Restricted Stock Units) and SPSU (Special Performance Stock Units). The vesting of PSUs depends on the development of the share price of ams AG compared to a defined peer group of semiconductor companies as well as the achievement of the earning per share targets. PSUs will become exercisable three years after grant date. The RSUs

and SPSUs can be exercised within four years after grant date. Each year one quarter of the total tranche of RSUs and SPSUs become exercisable. Each granted PSU and RSU entitles the participants to purchase one share of the Company for an exercise price of EUR 0.68. Each granted SPSU entitles the participants to purchase one share of the Company for EUR 22.69. All granted options must be exercised by June 30, 2029. Including anti-dilution measures 1,715,118 stock options were granted from LTIP 2019 in the reported financial year 2020.

In the reporting year, a total of 2,252,434 options (2019: 627,185 options) to acquire shares in ams AG were awarded to the Management Board. Including anti-dilution measures, 73,541 options (2019: 0 options) were awarded from the LTIP 2014, 385,017 options (2019: 0 options) from the SSOP 2017,

\* EBIT IFRS 2020 was only adjusted by effects due to the OSRAM transaction. EBIT IFRS 2019 includes a positive income for the sale of the MEMS microphone interface business of about 52 mEUR.

8,528 options (2019: 0 options) from the SLTIP 2018, 70,230 options (2019: 201,950 options) from the SSOP and 1,715,118 options (2019: 425,235 options) from the LTIP 2019. The strike price is EUR 0.68 (2019: EUR 1.00) from the LTIP 2014, as well as EUR 18.63 (2019: EUR 27.56) from the SSOP 2017, EUR 29.34 (2019: EUR 43.41) from the SLTIP 2018, EUR 9.69 (2019: EUR 20.63) from the SSOP 2019 and EUR 0.68 (2019: EUR 1.00) resp. EUR 22.69 (2019: EUR 33.57) from the LTIP 2019. Please refer to Note 4 to the financial statements for the terms and valuation of the options to acquire shares in ams AG from the LTIP 2014, SSOP 2017 and SLTIP 2018, SSOP 2019 and LTIP 2019 and any anti-dilution measures.

**Table 5a: Equity Incentive Plans – Main conditions**

Equity Incentive Plan	LTIP 2014 (2015)	SSOP 2017	LTIP 2014 (2017)	LTIP 2014 (2018)	SLTIP 2018	SSOP 2019	LTIP 2019 (2019)	LTIP 2019 (2020)
	30.06.2015	24.01.2017	30.06.2017	30.06.2018	11.10.2018	05.02.2019	30.06.2019	30.06.2020
Performance period	30.06.2018	24.01.2024	30.06.2020	30.06.2021	11.10.2021	05.08.2019	30.06.2023	30.06.2024
Award date	30.06.2015	24.01.2017	30.06.2017	30.06.2018	11.10.2018	05.02.2019	09.09.2019	27.08.2020
Vesting date	30.06.2018	1/6 each year on 24.01.	30.06.2020	30.06.2021	1/3 each year on 11.10.	05.08.2019	30.06.2023	30.06.2024
End of holding period	30.06.2025	24.01.2023	30.06.2027	30.06.2028	11.10.2028	05.02.2029	30.06.2029	30.06.2030
Exercise period	30.06.2018	24.01.2018	30.06.2020	30.06.2021	11.10.2019	05.08.2019	30.06.2020	30.06.2021
	30.06.2025	30.06.2027	30.06.2027	30.06.2028	11.10.2028	05.02.2029	30.06.2029	30.06.2030
Strike price	0.68	18.63	0.68	0.68	29.34	9.66	0.68 - 22.69	1.00 - 11.74

The directors of the Company held 93,825 shares and options to acquire 3,666,027 shares as at 31 December 2020 (34,400 shares and options to acquire 1,925,994 shares as at 31 December 2019).

Related parties of the members of the Management Board hold 4,750 shares and no options to purchase shares of ams AG as of 31 December 2020 and 1,250 shares and no options as of 31 December 2019.

The further exercise conditions of the individual stock option plans are shown in Table 5.

**Table 5b: Equity Incentive Plans - Information regarding the reported financial year 2020**

Alexander Everke (CEO)	LTIP 2014 (2015)	SSOP 2017	LTIP 2014 (2017)	LTIP 2014 (2018)	SLTIP 2018	SSOP 2019	LTIP 2019 (2019)	LTIP 2019 (2020)
Stock options outstanding at 1.1	-	426,620	34,730	25,540	-	83,270	192,518	0
Stock options awarded	-	0	0	0	-	0	0	714,339
Anti Dilution measure	-	204,599	16,656	12,248	-	39,935	92,328	0
Stock options lost	-	0	-25,692	0	-	0	0	0
Stock options expired	-	0	0	0	-	0	0	0
Stock options exercised	-	0	0	0	-	0	0	0
Stock options outstanding at 31.12.	-	631,219	25,694	37,788	-	123,205	284,846	714,339
Thereof exercisable at 31.12.	-	258,542	25,694	0	-	123,205	18,290	0

Ingo Bank (CFO) since May 1, 2020	LTIP 2014 (2015)	SSOP 2017	LTIP 2014 (2017)	LTIP 2014 (2018)	SLTIP 2018	SSOP 2019	LTIP 2019 (2019)	LTIP 2019 (2020)
Stock options outstanding at 1.1	-	-	-	-	-	-	-	0
Stock options awarded	-	-	-	-	-	-	-	294,223
Anti Dilution measure	-	-	-	-	-	-	-	0
Stock options lost	-	-	-	-	-	-	-	0
Stock options expired	-	-	-	-	-	-	-	0
Stock options exercised	-	-	-	-	-	-	-	0
Stock options outstanding at 31.12.	-	-	-	-	-	-	-	294,223
Thereof exercisable at 31.12.	-	-	-	-	-	-	-	0

Thomas Stockmeier (CTO)	LTIP 2014 (2015)	SSOP 2017	LTIP 2014 (2017)	LTIP 2014 (2018)	SLTIP 2018	SSOP 2019	LTIP 2019 (2019)	LTIP 2019 (2020)
Stock options outstanding at 1.1	30,959	284,690	20,440	17,030	-	49,040	73,297	0
Stock options awarded	0	0	0	0	-	0	0	271,964
Anti Dilution measure	14,848	136,535	9,804	8,167	-	23,519	35,150	0
Stock options lost	0		-15,121	0	-	0	0	0
Stock options expired	0	0	0	0	-	0	0	0
Stock options exercised	0	0	0	0	-	0	0	0
Stock options outstanding at 31.12.	45,807	421,225	15,123	25,197	-	72,559	108,447	271,964
Thereof exercisable at 31.12.	45,807	172,550	15,123	0	-	72,559	10,304	0

Mark Hamersma (CBO)	LTIP 2014 (2015)	SSOP 2017	LTIP 2014 (2017)	LTIP 2014 (2018)	SLTIP 2018	SSOP 2019	LTIP 2019 (2019)	LTIP 2019 (2020)
Stock options outstanding at 1.1	-	91,500	30,976	8,510	17,780	14,130	73,297	0
Stock options awarded	-	0	0	0	0	0	0	271,964
Anti Dilution measure	-	43,883	4,949	4,081	8,528	6,776	35,150	0
Stock options lost	-	0	-17,133	0	0	0	0	0
Stock options expired	-	0	0	0	0	0	0	0
Stock options exercised	-	0	0	0	0	0	0	0
Stock options outstanding at 31.12.	-	135,383	18,792	12,591	26,308	20,906	108,447	271,964
Thereof exercisable at 31.12.	-	50,306	17,134	0	17,549	20,906	10,304	0

Michael Wachslar did not receive any options in 2020 as member of the Management Board.

## 3. Remuneration of the Supervisory Board

### 3.1 Principles for the remuneration of the Supervisory Board

The remuneration of the Supervisory Board is commensurate with the performance of the company and designed to promote the long-term development and business strategy of ams AG. Moreover, the remuneration policy takes into account the size as well as the development of the business of the ams group. It appropriately reflects the responsibility and scope of activities of each individual member of the Supervisory Board. Furthermore, it represents a market-conform and attractive remuneration in order to attract and retain qualified members for the with high responsibility associated body of the Supervisory Board. It provides sufficient incentives for members of the Supervisory Board to act in accordance with the long-term development and business strategy of ams AG. In addition, it facilitates a professionally and personally balanced composition of the members, especially regarding diversity and internationality of the body.

The remuneration of the Supervisory Board generally consists of a uniform base remuneration for serving the company's Supervisory Board. In view of the extended scope of activities and the higher level of responsibility, the Chairman of the

Supervisory Board, the Deputy Chairman, and the chairmen of committees are granted a higher base remuneration than ordinary members of the Supervisory Board. The Annual General Meeting may resolve that the members of the Supervisory Board receive an attendance fee for attending meetings of the Supervisory Board or a committee. The Annual General Meeting may resolve the granting of a special remuneration for extraordinary activities of one of its members that go beyond the general duties of the Supervisory Board.

The Company enters into D&O insurance contracts for members of the Supervisory Board. The employee representatives on the Supervisory Board perform their functions on an honorary basis in accordance with section 110 (3) of the ArbVG and do not receive any remuneration. Each member of the Supervisory Board, including the employee representatives on the Supervisory Board, is entitled to reimbursement of reasonable cash expenses. Employee representatives has not received any reimbursement for cash expenses for fiscal year 2020 or 2019

### 3.2 Total Remuneration of the Supervisory Board

The remuneration of the company's Supervisory Board amounted to EUR 658 thousand (2019: EUR 729 thousand). All remunerations were or are paid directly by the company. One member of the Supervisory Board supplied consulting services in the year under review in the amount of EUR 50 thousand (2019: EUR 0 thousand). The company has no consulting agreements with its known shareholders. The remuneration for the Supervisory

Board members presented shows the amounts actually paid during the fiscal year. The remuneration for fiscal year 2020 will be determined in the Annual General Meeting on June 2, 2021. Persons related to the Supervisory Board members held 135.000 shares and 553 options to purchase shares of ams AG as of December 31, 2020 (0 shares and 335 options as of December 31, 2019).

**Table 6. Total remuneration of the supervisory board members**

in kEUR Name (Position)	Base remuneration		Attendance fees		Other benefits		Total remuneration	
	2020	2019	2020	2019	2020	2019	2020	2019
Mag. Hans Jörg Kaltenbrunner (Chairman)	125	125	0	0	6	14	131	139
Dipl.-Kfm. Michal Grimm (Deputy Chairman)	105	105	0	0	2	7	107	112
Dr. Monika Henzinger (Board Member)	85	85	0	0	0	2	85	87
Jacob Jacobsson (Board Member until June, 5 2019)	0	85	0	0	0	13	0	98
Brian Krzanich (Board Member since June, 5 2019)*	85	0	15	0	50	32	150	32
Kin Wah Loh (Board Member)	85	85	15	15	0	35	100	135
Yen Yen Tan (Board Member)	85	85	0	0	0	41	85	126
<b>Total</b>	<b>570</b>	<b>570</b>	<b>30</b>	<b>15</b>	<b>58</b>	<b>144</b>	<b>658</b>	<b>729</b>

\* Brian Krzanich also has a consultant contract with ams for strategic advisory.

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## 1. Overview of the Economic Environment and the Past Financial Year

### Development in the semiconductor sector

The development of the global semiconductor sector in 2020 was defined by the Covid-19 pandemic and its effects on the worldwide macro-economic environment. Demand in different end markets exhibited significant volatility as the pandemic continued to impact economies in all key regions. Total sales volume of the global semiconductor industry in 2020 was USD 433bn, reflecting a 5% year-on-year increase, while market volume had decreased by 12% to USD 412bn in 2019. The development of the market segments in which ams is active was comparable to the overall semiconductor industry in 2020.<sup>1)</sup>

### Acquisition of OSRAM Licht AG

Pursuing its strategic path focused on optical technologies, ams successfully closed the highly strategic acquisition of OSRAM Licht AG (OSRAM), a leading global provider of light emitting technologies and photonics, in July 2020. With the clear vision to create the worldwide leader in optical solutions, ams is moving towards the full integration of the two companies on the basis of a domination and profit and loss transfer agreement (DPLTA) between ams and OSRAM. The agreement was overwhelmingly approved by OSRAM shareholders in November 2020 and ams expects it to become effective in the foreseeable future.<sup>2)</sup> As a consequence of ams' majority shareholding in OSRAM and the resulting full consolidation of OSRAM from 1 July 2020 onwards, the OSRAM business is shown as a separate business segment in the group financial statements.

ams is a leader in advanced sensor and optical solutions based on a clear innovation focus and extensive industry experience. The group's historical ams business expanded in 2020 despite the Covid-19 pandemic and its effects on end market demand while market presence in Asia/Pacific, Europe, and North America increased. Optical sensing remains the most important product area for the company's historical ams business and again provided the largest contribution to revenues.

In conjunction with the acquisition of OSRAM and to secure a comprehensive long-term funding structure for the group, ams successfully executed several major financing transactions in 2020. Following shareholder authorization at the beginning of last year, ams completed a EUR 1.6 billion capital increase in form of a rights issue during a period of exceptional equity market volatility in March/April 2020. In June/July 2020 ams successfully placed an offering of EUR 1.2 billion-equivalent senior notes in EUR and USD as a first time issuer. In October 2020 ams completed a EUR 760 million long-term convertible bond placement and entered into a new EUR 750 million bridge facility to complement its financing portfolio.

### Structuring and development of the segments

The business segment Consumer comprises the company's ams consumer business while the business segment Non-Consumer comprises the company's historical ams automotive, industrial, and medical businesses. The business segment OSRAM

comprises the historical OSRAM business. As OSRAM remained an independent majority-owned subsidiary of ams throughout 2020. The presentation in the group management report focuses on the business segments Consumer and Non-Consumer.

### Consumer

The business segment Consumer performed very well in 2020 despite the negative impact of the Covid-19 pandemic on economies worldwide. This positive development resulted from continued robust demand for consumer devices during the year. In ams' view, the sustained demand reflected effects from changed working arrangements and communication needs driven by the pandemic.

The ams consumer business is a major supplier of advanced sensor solutions for smartphones and consumer devices serving global OEMs. Optical sensing provides the majority of revenues for the ams consumer business and contributed significantly to group revenues. The ams business addresses the areas of 3D sensing including VCSEL illumination and NIR image sensing, advanced display management including behind-OLED (BOLED) sensing, ultra-compact proximity sensing, spectral and bio-sensing, and additional optical applications. Focused on innovation, the ams business continued its extensive R&D activities last year and brought new solutions to the market.

The group's ams consumer business is a significant provider of 3D sensing technology combining extensive system expertise and IP to offer 3D sensing solutions. The industry-leading platform serves all 3D architectures, structured light (SL), time-of-flight (iToF and dToF) and active stereo vision (ASV). The ams business has built its strong market

position focused on front-facing and world-facing 3D illumination for multiple architectures. The business shipped substantial volumes of 3D sensing products to leading consumer OEMs in 2020 and continued to build its position in the Android market. Its advanced optics know-how and VCSEL technology are important elements of ams' market success in 3D sensing. This helps ams to drive the evolution of 3D technology for more differentiated usage. As a strategic focus, the ams business is creating 3D system solutions on the basis of its expanded 3D portfolio including NIR image sensing, SPAD sensing, algorithms, and system and application software.

In world-facing 3D the ams business shipped high volumes of VCSEL illumination for iToF systems last year that enable camera enhancement functionalities. Advancing 3D technology for more complex applications, the ams consumer business focuses on the development of full 3D dToF, an advanced architecture for AR-oriented and world-facing functions. ams expects 3D dToF and AR functions to become a sizeable 3D sensing market with attractive opportunities in the coming years on the basis of market feedback. The ams business is progressing in the development of a 3D dToF system solution for high performance which leverages ams' leading 3D system capabilities to drive innovation. In dToF, ams' consumer business has been successful with its 1D dToF solutions for Laser Detect Autofocus

1) Source: WSTS, January 2021

2) The agreement became effective in March 2021, after the finalization of the Management Report.

(LDAF) in smartphone platforms from various OEMs and expects further market penetration of its 1D dToF technology.

The ams consumer business is also working on behind-OLED 3D technology which will offer significant innovation in front-facing 3D sensing for face authentication. The technically very challenging BOLED 3D technology will allow to move the 3D sensing system behind the OLED display making it invisible as it eliminates components from the device front. Superior capabilities in BOLED light emission and sensing together with deep 3D system expertise enable ams to pursue a full BOLED 3D solution including VCSEL illumination, 3D NIR image sensing, related software and algorithms. The ams consumer business is progressing in its BOLED 3D development activities along a technical path to enable commercialization of the technology for the coming years. Later on, ams also plans to explore BOLED 3D sensing architectures that support SL.

## Non-Consumer

The segment Non-Consumer which includes the ams automotive, industrial, and medical businesses recorded an overall weaker performance compared to the previous year. The segment was significantly impacted by the Covid-19 pandemic last year. Over the course of the second half this challenging market situation began to improve amid signs of recovering demand. ams' diversified non-consumer business lines were supportive last year while ams continued to offer technical innovation as a leading sensing supplier.

The ams automotive business showed an overall subdued performance for 2020 reflecting the significant impact of Covid-19 on global automo-

The company's ams business holds a leading position in display management for high performance ambient light and proximity sensing in consumer devices. ams again recorded high shipment volumes for display management solutions in 2020. ams' BOLED solutions for invisible light and proximity sensing behind the OLED display continued their success in the Android market last year with further adoption at leading Android OEMs. In addition, the ams consumer business is a leader in ultra-small scale proximity sensors and successful in the accessory market for wireless earbuds. Camera-enhancing features offer attractive value propositions for smartphone users. Automatic white balancing (AWB) and flicker detection are new ams optical sensing functions with increasing adoption at smartphone OEMs. ams' AWB solution uses spectral sensing to drive compelling natural colors while wide frequency flicker detection enables the elimination of picture artifacts. ams is a leader in active noise cancellation for the expanding ear- and headphone market and added new audio sensing customers last year.

tive end demand. Following very weak demand in the first half of 2020, the ams automotive business recorded more attractive results in the third and fourth quarter as order trends and production volumes developed positively. Serving Tier 1 suppliers and OEMs globally, the ams automotive business continues to focus on differentiated solutions for safety, driver assistance/autonomous driving, position sensing, and chassis control. The ams business has built a strong position in 3D LIDAR, a core automotive and 3D sensing technology enabling the evolution to automated and autonomous driving. High power high-count automotive-qualified VCSEL arrays drive illumination for advanced LIDAR architectures. The ams business has LIDAR

engagements at several system suppliers for which significant R&D continued in 2020. ams' partnership with LIDAR integrator IBEO is successful in the market gaining a program win at Chinese volume OEM Great Wall Motors last year. Optical in-cabin sensing (ICS) is a new automotive sensing market for interior comfort and safety functions such as driver or seat monitoring which are gaining significant traction at Tier 1 suppliers and OEMs. Strongly positioned with first project wins, the ams automotive business is developing ICS solutions in different optical technologies. In micro-lens projector lighting for exterior applications market traction is also increasing creating opportunities for ams' optical and VCSEL solutions.

The ams industrial business performed in line with muted expectations for full year 2020. Industrial demand was impacted strongly by the effects of the pandemic which reduced industrial investment globally. The ams industrial business improved in the third and fourth quarter compared to a weak first half as demand trends showed recovery on a regional basis. The ams business has a leading position in industrial and factory automation, HABA, industrial imaging and related markets. Last year, the business benefitted from its broad portfolio and customer base as sensor-rich industrial IoT remains a long-term driver. The ams business is a leader in global shutter industrial imaging and machine vision. ams' image sensing expertise and IP help drive ams' 3D system capabilities for consumer and industrial use.

## OSRAM

The business segment OSRAM includes the business of OSRAM which ams has been fully consolidating from 9 July 2020 onwards given its majority shareholding. The OSRAM business with

The ams medical business recorded an overall positive performance in 2020 against the backdrop of the Covid-19 pandemic. ams confirmed its leading position in medical imaging for computed tomography (CT), digital X-ray, mammography and miniature camera endoscopy. In 2020 the business benefitted from demand for CT scanners for Covid-19 diagnostics. ams' CT sensing solutions offer high diagnostic resolution at low radiation doses and the ams business continues to be successful in the expanding Asian market. Last year, the ams medical business expanded into medical lateral flow testing (LFT), an established in vitro diagnostics method for viruses, bacteria and other biomarkers. Driven by Covid-19, ams introduced a highly innovative LFT read-out solution which uses spectral sensing to optically analyze LFT results with high precision in an integrated test kit. The unmatched technology enables fast robust diagnostics at the point-of-care avoiding high cost lab equipment. Production of a first LFT test kit for Covid-19 antibody detection started in 2020 and the ams business sees digital LFT solutions offering future growth opportunities in the large in vitro test market.

In operations for its ams business, ams ensured volume production across locations last year despite the significant challenges and restrictions resulting from Covid-19. Focused on safety and supply chain measures the ams business was able to fulfil customer demand throughout the year and achieved high production efficiency and manufacturing yields in spite of the pandemic.

its divisions Opto Semiconductors, Automotive and Digital provided a significant contribution to the 2020 ams group financial results. OSRAM holds a leading position in the light emitter market and

is additionally active in the areas visualization, sensors and light-based treatments. OSRAM's products find wide-ranging use in applications for mobility, safety, connectivity as well as health and well-being. OSRAM remained an independent majority-owned listed subsidiary of ams throughout 2020 and ams did not have direct operational

and financial control of OSRAM last year. Further information on the development of the OSRAM business is available in the financial reporting publications of OSRAM. The OSRAM business was established in accordance with the accounting policies of ams.

## 2. Business Results

### 2.1 Development of Revenues

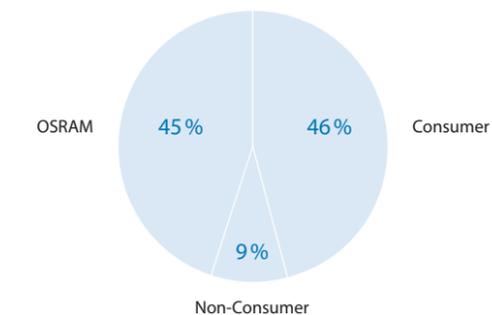
Consolidated group revenues for the financial year 2020 increased by 86% to EUR 3,504 million compared to EUR 1,885 million in 2019. This development is mainly based on consolidation effects due to the full consolidation of OSRAM Licht AG (OSRAM segment) in the second half of the year, following the successful acquisition in July 2020. In addition, demand in the target market Consumer (Consumer segment) developed very well (+16%), with demand for ams solutions in the Automotive and Industrial markets somewhat muted at the same time due to a weaker demand environment related to the Covid-19 pandemic. The revenue increase in the company's Consumer business was particularly driven by further deployment of optical sensing solutions in 3D sensing and high-quality (ambient) light sensors for advanced

display management, as well as the business development of leading smartphone manufacturers using ams-solutions. At the same time, ams' Automotive, Industry and Medical businesses were able to contribute attractively against the backdrop of a more subdued worldwide development of demand. Segment Non-Consumer sales in 2019 included approximately EUR 70 million from former business units in audio and environmental sensors, which were eliminated due to deconsolidation in 2020. This change represents a significant part of the sales development of segment Non-Consumer compared to the previous year.

The revenue distribution by markets is shown below:

in millions of EUR	2020	% of revenues	2019	% of revenues	Change in %
Consumer	1,624	46%	1,398	74%	+16%
Non-Consumer	302	9%	487	26%	-37%
OSRAM	1,578	45%	n/a	n/a	n/a
	<b>3,504</b>		<b>1,885</b>		

Revenue distribution by segment



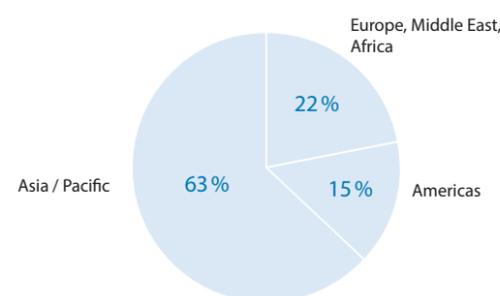
The distribution of revenues by region does not reflect the demand situation in ams' target markets but the geographic billing location of the company's customers. Business in the North and South America region showed a significant increase in 2020 compared to the previous year, in particular due to the consolidation of the sales of the OSRAM group.

The expansion of the company's sales and distribution network continued last year enabling the addition of new customers and a higher market presence in all regions. Based on this development, ams expects all regions to continue to contribute to the overall growth of the company.

The revenue breakdown by region (based on billing location) is shown below:

in millions of EUR	2020	% of revenues	2019	% of revenues	Change in %
EMEA	765	22%	316	17%	+142%
Americas	521	15%	37	2%	+1,304%
Asia / Pacific	2,218	63%	1,532	81%	+45%
	<b>3,504</b>		<b>1,885</b>		

#### Revenue breakdown by region



## 2.2 Earnings

Gross profit increased to EUR 1,035 million in 2020 compared to EUR 723 million in the previous year.

The company's full year gross margin excluding acquisition-related amortization and share-based compensations costs decreased to 33% compared to 41% in 2019, gross margin including acquisition-related amortization and share-based compensations costs also decreased to 30% compared to 38% in the previous year. This decline is based in

particular on the full consolidation of the financial results of OSRAM Licht AG in the 2nd half of 2020. Research and development costs, as well as marketing and sales expenses showed an increase in 2020 compared to the previous year. This development is mainly due to the acquisition and consolidation of the OSRAM Group. Extensive activities were also carried out in the area of product development and optimization of the distribution network, which caused a further increase in personnel costs.

Administrative costs were also higher compared to the year before, whereby this increase was also mainly due to one-time costs in connection with the acquisition.

Based on the full consolidation of the financial results of OSRAM Licht AG in the second half of 2020 and the underlying negative operating result of the segment OSRAM in this period, the operating result (EBIT) (including acquisition-related, one-time restructuring and share-based compensation

costs and results from investments in associates) decreased by EUR 191 million to EUR 138 million.

Net result for 2020 decreased due to the effects mentioned based on the OSRAM-consolidation as well as significant financing costs in the context of the transaction to EUR -87 million compared to EUR 300 million in 2019. The return on equity decreased to -3% (2019: 18%), while the return on revenues decreased by 19 percentage points to -3% (2019: 16%).

in millions of EUR	2020	2019	Change in %
Gross profit on revenues	1,035	723	+43%
Gross margin (IFRS)	33%	41%	
Gross margin (adjusted)	30%	38%	
EBITDA	718	622	+15%
Operating result (EBIT, IFRS)	138	329	-58%
EBIT margin (IFRS)	4%	17%	
Operating result (EBIT, adjusted)	463	392	
EBIT margin (adjusted)	13%	21%	
Financial result	-218	-13	-1,583%
Result before tax	-80	316	-125%
Net result	-87	300	-129%
Return on equity	-3%	18%	
Return on revenues	-3%	16%	

## 2.3 Assets and Financial Position

The balance sheet structure shows a high ratio of fixed to total assets which is common in the semiconductor industry, at the same time intangible assets reflect the acquisitions concluded during the last years. The share of intangibles and property, plant and equipment in the total assets increased from 51% in 2019 to 60% in the reporting period 2020. This development is primarily due to the OSRAM-acquisition, which increased total assets by EUR 3,344 million.

The investments in fixed assets affecting cash (capital expenditures) of EUR 177 million were lower than the current depreciation and amortization of EUR 580 million and amounted to 5% of full year revenues (2019: 10%). The ratio of equity to fixed assets decreased to 54% in 2020 compared to 75% in the previous year. This reflects the reduced investments in fixed assets as well as the increase in equity compared to 2019.

In the past fiscal year, the company acquired 71% of OSRAM Licht AG as part of a strategic transaction. Due to the corresponding transaction financing, a capital increase was conducted and long-term debt was raised in the form of senior notes and a convertible bond. These transactions are reflected in the group's new financing structure.

The fixed assets include a deferred tax asset of EUR 166 million (previous year: EUR 8.5 million). Under the current tax legislation, this tax asset can be carried forward indefinitely but is expected to be used to offset profit taxes within the next five years. The increase is due in particular to the acquisition of the OSRAM-group and the corresponding tax credits.

Inventories amounted to EUR 858 million at the end of 2020 (2019: EUR 210 million). The significant increase can also be attributed to the OSRAM transaction and corresponding consolidation.

in millions of EUR	2020	2019		2020	2019
<b>Assets</b>			<b>Equity and liabilities</b>		
Inventories	858	210	Financial liabilities	3,303	2,082
Trade receivables	621	202	Trade liabilities	545	136
Other current assets	1,833	716	Other liabilities	2,436	364
Fixed assets	6,486	3,297	Provisions	651	162
Deferred tax asset	166	9	Shareholders' equity	3,027	1,690
<b>Total assets</b>	<b>9,963</b>	<b>4,433</b>	<b>Total equity and liabilities</b>	<b>9,963</b>	<b>4,433</b>

Given the higher level of equity, the company's debt-to-equity ratio decreased to 109% compared

Trade receivables at balance sheet date increased to EUR 621 million in the fourth quarter (2019: EUR 202 million). Despite the absolute increase due to consolidation of OSRAM the quality of receivables management was increased through continuous improvement measures.

Financial liabilities increased by EUR 1,221 million to EUR 3,303 million from EUR 2,082 million in 2019, as a result of loans taken out as well as issued senior notes and convertible bonds, in particular for the closing of the OSRAM transaction. Consequently, net debt increased to EUR 1,707 million in 2020 compared to a net debt position of EUR 1,582 million in 2019. Group equity increased by 79% to EUR 3,027 million due to the strategic equity increase conducted.

Regarding financial instruments and changes in equity we refer to the information in the notes.

to 123% in the previous year. At the same time, the equity ratio decreased to 30% (2019: 38%).

	2020	2019
Equity ratio	30%	38%
Debt to equity ratio	109%	123%
Equity to fixed assets ratio	51%	75%
Net debt	1,707	1,582

These figures are directly derived from the group financial statements.

## 2.4 Cash Flow

The operating cash flow increased significantly to EUR 702 million in 2020 compared to EUR 646 million in the previous year. This increase resulted from consolidation effects and the strong operating cash flow of the ams business. The cash flow from investing activities was EUR -1,490 million (2019: EUR -914 million) including EUR -177 million of expenditures for intangible assets, property, plant and equipment (2019: EUR -182 million) and EUR -920 million for acquisitions (2019: EUR -8.1 million). Additionally the cash flow from investing activities was driven by the purchase of shares of OSRAM Licht AG amounting to EUR 1,958 million (2019: EUR 777 million). In addition, ams has taken over EUR 614 million in cash and cash

equivalents from OSRAM. Free cash flow amounted to EUR -788 million (2019: EUR -269 million). The company's available liquidity increased by EUR 1,096 million to EUR 1,597 million at the end of 2020. The cash flow from financing activities amounted to EUR 1,951 million in 2020 compared to EUR 143 million in the previous year. In 2020, EUR 1,649 million were raised through the capital increase, EUR 1,241 million through the issuance of bonds, and EUR 753 million through a convertible bond. These transactions served to finance the OSRAM acquisition and debt repayment of the OSRAM group's financing liabilities in the amount of EUR 894 million.

in millions of EUR	2020	2019	Change in %
Operating cash flow	702	646	+9%
Cash flow from investing activities	-1,490	-914	-63%
Free cash flow	-788	-269	-193%
Cash flow from financing activities	1,951	143	1,264%
Effects of changes in foreign exchange rates on cash and cash equivalents	-55	1	-5,818%
Cash and cash equivalents	1,597	500	219%

### 3. Research and Development

ams' technological leadership in the design and manufacture of high performance sensor solutions is based on almost 40 years of intensive research and development activities. In order to secure and strengthen its leading position, the company makes significant investments in research and development (R&D) on a continuous basis. Research and development expenses amounted to EUR 423 million last year, or 12% of revenues, compared to EUR 261 million in the previous year (14% of revenues). These R&D activities have enabled ams' growth in recent years and are the basis of an extensive product and design pipeline for the coming years. The average number of employees in research and development was 3,732 in 2020 (2019: 1,293).

ams' R&D activities mainly encompass optical, image and audio sensing technologies for the company's end markets Consumer, Automotive, Industrial and Medical. Additionally, the development of related software and algorithms has become an integral part of ams' R&D activities. Together, these ongoing investments in R&D have allowed ams to successfully position itself as a provider of sensor solutions in contrast to single component suppliers.

Recent product developments based on ams' R&D activities include behind-OLED light sensing

solutions (BOLED), illumination solutions for 3D sensing applications in structured light (SL), time-of-flight (ToF) and active stereo vision (ASV), high-power VCSEL emitters for LIDAR for automotive as well as medical Lateral-Flow-Tests (LFT) for the diagnosis of viruses and bacteria based on spectral sensing technology.

Focus areas in technology development include advanced optical designs and micro-optics, high power VCSEL emitters, optical coatings enabling superior filter and light selectivity capabilities, NIR and hyperspectral imaging sensors as well 3D sensing system solutions.

ams' R&D activities again allowed the filing of a large number of international patents and the publication of numerous papers in international specialist journals and at trade conferences last year.

OSRAM is currently in transition from a lighting manufacturer to a high-tech photonics company. Intelligent sensor technology and digital technologies are the building blocks of future systems. In this environment, OSRAM is active, for example in the development of new optical sensors or in the field of intelligent building services (Smart Building).

### 4. Purchasing and Manufacturing

In purchasing, ams was able to reduce the cost of raw materials and assembly services slightly last year which had a positive effect on the gross profit margin. However, given continuously rising personnel costs, the cost pressures in manufacturing remain high.

The production facilities in Singapore recorded increased capacity utilization due to higher volumes in the consumer segment and improved planning for fiscal year 2020. Due to weaker markets as a result of the pandemic, Front-End-CMOS-Wafer production of ams recorded a slightly lower utilization in 2020 than in the previous year. Any unabsorbed fixed costs have been recorded in the income statement.

Gross margin excluding acquisition-related amortization and share-based compensations costs decreased to 33% compared to 41% in 2019, gross margin including acquisition-related amortization and share-based compensations costs decreased as well to 30% from 39% in the previous year. This negative development was mainly due to the OSRAM-group acquisition.

Given the positive demand environment for its products and solutions ams expects another year of high capacity utilization for 2021.

### 5. Employees

On average, ams had 30,031 employees in 2020 (2019: 8,811) of which 1,265 worked at the company headquarters in Premstaetten (2019: 1,361). The increase is largely due to the acquisition and consolidation of the OSRAM group and includes 21,220 employees, of which 2,439 new employees were accounted in research and development, 15,733 new employees in production and the addition of 3,163 new employees in General and Administration. As of 31.12.2020, the ams group employed 29,753 employees (2019: 8,609).

ams recognizes its responsibility as an important employer in the regions. As in previous years, the company offered a wide range of internal and external training and development opportunities

for all employees last year and provided training positions for apprentices.

ams attempts to retain its employees with the help of a long-term remuneration model. A profit sharing program for all ams employees augments the existing employee stock option and incentive programs by way of an attractive direct component. The profit sharing program expresses ams' belief that the company's employees are its most important success factor and honors every employee's contribution to ams' success.

Due to the development of earnings in the previous year, in 2020 a profit-sharing bonus was made in the amount of EUR 21 million

(2019: EUR 0 million) was concluded. The profit-sharing pay out depends on the pre-tax operating result in relation to annual sales (EBT margin). The pay out of the profit-sharing program in 2021, which is based on the 2020 financial year, will be determined on the basis of earnings after tax.

## 6. Environment

Acting responsibly towards the environment is a basic principle for ams in all business operations. ams is dedicated to meeting the highest environmental standards as well as using resources and the environment conservatively. ams has therefore been certified to ISO 14001:2004 for a number of years.

Sustainability as well as efforts to preserve environmental resources and reduce energy costs and carbon dioxide emissions are major concerns for ams which have been supported by a range

Moreover, active internal communications as well as regular employee events which form a company tradition serve to ensure the employees' identification with the company.

of activities for many years. Based on a thorough analysis of ams' carbon dioxide emission sources in 2009, measures to achieve further reductions in carbon dioxide emissions are being defined each subsequent year.

ams also submits information on its carbon dioxide emissions to the Carbon Disclosure Project, a global transparency initiative which has created the world's largest freely available database of corporate carbon dioxide emissions.

## 7. Subsidiaries and Branch Facilities

Currently ams owns subsidiaries distributed globally. The existing ams business includes subsidiaries in Switzerland, Italy, Germany, Slovenia, France, Belgium, the Netherlands, the United Kingdom, Spain, Portugal, Sweden, the U.S., the Cayman Islands, the Philippines, China, Japan, Korea, India, Taiwan, Malaysia and Singapore. The subsidiaries in the USA, Switzerland, Italy, Spain, the United Kingdom, Slovenia, Germany, Japan, Taiwan, Malaysia and India carry out development, marketing and sales activities, while the subsidiaries in France and China are active in marketing and sales and technical support. The subsidiary in the Philippines is responsible for production activities in testing, while the subsidiary in Korea is responsible for sales and

assembly in the region. The subsidiary in Singapore conducts production, marketing, sales and research and development activities. Branch facilities exist in Hong Kong, Singapore and Thailand.

At the end of 2020, the ams-group owns 71% of the OSRAM Licht AG. OSRAM Licht AG is a globally active company that manufactures light sources and systems for special applications, semiconductor-based lighting products (LED) and professional luminaires and solutions. In the previous year 2019, the ams group held just under 20% in OSRAM Licht AG and thus the investment became a fully consolidated subsidiary in 2020.

In addition, the acquisition of the OSRAM-group will result in the takeover of further subsidiaries within the region North, Central and Latin America, as well as in the Europe/Africa and Asia region.

Principal shareholdings: The investment in NewScale Technologies, Inc., Victor, New York (USA), amounts to 29.0%. NewScale Technologies develops piezo-based miniature motor technologies and licenses products and technologies to industrial partners.

The investment in 7Sensing Software NV, Leuven, Belgium, amounts to 30.0%. 7Sensing Software NV develops software-solutions for 3D Sensing, which are applicable in the consumer business.

In 2019, ams acquired 49.0% of Jinan Smart Sensing Sensor Co, Ltd, Shanghai (CHN). In 2020, a further of 45.22% of Sciosense Holding B.V was acquired in the Netherlands. The Sciosense Holding B.V. is a direct subsidiary of the Jinan Smart Sensing Sensor Co. Ltd. Jinan Smart Sensing Sensor Co, Ltd. is a holding for a future leading global supplier of high-performance CMOS imaging systems and a pioneer in the video surveillance industry.

In 2020, through the acquisition of OSRAM, its major shareholdings were also acquired. These include the following:

Name of the holding	Seat of the company	Ownership shares
Tvilight B.V.	Netherlands	47.5%
agrilution GmbH	Germany	18.7%
GoodIP GmbH	Germany	10.0%
Blickfeld GmbH	Germany	12.5%
iThera Medical GmbH	Germany	9.2%
VividQ Limited	Great Britain	10.6%
LAMP NOOR (P.J.S.) Co.	Iran	20.0%
beaconsmind AG	Switzerland	14.4%
Motorleaf Inc.	Canada	12.9%
LeddarTech Inc.	Canada	28.2%

## 8. Risk Management

In the scope of its global activities, the ams Group is exposed to a variety of risks that are inseparably linked to business activities. ams has developed and implemented effective internal risk control systems for timely identification, assessment and countermeasures. These risk control systems were implemented together with the company's external consultants and are based on best practice examples. As part of the internal risk management process, risks are continuously monitored and evaluated by the operating units and regularly reported to the Management Board and Supervisory Board in a risk report. This ensures identification of

### Operational Risk

If the company fails to advance innovation through research and development or if there are delays in the introduction of new technologies to the market, this may have a negative impact on the future growth and competitiveness of the ams Group. End-market demand for technologically advanced consumer products that use sensor technologies or optical solutions is cyclical and sometimes volatile, which can have a corresponding impact on demand for high-quality sensor solutions. Especially

### Business Interruption Risk

The continuous maintenance and renewal process ensures the ongoing operation of the manufacturing facilities in Europe and Asia. For this reason, the risk of operational interruptions or longer production shutdowns is constantly minimized. In addition, the mentioned risks are further reduced by preventive maintenance measures. The business interruption risk is also insured for new price and loss of profit for 18 months. FM Global, the insurer of ams, has certified the company as one of a few

significant risks at an early stage so that appropriate measures can be taken.

Internal auditing complements the risk management process. In close cooperation with the Audit Committee of the Supervisory Board, it pursues the goal of analyzing internal processes and suggesting improvements where necessary.

The risk management of OSRAM is conducted independently by its management. Information on this can be found in the management report of OSRAM.

in the context of the Covid-19 pandemic, both demand and supply of direct and indirect materials, services and staff availability are continuously dynamic and thus difficult to estimate. In addition, the pandemic represents a threat to individual health as much as to the real and financial economy. An interdisciplinary task force in cooperation with the works council coordinates activities to mitigate this risk at the ams Group.

semiconductor manufacturers as HPR (highly protected risk). An interdisciplinary team is dedicated to the prevention of business interruptions and the development of clear structures and emergency plans to protect its employees and business interests in the case of a crisis (e.g. cyberattack) and to quickly restore operations. In addition, there is a cyber-insurance for such threats, which covers damages from a cyber-attack.

### Cyber & Data Security Risk

Due to the advancing digitalization as well as increasing home office activities of employees, the risk in terms of cyber and data protection has increased continually in recent years. To counter these risks, ams has appointed both a CISO (Corporate Information Security Officer) and a DPO (Data Protection Officer). The Board of Directors receives regular updates from the CISO and DPO on key issues and progress. In the area of information security (information security + cybersecurity), ams follows the ISO27001 standard. In the area of data security, an independent Data Protection Board is

in place, which is responsible for data security inquiries and data security improvements for the ams sites worldwide and, among other things, prepares mandatory data protection trainings for employees. The Data Protection Board consists of representatives from several departments. The management of the various active security solutions (including firewalls, anti-virus, SIEM, cloud proxy) is provided by an external IT partner that is ISO27001 certified. In addition, ams is regularly audited by customers in the area of cyber & data security.

### Financial Risks

Risk management is conducted by the central treasury department in accordance with the guidelines adopted by the Executive Board and the Supervisory Board of the Company. These detailed internal guidelines regulate responsibility and action parameters for the areas concerned. The Treasury department assesses and hedges financial risks in close cooperation with the operating business units. The issued debt financing

in connection with the acquisition of the OSRAM Group has increased the financing risk as well as the pressure to meet expectations regarding future strong financial performance referring to cash generation. With continuously long-term and liquidity planning, future reorganizations in combination with synergy effects from the integration of the OSRAM Group, the future financial success of the ams Group should be secured.

### Receivables and Credit Risk

ams pursues a strict credit policy. The creditworthiness of existing customers is reviewed on an ongoing basis, and new customers are subjected to a credit assessment. In accordance with ams' treasury and risk management policy, investments

in liquid stocks and transactions in derivative financial instruments are only carried out with financial institutions that have a high credit rating. There was no significant concentration of credit risk as of the balance sheet date.

### Interest Rate Risk

Interest rate risk - the potential fluctuation in the value of financial instruments due to changes in market interest rates or changes in future cash flows - arises in connection with medium- and long-term receivables and liabilities (in particular loan liabilities). In accordance with ams' treasury policy, attention is paid to reduce part of the interest rate risk by fixed-rate debt financing. On the liabilities side, 95% of all loan liabilities are fixed-

interest. Of the remaining variable rate loans, which reflect 5% of total loans, 85% will be paid off over the next two years. The remaining floating-rate loans are subject to permanent monitoring with regard to interest rate risk. On the assets side, interest rate risks exist primarily for time deposits that are linked to the market interest rate. The opposite asset- and liability-side positions naturally reduce the overall exposure.

### Foreign Exchange Risk

Financial transactions in the semiconductor industry are primarily conducted in U.S. dollars. Ongoing monitoring of all transaction and conversion risks is conducted to hedge currency risks. Within the Group, cash flows in the same currency are offset against each other (netting). Exchange rate

fluctuations on transactions in foreign currencies relate primarily to U.S. dollars. From ams' point of view, the current extremely volatile currency environment is not suitable for efficient and low-risk exchange rate hedging in economic terms.

### Product Liability and Quality Risk

The products manufactured by ams are integrated into complex electronic systems. Defects or functional deficiencies of products manufactured by ams may directly or indirectly affect the property, health or life of third parties. The Company is not able to reduce or exclude its liability to consumers or third parties in sales contracts. Every product that leaves the company goes through several qualified controls in terms of quality and function.

Despite quality control systems certified to ISO/TS 16949, ISO/TS 13485, ISO 9001 and ISO 14001, product defects can occur and may not become apparent until after the final products are installed and in use. Although this risk is adequately insured, there may be a negative impact on ams' net assets, financial position and results of operations in the case of quality problems.

### Patent Infringement Risk

ams produces complex ICs using a wide variety of process technologies, structure widths and by using a wide variety of production equipment. Comparable to its competitors, the company must constantly develop these technologies. Should ams infringe any patents despite consistent adherence

to patent-protected processes, manufacturing sequences and design blocks and related extensive licensing, this could have a negative impact on the company's net assets, financial position and results of operations as well as on the ams share price.

### Market Risk

ams operates in a high-technology industry where short product life cycles meet constant innovation. Disruptive technologies that reach market maturity within a short period of time and were not co-developed by ams or for which the technological process competences are missing can lead to a rapid decline in market share in the affected division. The internal market monitoring system identifies trends at an early stage, evaluates them and tries to distin-

guish them from inflationary expectations (hypes). Technological competences required in the future are included at an early stage in the technology roadmap, which is an integral part of medium- to long-term strategic planning. The regular coordination process between the Product Divisions and Research & Development ensures that current and future market priorities are covered by in-house developments and the purchase of technologies.

### Transformation Risk

A significant risk arises indirectly from the ongoing integration project of the OSRAM Group. For the combined group, the OSRAM acquisition represents a transformative transaction where integration and restructuring initiatives may impact capacity and resources. This risk is tried to be minimized by the support of external consultants as well as a specially set up integration and

project management. In addition, the leave of key employees (brain drain) due to excessive workload or uncertainties based on corporate changes can have a long-term impact on transformation and integration. This risk is countered by an open communication policy and the creation of an attractive future perspective as a global, leading semiconductor company based in Europe.

## 9. Events after the Balance Sheet Date

No significant events were identified after the balance sheet date.

## 10. Outlook

Significant uncertainties about the development of the global economy, private consumption and worldwide industrial production prevail for the current year as the further evolution and impact of the Covid-19 pandemic on the macro-economic environment remains unclear. ams is therefore subject to potential end market volatility, customer performance that may be difficult to anticipate, and potential unforeseen changes in demand trends and semiconductor industry dynamics.

At the same time, ams sees itself very well positioned in its markets based on the expected introduction of new solutions for attractive sensing applications, high volume shipments to a global customer base, and planned production ramps of various design-wins. Following the effective implementation of the domination and profit and loss transfer agreement between ams and OSRAM, ams also expects to record significant positive mid- and longer-term business and financial effects from the planned full integration of ams and OSRAM.

ams plans to begin the integration of the ams and OSRAM business immediately after the DPLTA becomes effective. ams expects considerable financial expenses for 2021 resulting from the implementation of integration-related measures based on current information. Beyond that ams expects its business to show a further profitable development in 2021 on the basis of a current assessment of end market dynamics and the global macro-economic environment.

However, should global semiconductor demand and the macro-economic environment develop unfavourably in 2021 and/or the USD show notable weakness, ams would experience a meaningful impact on the development of its business and earnings on a consolidated basis including the OSRAM business.

Consistent with its growth strategy, ams pursues a global leadership position in its strategic focus area

of optical solutions through the expected integration of ams and OSRAM. The unchanged mid-term priorities for ams on a consolidated basis are expanding the company's business with key accounts worldwide and a further profitable penetration of its global end markets and customer base. ams leverages its market-leading expertise in sensor solutions, optical and light emission technologies driving innovation and the introduction of new solutions. The expected full integration of the ams and OSRAM businesses will create a broader range of growth opportunities in automotive, consumer, industrial and medical applications for the combined company.

Consequently, ams expects to benefit from the adoption of upcoming optical applications and advanced sensor technologies in the automotive, consumer, and industrial and medical markets.

## 11. Other Information

Regarding information concerning equity and investments please refer to the notes of the financial statements.

Premstaetten, February 25, 2021

ams AG, Premstaetten



Alexander Everke  
Chairman of the  
Management Board  
CEO



Ingo Bank  
Member of the  
Management Board  
CFO



Dr. Thomas Stockmeier  
Member of the  
Management Board  
CTO



Mark Hamersma  
Member of the  
Management Board  
CBO

## Group Consolidated Statement of Income

for the Fiscal Years Ending December 31, 2020, and 2019

in EUR million	Note	2020	2019
Revenues	Note 2	3,504	1,885
Cost of sales		-2,469	-1,162
<b>Gross profit</b>		<b>1,035</b>	<b>723</b>
Research and development expenses		-423	-261
Selling, general and administrative expenses		-527	-175
Other operating income	Note 3	73	63
Other operating expenses	Note 4	-16	-19
Result from investments accounted for using the equity method, net	Note 14	-5	-2
<b>Result from operations</b>		<b>138</b>	<b>329</b>
Financial income	Note 5	24	48
Financial expenses	Note 5	-242	-61
<b>Net financial result</b>		<b>-217</b>	<b>-13</b>
<b>Result before income taxes (continuing operations)</b>		<b>-80</b>	<b>316</b>
Income taxes	Note 6	-10	-16
<b>Net result (continuing operations)</b>		<b>-90</b>	<b>300</b>
Result from discontinued operations, net of tax		3	0
<b>Net result</b>		<b>-87</b>	<b>300</b>
Attributable to:			
Non-controlling interests		-75	0
Shareholders of ams AG		-13	300
Basic earnings per share (in EUR)	Note 24	-0.06	3.74
Diluted earnings per share (in EUR)	Note 24	-0.14	3.64
Basic earnings per share (in EUR) (continuing operations)	Note 24	-0.07	3.74
Diluted earnings per share (in EUR) (continuing operations)	Note 24	-0.15	3.64

## Group Consolidated Statement of Comprehensive Income

for the Fiscal Years Ending December 31, 2020, and 2019

in EUR million	Note	2020	2019
<b>Net result</b>		<b>-87</b>	<b>300</b>
Remeasurements of defined benefit plans	Note 22	1	-3
Fair value measurement of equity instruments (FVOCI)	Note 22	-79	66
<b>Items that will not be reclassified to profit or loss</b>		<b>-78</b>	<b>63</b>
Currency translation differences	Note 22	-220	28
Fair value measurement of equity instruments (FVOCI)	Note 22	0	0
Derivative financial instruments for hedging purposes	Note 22	7	0
<b>Items that may be reclassified subsequently to profit or loss</b>		<b>-213</b>	<b>28</b>
<b>Other comprehensive income (loss), net of tax</b>		<b>-291</b>	<b>91</b>
<b>Total comprehensive income (loss)</b>		<b>-377</b>	<b>391</b>
Attributable to:			
Non-controlling interests		-122	0
Shareholders of ams AG		-256	391

## Group Consolidated Balance Sheet

as of December 31, 2020, and 2019

in EUR million	Note	December 31, 2020	December 31, 2019
<b>ASSETS</b>			
Cash and cash equivalents	Note 7	1,597	500
Financial Investments short-term		19	0
Trade receivables	Note 8	621	202
Inventories	Note 9	858	210
Other current receivables and assets	Note 10	169	130
Assets held for sale	Note 27	48	86
<b>Total current assets</b>		<b>3,312</b>	<b>1,128</b>
Property, plant, and equipment	Note 11	1,938	1,130
Intangible assets	Note 12	4,051	1,128
Right-of-Use Assets	Note 13	289	123
Investments accounted for using the equity method	Note 14	83	28
Deferred tax assets	Note 15	165	9
Other non-current assets	Note 16	88	2
Financial assets	Note 16	37	886
<b>Total non-current assets</b>		<b>6,652</b>	<b>3,305</b>
<b>Total assets</b>		<b>9,963</b>	<b>4,433</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Current interest-bearing loans and borrowings	Note 19	237	782
Trade payables		545	135
Income tax payables	Note 15	104	20
Current Provisions	Note 18	342	113
Other current liabilities		1,696	153
Liabilities associated with assets held for sale	Note 27	127	1
<b>Total current liabilities</b>		<b>3,052</b>	<b>1,204</b>
Interest-bearing loans and borrowings	Note 19	3,066	1,301
Employee benefits	Note 21	218	49
Deferred tax liabilities	Note 15	227	63
Non-current provisions	Note 18	44	14
Other non-current liabilities	Note 25	328	114
<b>Total non-current liabilities</b>		<b>3,884</b>	<b>1,540</b>
<b>Equity</b>			
Issued capital		274	84
Additional paid-in capital		2,176	719
Treasury shares		-127	-134
Retained earnings		925	1,010
Other components of equity		-161	10
<b>Total equity attributable to shareholders of ams AG</b>		<b>3,088</b>	<b>1,690</b>
Non-controlling interests		-61	0
<b>Total equity</b>	Note 22	<b>3,027</b>	<b>1,690</b>
<b>Total liabilities and equity</b>		<b>9,963</b>	<b>4,433</b>

## Group Consolidated Statement of Cash Flows

for the Fiscal Years Ending December 31, 2020, and 2019

in EUR million	Note	2020	2019
<b>Operating activities</b>			
Result before income taxes (continuing operations)		-80	316
Amortization, depreciation, and impairments (net of government grants)		580	280
Impairment on assets held for sale		0	13
Expenses from stock option plans (acc. to IFRS 2)		67	33
Changes in other non-current liabilities		-23	4
Result from sales of intangible assets and property, plant, and equipment, net		0	1
Result from sale of businesses, net	Note 2	0	-52
Result from investments accounted for using the equity method, net	Note 2	5	2
Net financial result		218	13
Changes in provisions and employee benefits		27	41
Changes in inventories		61	87
Changes in trade receivables and other assets		-6	-80
Changes in trade payables and other liabilities		-130	-3
Income taxes paid		-16	-8
<b>Cash flows from operating activities (continuing operations)</b>		<b>704</b>	<b>646</b>
Cash flows from operating activities discontinued operations		-2	0
<b>Cash flows operating activities</b>		<b>702</b>	<b>646</b>
<b>Investing activities</b>			
Additions to intangible assets and property, plant, and equipment	Note 11, 12	-177	-182
Acquisition of subsidiaries, net of cash and cash equivalents acquired	Note 1 c)	-920	-8
Acquisition of financial investments*		-442	-810
Proceeds from sales of intangible assets and property, plant, and equipment		3	0
Proceeds from sales of businesses		41	78
Interest received		5	7
<b>Cash flows from investing activities (continuing operations)</b>		<b>-1,490</b>	<b>-914</b>

\* Of which EUR -68 million relate to further acquisitions of shares in OSRAM after the acquisition date.

## Group Consolidated Statement of Cash Flows

for the Fiscal Years Ending December 31, 2020, and 2019

in EUR million	Note	December 31, 2020	December 31, 2019
<b>Financing activities</b>			
Payments from Capital increases from subsidiaries with minority interest		4	0
Proceeds from loans	Note 19	302	572
Repayment of loans	Note 19	-1,768	-239
Repayment of lease liabilities	Note 26	-38	-19
Proceeds from issue of senior notes	Note 26	1,992	0
Buyback of convertible bonds		0	-72
Acquisition of treasury shares	Note 24	-128	-31
Sale of treasury shares	Note 24	141	4
Interest paid		-42	-23
Transaction costs from loans and borrowing		-159	-49
Dividends paid	Note 20	-2	0
Changes resulting from capital increase	Note 22	1,649	0
<b>Cash flows from financing activities (continuing operations)</b>		<b>1,951</b>	<b>143</b>
<b>Change in cash and cash equivalents</b>			
		<b>1,163</b>	<b>-126</b>
Effects of changes in foreign exchange rates on cash and cash equivalents		-55	1
Cash and cash equivalents at the begin of period		500	625
<b>Cash and cash equivalents at end of period</b>		<b>1,609</b>	<b>500</b>
Deducted by cash and cash equivalents for discontinued operation and assets held for sale at end of period		-12	0
<b>Cash and cash equivalents at end of period (continuing operations)</b>		<b>1,597</b>	<b>500</b>

## Group Consolidated Statement of Changes in Equity

for the Fiscal Years Ending December 31, 2020, and 2019

in EUR million	Issued capital	Additional paid-in capital	Treasury Shares	Other reserves	Retained Earnings	Total equity attributable to shareholders of ams AG	Non-controlling interests	Total equity
<b>Balance as of January 1, 2019 (as reported)</b>								
	84	710	-118	-18	636	1,294	0	1,294
Net result	0	0	0	0	300	300	0	300
Other comprehensive income (loss), net of tax	0	0	0	28	63	91	0	91
<b>Total comprehensive income (loss), net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28</b>	<b>363</b>	<b>391</b>	<b>0</b>	<b>391</b>
Share based payments	0	21	0	0	0	21	0	21
Repurchase convertible bond	0	-12	0	0	12	0	0	0
Purchase of treasury shares	0	0	-31	0	0	-31	0	-31
Sale of treasury shares	0	0	15	0	0	15	0	15
<b>Balance as of December 31, 2019</b>	<b>84</b>	<b>719</b>	<b>-134</b>	<b>10</b>	<b>1,010</b>	<b>1,690</b>	<b>0</b>	<b>1,690</b>
Net result	0	0	0	0	-13	-13	-75	-87
Other comprehensive income (loss), net of tax	0	0	0	-171	-73	-244	-46	-290
<b>Total comprehensive income (loss), net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-171</b>	<b>-85</b>	<b>-256</b>	<b>-121</b>	<b>-377</b>
Share based payments	0	57	0	0	0	57	0	57
Optionright convertible bond	0	151	0	0	0	151	0	151
Capital increase / Re-issuance of treasury shares	190	1,395	0	0	0	1,584	0	1,584
Purchase of treasury shares	0	0	-128	0	0	-128	0	-128
Sale of treasury shares	0	6	135	0	0	141	0	141
Initial consolidation of non-controlling interests	0	0	0	0	0	0	1,232	1,232
Acquisition of non-controlling interests	0	0	0	0	0	0	-68	-68
Non-controlling interests – Put option	0	-152	0	0	0	-152	-1,104	-1,256
<b>Balance as of December 31, 2020</b>	<b>274</b>	<b>2,176</b>	<b>-127</b>	<b>-161</b>	<b>925</b>	<b>3,088</b>	<b>-61</b>	<b>3,027</b>

## Notes to the Consolidated Financial Statements

### 1. Significant Accounting Policies

ams AG (“the Company”) is a company located in 8141 Premstaetten, Austria. The Company is a global leader in the design, manufacture and sale of high performance analog and analog intensive mixed signal integrated circuits, some of which are manufactured to customer specific applications, as well as sensor solutions mainly for optical, imaging and audio sensor solutions. The consolidated financial statements for the year ended December 31, 2020 represent the parent company ams AG and its subsidiaries (together referred to as the “Group”).

On February 25, 2021 the consolidated financial statements according to IFRS as of December 31,

#### (a) Statement of Compliance

The consolidated financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and all obligatory interpretations as issued by the International Financial Interpretations Committee. Furthermore these consolidated

2020 were completed and released for approval by the Supervisory Board.

Despite the negative impact of the Covid-19 pandemic on the global economy, the Group developed very positively thanks to robust demand, particularly in the consumer business. In addition, the Group has taken measures to ensure the continuation of all business areas by means of crisis management in order to secure future business potential. For this reason, the going concern premise has been met and the consolidated financial statements have been prepared in accordance with its principles.

financial statements are in accordance with the International Financial Reporting Standards as to be applied in the European Union as per the business year 2020, as well as additional requirements relating to §245a UGB.

#### New or amended standards and interpretations that have been applied for the first time during the business year:

Standard	Content	Initial application IASB <sup>1)</sup>	Initial application EU <sup>2)</sup>
<b>New standards and interpretations</b>			
n/a			
<b>Amended standards and interpretations</b>			
IFRS 9, IAS 39, IFRS 7	Interest rate Benchmark Reform – Phase 1	January 1, 2020	January 15, 2020
IFRS 3	Definition of a business	January 1, 2020	April 21, 2020
IFRS Framework	Amendments to references to the conceptual framework in IFRS Standards	January 1, 2020	January 1, 2020
IAS 1, IAS 8	Definition of Material	January 1, 2020	January 1, 2020

<sup>1)</sup>Standards to be applied for financial years which begin on or after the effective date according to the respective pronouncements of the International Accounting Standards Board.

<sup>2)</sup>The IFRS are to be applied for business years that begin on or after the effective date according to the respective EU regulation.

The amendments and the expected effects from first time application in the future of these new

standards are not material for the Group’s consolidated financial statements.

#### Already published but not yet mandatory standards, amended or new standards that could be relevant for the group:

Standard/ Interpretations	Content	Initial application IASB <sup>1)</sup>	Initial application EU <sup>2)</sup>
<b>Amended standards and interpretations</b>			
IFRS 16	Covid-19-related rent concessions	June 1, 2020	October 9, 2020
IRFS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16	Interest Rate Benchmark Reform – Phase 2	January 1, 2021	January 13, 2021
IFRS 4	Extension of the temporary exemption from applying IFRS 9	January 1, 2021	January 1, 2021
IFRS 3	Amendments to update a reference to the framework concept.	January 1, 2022	open
IAS 37	Onerous contracts – Costs of fulfilling a contract	January 1, 2022	open
IAS 16	Property, Plant & Equipment: Proceeds before intended use	January 1, 2022	open
AIP 2018-2020	IFRS 1, IFRS 9, IFRS 16, IAS 41	January 1, 2022	open
IFRS 17	Including amendments to IFRS 17	January 1, 2023	open
IAS 1	Classification of liabilities as current or non-current including deferral of effective date	January 1, 2023	open

The amendments or new versions of standards and interpretations listed in the table are not voluntarily applied in advance. The changes and the

expected effects of the future first-time application of these new standards are not material for the consolidated financial statements of the Group.

#### (b) Basis of Preparation

The financial statements are presented in EUR and rounded to the nearest million. The use of automated calculation systems may lead to rounding differences in totals of rounded amounts and percentages.

- Certain financial assets and financial liabilities: fair value
- Derivative financial instruments are stated at their fair value
- Employee benefits: fair value of the defined benefit liability (or asset)
- Share-based payments: fair value
- Accruals: Present value of expected future cash-flows

Except for the following material items, individual assets are valued on the basis of historical production and acquisition costs:

<sup>1)</sup>Standards to be applied for financial years which begin on or after the effective date according to the respective pronouncements of the International Accounting Standards Board.

<sup>2)</sup>Mandatory application in the EU for fiscal years that begin on or after the effective date according to the respective EU.

### (c) Basis of Consolidation

#### (i) Subsidiaries

Subsidiaries are all companies that are under the controlling influence of ams AG. Control exists when the Company is exposed to (has rights to) variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the subsidiary. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Comments on the local financial statements of subsidiaries: A local audit of the subsidiary ams R&D UK Ltd. and ams Sensors UK Ltd. as well as Incus Laboratories Ltd. was waived. All members agree to the exemption in accordance with section 479A of the UK Companies Act 2006. For ams Sensors Germany GmbH the facilities according to §264 par 3 HGB Germany are utilized for the year 2020 (as well as for year 2019).

#### (ii) Business combinations

The acquisition method is used for all business combinations, at the time the Company obtained control. The value of the consideration transferred as well as the identifiable assets acquired and the liabilities assumed are generally measured at fair value. If the fair value is higher than the assets acquired a goodwill is indicated.

If the fair value of the net assets acquired exceeds the value of the consideration transferred, the difference is recognized as income after the relevant values have been reassessed. Acquisition related costs are recognized in profit or loss immediately. All contingent consideration are recognized at fair value, subsequent changes are recognized in profit or loss.

On July 9, 2020, ams obtained control in accordance with IFRS 10 over OSRAM Licht AG, Germany ("OSRAM") by acquiring 69% of the shares in this company.

The acquisition was made by purchasing shares in several steps. In 2019, shares of about 20% amounting to EUR 777 million were acquired on the stock market. In 2020, further share purchases were made as part of the following transactions:

- Purchase of shares on the stock market of approximately 5% in the amount of EUR 180 million
- Purchase of shares in the amount of approximately 5% from Sand Grove in the amount of EUR 191 million
- Purchase of shares based on the 2019 takeover offer of approximately 39% in the amount of EUR 1,514 million

Until the acquisition date, these shares were measured at fair value with changes in value recognized in other comprehensive income. As of December 31, 2020, ams holds around 71% of OSRAM because further share purchases of around 2% for EUR 68 million were made on the stock market after initial consolidation. At the end of the year, there are no subsequent payment obligations in connection with the shares acquired up to that date. Under the domination and profit and loss transfer agreement between OSRAM Licht AG and ams Offer GmbH, which was concluded on September 22, 2020 and approved by the General Meeting of OSRAM Licht AG on November 3, 2020, ams has a time-limited obligation to acquire the OSRAM shares on demand of any OSRAM shareholder in return for cash compensation of EUR 45.54 per OSRAM share. For this reason, the shares held by these shareholders are not included in the item "Non-controlling interests," but in the item "Other liabilities. The obligation to acquire the OSRAM shares generally ends two months after the date on which the entry of the existence of the domination and profit and loss transfer agreement in the commercial register has been announced (17. Other liabilities). In addition, the minority shareholders will receive a guaranteed compensation payment of EUR 2.57 (gross) or EUR 2.24 (net) per year after entry of the agreement in the commercial register.

This agreement can be terminated after 5 years at the earliest.

OSRAM, headquartered in Munich, Germany, is a leading global high-tech company with a history spanning more than 110 years. Its predominantly semiconductor-based products enable a wide variety of applications from virtual reality to autonomous driving, and from smartphones to networked intelligent lighting solutions in buildings and cities.

In the field of automotive lighting technology, the company is a global technology and market leader. OSRAM also specializes in lighting products and systems for special applications, as well as professional luminaires and solutions.

The following table provides an overview of the assets acquired and liabilities assumed as well as the purchase price allocation to the individual assets at the time of acquisition (July 9, 2020):

in EUR million	July, 2020
Cash and cash equivalents	614
Trade receivables	360
Inventories	757
Financial investments	35
Investments in associated companies	42
Other assets	194
Deferred tax assets	174
Right-of-Use Assets	199
Property, plant, and equipment	1,142
Intangible assets	3,025
<i>Customer base</i>	281
<i>Trademarks</i>	252
<i>Technology</i>	150
<i>Goodwill</i>	2,342
Other intangible assets	50
Trade payables	442
Interest-bearing loans and borrowings	1,114
Provisions	281
Employee benefits	186
Other current liabilities	374
Other non-current liabilities	122
Deferred tax liabilities	171
<b>Total consideration transferred for 100% of shares</b>	<b>3,902</b>
thereof cash and cash equivalents for 69% of the shares	2,632
thereof measurement of existing shares at fair value	38
thereof non-controlling interests measured at fair value for 31% of the shares	1,232

Goodwill (which is not deductible for tax purposes) mainly reflects the know-how of OSRAM's employees and the expected synergies from the combination with ams. Customer relationships mainly comprise the sales network and market knowledge. The brand identifiers mainly relate to the OSRAM brand. The technology reflects the value of existing

technology and technology under development of the acquired company.

The following valuation techniques were used to determine the fair value in the context of business combinations of the assets acquired and liabilities assumed:

Assets acquired	Valuation methods
Property, plant and equipment	Market comparison technique and cost technique - The valuation model considers market prices for similar items, if they are available and depreciated replacement costs when appropriate. Depreciated replacement costs reflect adjustments for physical deterioration as well as functional and economic obsolescence.
Trademark & Technology	„Relief from Royalty (RFR)“ – Free cash flows are estimated based on a royalty rate. This corresponds to the amount that a licensee would have to pay to the owner of the intangible asset in order to use it, or that can be saved accordingly by owning the intangible asset. The royalty rate is expressed as percentage of revenues.
Customer relationship	„Multi-Period Excess Earnings (MEEM)“ – Valuation based on residual profits. A margin is applied to the revenue generated by the customer relationship to calculate the profit. Further the contributory asset charge rate (which are supporting assets that cannot be allocated to any direct sale or cash flow) is deducted to calculate the valuation-related free cash flow which is the basis for valuation.
Other long-term assets & Investments in associates	„Discounted Cash Flow- Method“ using the WACC approach - The fair value of the at-equity investment LeddarTech Inc. has been derived by discounting the projected free cash flows using the weighted average cost of capital.
Goodwill	„Full goodwill method“ - The non-controlling interest is evaluated at fair value under IFRS 3.
Deferred taxes	Deferred taxes were calculated according to IAS 12 considering the respective tax regimes in the attributable jurisdictions and ams' accounting policies derived therefrom.

Costs incurred in connection with the acquisition and integration of the company amounted to EUR 54 million in the current financial year 2020 and were recognized in the position administrative and selling expenses.

Between the acquisition date and December 31, 2020, OSRAM contributed EUR 1,578 million of consolidated revenue and a loss of EUR 133 million to consolidated profit after tax (incl. PPA and consolidation effects).

If the acquisition had taken place on January 1, 2020, it is estimated that the consolidated revenue would have been EUR 4,931 million and consolidated loss EUR 269 million for 2020 and thus the additional contribution would have been

EUR 931 million in consolidated revenues respectively EUR 269 million in consolidated loss.

**(iii) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any results from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**(iv) Loss of control**

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

**(v) Investments in associates**

Investments in associates are accounted using the equity method if the company has a significant influence on the investee (associate), but does not have control or joint control.

Under the equity method, on initial recognition the investment in an associate or a joint venture are recognized at cost including all transaction costs. After the initial recognition the consolidated profit

or loss includes the share of the profit or loss of the investee until the significant influence ceases. If there are any indications that an investment may be impaired and the carrying amount is less than the recoverable amount an impairment loss has to be recognized as an expense. If a favorable change of the recoverable amount occurs, a reversal of the recognized impairment loss is possible in the future.

**(d) Foreign Currency**

**(i) Foreign currency transactions**

Transactions in foreign currencies are translated into EUR at the average foreign exchange rate at the date of the transaction.

foreign entities are translated into EUR at the average foreign exchange rates of the year. Translation differences are recognized directly within other comprehensive income.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into EUR at the foreign exchange rate at that date and provided from the ECB (European Central Bank). Foreign exchange rate differences are recognized in the income statement.

In the case of loss of control the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

**(ii) Financial statements of economic independent foreign entities**

The functional currency of the mother company is the Euro (EUR). The functional currency of entities domiciled outside the EUR zone is their respective domestic currency or US Dollar (USD).

**(iii) Net investment in a foreign operation**

If settlement of a monetary item receivable from or payable to a foreign subsidiary is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognized in OCI and accumulated in the translation reserve.

Accordingly, the assets and liabilities of these entities including acquisition related goodwill from subsidiaries outside the Eurozone are translated into EUR at the average foreign exchange rates at the balance sheet date. Revenues and expenses of

In the case of loss of control the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

**(e) Property, Plant and Equipment**

**(i) Owned assets**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses and net of government grants.

The cost of internally generated assets includes the cost of materials, direct labor, directly attributable proportion of production overheads and borrowing costs for qualified assets.

## (ii) Depreciation

Depreciation on property, plant and equipment is charged to the income statement on a straight-line basis over the estimated useful life of the assets. Land is not depreciated. The estimated useful life is as follows:

Buildings	15 – 50 years
Plants, technical equipment and machines	4 – 15 years
Other equipment	4 – 10 years

Due to the application of the cost of sales method the annual depreciation is distributed over all cost positions.

## (iii) Asset restoration obligation

For rented buildings in some cases an obligation exists to return the rented object to the lessor

## (f) Intangible Assets

### (i) Intangible assets acquired by the Group

Intangible assets, which are acquired by the Group, are stated at cost less accumulated amortization and impairment losses. The goodwill arising out of business combinations is recognized at cost less accumulated impairment losses.

### (ii) Amortization

Amortization of intangible assets is charged to the income statement on a straight-line basis over the estimated useful economic life of the assets, unless it is not an intangible asset with indefinite useful lives or goodwill. The estimated useful life is as follows:

Patents, licenses and software	3 – 7 years
Customer base	7 – 18 years
Technology	5 – 15 years

in the original state existing at the date of lease inception (asset restoration obligation).

The projected cost of restoration is recognized as part of the cost of plant and equipment as well as a provision for the asset restoration obligation.

Provision for restoration costs is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized in the statement of comprehensive income as finance expense. Changes in the estimated amount of the expenditure lead to an adjustment of the recognized cost of plant and equipment.

Due to the application of the cost of sales method the annual depreciation is distributed over all cost positions. All intangible assets, with the exception of non-depreciable intangible assets such as goodwill and trademarks, have a definite useful life.

### (iii) Research and Development

Expenditures on research activities, expecting to gain new scientific or technical knowledge and understanding, are expensed as incurred and are recognized as expenses for Research and Development.

Development expenditures are capitalized only if the expenditure can be measured reliably, the product or process is highly probable technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development

and to use or sell the asset. Other expenses for Research & Development are recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated

## (g) Assets from Leasing/Rental Relationships

Individual Group companies are contracting parties to leasing/rental agreements for land and buildings, technical equipment and vehicles. If the Group enters into rental or lease agreements, it recognizes a lease liability in the amount of the present value of the future lease payments and a right of use for the leased asset in the same amount. The lease liabilities correspond to the present value of future lease payments for the remaining term of the contract, taking into account the exercise of extension and withdrawal options. The interest rate applied is determined at the inception of the lease taking into account the risks specific to the asset, the Group's incremental borrowing rates and the lease term.

## (h) Impairment of Non-Financial Assets

At each balance sheet date, non-financial assets, including rights of use under leases, are reviewed to determine whether there is any indication of impairment. For this purpose, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets ("cash-generating unit"). Goodwill is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination.

If there is any indication of impairment, ams determines the expected recoverable amount of the asset or cash-generating unit. For intangible

impairment loss. Therefore, the group recognized development costs amounting to EUR 48 million (2019: EUR 38 million) as addition to the intangible assets during the business year 2020.

The right of use is measured at the amount of the lease liability, adjusted for deferred lease payments. The right of use is subsequently amortized over the expected term of the lease. The payment of the lease instalments is divided into a reduction of the lease liability and an interest portion recorded under financial expenses.

The Group uses relief provisions for short-term leases (lease term less than one year) and leases of minor value (value less than USD 5,000).

assets not yet available for use, intangible assets with indefinite useful lives and goodwill, the recoverable amount is determined at each balance sheet date. An impairment loss is recognized if the carrying amount of the asset or cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

### (i) Determining the recoverable amount

The recoverable amount is the higher of the cash-generating unit's fair value less costs to sell and its value in use. Fair value is determined on the basis of multiples derived from published information of comparable companies (multiplication method). In determining the value in use, the expected future cash flows from the continuing

use of the asset or cash-generating unit are discounted to their present value using a pre-tax discount rate that reflects current interest rates and the risk associated with the asset. The discounted cash flows are generally based on five-year forecasts or, in justified exceptional cases, on more detailed forecasts. Cash flows beyond the planning period are extrapolated using individual growth rates. Important assumptions for determining present values include future growth rates and weighted average cost of capital. These assumptions take into account inflation and

### (i) Financial Instruments

#### (i) Recognition and Measurement

Financial assets and financial liabilities are recognized at the date on which they arise. For purchases or sales of financial assets at market rates, which are either measured at amortized cost or at fair value through profit or loss, they are initially recognized on the settlement or value date.

Financial assets and financial liabilities are initially measured at fair value. For items not measured at FVTPL, transaction costs are added.

#### (ii) Classification and subsequent assessment

Upon initial recognition, a financial asset is allocated to the following classes:

- At amortized cost
- FVOCI debt instruments (investments in debt instruments that are measured at fair value with changes in other comprehensive income)
- FVOCI equity instruments (equity investments measured at fair value with changes in other comprehensive income)
- FVTPL (at fair value with changes in profit or loss)

Financial assets are not reclassified after initial recognition unless the Group changes its business model to manage its financial assets. In this case, all affected financial assets are reclassified on the first day of the reporting period following changes in the business model.

market growth expectations as well as macroeconomic data and industry-specific trends.

#### (ii) Subsequent reversal of impairment loss

For non-financial assets, an impairment loss may subsequently be reversed (written up) if there is an increase in the estimated recoverable amount used to determine the asset's value. An impairment loss on goodwill is not reversed. Impairment losses are reversed only up to the original carrying amount of the asset or cash-generating unit, adjusted for depreciation and amortization.

A financial asset is measured at amortized cost if both of the following conditions are met and it has not been designated as FVTPL:

- It is held as part of a business model whose objective is to hold financial assets to collect the contractual cash flows
- The terms and conditions of the financial asset give rise to payment flows at fixed dates, which represent only repayments and interest payments on the principal amount outstanding

A debt instrument is designated as FVOCI if both of the following conditions are met:

- It is held within the framework of a business model whose objective is both to hold financial assets for the collection of contractual cash flows and in the sale of financial assets, and
- Its terms and conditions lead to payment flows at fixed dates which are solely payments of principal and interest on the outstanding principal amount

Upon initial recognition of an equity investment that is not held for trading, the Group may irrevocably choose to recognize subsequent changes in fair value through other comprehensive income. This choice is made on a case-by-case basis for each investment. The classification of whether the Group designates an equity instrument as FVTPL or FVOCI is based on an individual assessment of

each transaction. For transactions with particularly high strategic significance, the FVOCI classification is generally chosen.

All financial assets that are not measured at amortized cost or FVOCI are valued at FVTPL.

Classification	Method of valuation
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairments are recognized in profit or loss. Likewise, a gain or loss arising on derecognition is recognized in the income statement.
Financial assets at FVTPL	These assets are measured at fair value. Net gains and losses, including interest or dividend income, are recognized in profit or loss.
Debt instruments at FVOCI	These assets are measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairments are recognized in profit or loss. Other net gains or losses are recognized in other comprehensive income. Upon derecognition, the accumulated other result is reclassified to the income statement
Equity investments at FVOCI	These assets are measured at fair value. Dividends are recognized as income in the income statement unless the dividend is to cover part of the cost of the investment. Other net gains or losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Financial liabilities are measured at amortized cost or at fair value through profit or loss (FVTPL). A financial liability is classified as FVTPL if it is held for trading, if it is a derivative or if it is designated as such at initial recognition. Financial liabilities at FVTPL are measured at fair value. Any resulting net gains or losses, including interest expense, are recognized in the income statement. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign currency translation differences are recognized in the income statement. Gains or losses on derecognition are also recognized in the income statement.

#### (iii) Derecognition

The Group derecognizes a financial asset when the contractual rights to cash flows from the financial asset have been met or expire or it transfers the rights to receive the cash flows in a transaction that also transfers all material risks and rewards of ownership of the financial asset. A derecognition also occurs if the Group neither transfers nor retains all material risks and rewards of ownership and does not retain control over the transferred asset.

For those financial assets allocated to the individual valuation categories, the following rules apply to the subsequent valuation and to the recording of profits and losses:

The Group derecognizes a financial liability if the contractual obligations have been met, canceled or expired. The Group also derecognizes a financial liability if its terms of contract are changed and the cash flows of the adjusted liability differ significantly from those before the change. In this case, a new financial liability is recognized based on the adjusted conditions at fair value. When derecognizing a financial liability, the difference between the carrying amount of the redeemed liability and the consideration paid is recognized in the income statement.

#### (iv) Impairment

The Group recognizes impairment losses on expected credit losses (ECL) on the following financial assets:

- Financial assets that are measured at amortized cost
- Debt instruments valued at FVOCI

The Group measures the impairment losses over the life of the loan, except for the following allowances, which are measured at the expected 12-month credit loss:

- Bonds with a low default risk at the balance sheet date
- Other debt securities and bank deposits where the default risk has not significantly increased since the initial recognition

Value adjustments for trade receivables are always measured in the amount of the expected credit loss.

The Group assumes that the default risk of a financial asset has increased significantly if a financial asset is more than 30 days past due, an asset disappears from an active market and it is probable that insolvency and restructuring proceedings will be initiated against borrowers or there are other

indicators of a significant increase in the default risk. The Group considers a financial asset to have defaulted if insolvency proceedings have been opened or if there are other significant reductions in liquidity.

The expected credit losses are generally measured as the present value of the probability-weighted estimates of defaults, discounted using the effective interest rate of the financial asset. Loans and advances to banks and cash and cash equivalents are measured using the expected credit losses on publicly available ratings. For trade receivables, the expected credit losses are measured using an impairment matrix based on experience.

The gross carrying amount of a financial asset is impaired if the Group no longer believes that the financial asset can be fully or partially realized or when a certain internal rating is applied to the receivables within the OSRAM sub-group.

#### (j) Derivative Financial Instruments and Hedge Accounting

The Group used derivative financial instruments in the financial year to reduce financial risks from foreign currency items and from operating financing and investing activities. In addition, the conversion option for the convertible bonds issued and the right to early repay financing received represent derivative financial instruments.

Derivatives are initially measured at fair value. Subsequently, derivatives are measured at fair value. Any resulting changes are generally recognized in the income statement as part of the financial result.

Derivative financial instruments are included in hedge accounting when IFRS 9 is met. OSRAM recognizes the effective portion of the change in

the fair value of derivative instruments designated as cash flow hedges in other comprehensive income, net of deferred taxes. The ineffective portion is recognized immediately in profit or loss in the consolidated income statement. Amounts accumulated in equity are recognized in the consolidated statement of income in the same periods in which the hedged item affects the consolidated statement of income, or when the hedged item is no longer expected to occur.

Derivative financial instruments with positive fair values are reported under other receivables and assets, and derivative financial instruments with negative fair values are reported under other liabilities.

#### (k) Inventories

Raw materials and supplies are stated at the lower of cost on the basis of average values or the FIFO method and procurement price. Semi-finished and finished products are measured at the lower of cost or net realizable value. The net realizable value is calculated from the expected sales proceeds in the ordinary course of business less the expected administrative and selling costs still to be incurred.

#### (l) Equity

Issued capital is the fully paid-in capital of ordinary shares (no-par value shares).

Directly attributable costs regarding issue or repurchasing of shares are, considering tax effects, deducted from equity. If shares are bought back, the amount paid, including the directly attributable costs, will be deducted from equity as own shares. If treasury shares are sold later or issued again, the income including any difference to the carrying amount has to be recognized under equity.

In the case of an investment in which the group does not own 100% of the shares, non-controlling interests are presented separately in the consolidated statement of financial position within equity as minority interests. Changes in the parent's ownership interest in a subsidiary that do not result in a

The cost of inventories includes all costs incurred in acquiring the item and bringing it to the required condition and location. In the case of finished goods and work in progress, the cost of conversion includes the cost of materials and direct labor, the allocable portions of material and production overheads, and production-related depreciation. Fixed cost items are allocated on the basis of average capacity utilization of the production facilities.

loss of control are equity transactions. The carrying amounts of the controlling and non-controlling interests are to be adjusted to reflect the changes in the ownership interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and allocated to the owners of the parent.

If, in the case of convertible bonds issued, the conversion options meet the requirements of a financial instrument with equity classification, they are recognized as part of additional paid-in capital. The fair value of the conversion option at the time of issue of the convertible bond is used for this purpose.

### (m) Non-Current Assets Held for Sale

Non-current assets or disposal groups, including assets and liabilities, are classified as held for sale if its carrying amount will be recovered principally through a sale rather than through continuing use. These non-current assets or disposal groups are recognized at the lower of its carrying amount and fair value less cost to sell. On initial recognition an

### (n) Employee Benefits

#### (i) Defined benefit plans

Benefit entitlements under defined benefit plans are measured using the projected unit credit method. If the benefit entitlements are not covered by external assets (plan assets), the defined benefit obligation (DBO) is recognized as a provision. If the benefit entitlements are covered by external assets, the fair value of the plan assets is netted against the DBO. Taking into account possible effects from an asset ceiling, a shortfall in cover and similar obligations is reported in the item Employee benefits and a surplus in the item Other assets.

The discount rates used are determined on the basis of the yields obtained on the market at the end of the reporting period for high-quality, fixed-income corporate bonds. In countries without a liquid market, market yields on government bonds are used instead. The conditions applied to calculate the severance and pension provisions for discounting, pay rises and fluctuation vary from country to country depending on the economic situation. Life expectancy is calculated according to the respective country's mortality tables. Remeasurements of the defined benefit liability are recognized in other comprehensive income.

The defined benefit plans expose the Group to actuarial and financial risks such as longevity risk, currency risk, interest rate risk and investment risk.

impairment loss or reversal has to be recognized in the profit or loss. As soon as the intangible asset or property, plant and equipment are classified as held for sale they are no longer depreciated or amortized. Investments in associates are no longer recognized with the equity method.

#### (ii) Defined contribution plans

The defined contribution plans are structured in such a way that the company pays contributions to public or private institutions on the basis of statutory or contractual provisions or on a voluntary basis, without assuming any further benefit obligations towards the employees. Payments for defined contribution amounts are recognized as an expense in the income statement.

#### (iii) Other long-term employee benefits

Employees in Austria and in Germany under the collective agreement respectively company agreements are eligible for jubilee payments. This payment equals one to three months salary, depending on the number of years of service. The amount recognized as a liability from this compensation is measured using the projected unit credit method. Actuarial assumptions are identical to those applied for defined benefit plans. All actuarial gains and losses are recognized immediately. Remeasurements of the defined benefit liability are recognized in profit and loss.

#### (iv) Stock Option Plan

ams has introduced several stock option plans for employees and executives, under which a defined number of options to purchase ams shares to employees and officers are issued subject to compliance with specified terms.

The stock options issued are recognized at fair value at the grant date. The determined value of the options will be spread over the vesting period until vesting. The amount recognized as expense is adjusted, if expectations regarding the settlement of service conditions and independent performance conditions change, in such a way as recognized expenses are based on the options, which fulfill the service conditions and the independent performance conditions at the end of the vesting period respectively. The fair values for market condition based stock option plans are determined on the grant date including these conditions; an adjust-

### (o) Provisions

A provision is recognized on the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### (i) Warranties

A warranty provision is recognized when a warranty claim is asserted by a customer. The amount recognized for known warranty claims is a reasonable estimate, based on experience, of the costs necessary to settle the claim. A provision for expected but not yet known warranties is recognized when it is probable, based on past experience or company and industry-specific experience, that warranty

### (p) Trade and Other Payables

Trade and other payables are stated at amortized historical cost.

ment of occurring differences between expected and actual results is not being recognized.

The options were measured based on option-pricing models. The interpretation of market information necessary for the estimation of market values also requires a certain degree of subjective management judgement. The expected volatilities were extrapolated from the historical stock-exchange price of the ams share (source: Bloomberg). This can result in a difference between the figures shown here and values subsequently realized on the marketplace.

obligations will be incurred and a sufficiently reliable estimate can be made of the settlement amount for the obligation.

#### (ii) Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by ams from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

#### (iii) Restructuring

Provisions for restructuring are recognized when a detailed formal restructuring plan has been prepared and communicated to the relevant parties. Termination benefits are recognized as an expense and a liability when the Company is demonstrably committed to providing them, whether as part of a restructuring plan or because a valid expectation has otherwise been created.

## (q) Revenue from Contracts with Customers

The main revenues of the ams Group are generated from the manufacture and supply of products and, to a lesser extent, from license income.

If individual products can be used by several customers (standard products), the customers generally obtain control over the products when the risks and rewards are transferred to the customers in accordance with the applicable terms of delivery (Incoterms). Revenue is recognized at this point. The transaction price for revenues includes both fixed and variable price components. ams takes into account possible price adjustments due to contractual agreements, volume discounts, rebates and other price reductions.

In the case of customer-specific products, which due to their nature can only be sold to a specific customer and therefore have no alternative use for ams, the products are generally manufactured on the basis of advance information and orders from customers, often based on existing framework agreements. In this context, the power of disposal

over the products is transferred to the customer if an unconditional order exists and ams is also entitled to compensation for the costs incurred, including an appropriate margin, in the event of a withdrawal from the contract by the customer. In this case, revenue is to be recognized from the time of the existence of this circumstance according to the stage of completion. In accordance with the contractual agreements, invoices are generally issued upon delivery of the products. In the case of longer production periods, ams issues partial invoices. Work already performed under the respective contract with the customer is recognized as contract costs within inventories. Variable purchase price components and contract costs do not play a significant role in the contracts with customers. Due to the short lead time in the manufacturing of the products and the binding orders placed by the customers often at relatively short notice, there were no material circumstances as of January 1 and December 31, 2020, where revenue would have had to be recognized before the invoice or a partial invoice was issued.

## (r) Government Grants

Government grants are recognized when there is reasonable assurance that the conditions attached to them will be complied with and that the grants will actually be received. Grants for the purchase or production of fixed assets are generally recognized as a reduction in the cost of the assets concerned and reduce future depreciation. Grants related to expenses, such as Covid-19 grants under short-time work schemes, are recognized in the income

statement in the corresponding expense item as the subsidized expenses are incurred. Grants relating to both expense items and the purchase or production of fixed assets, such as the research premium granted in Austria, are divided into asset-related and expense-related grants on the basis of the underlying items. General research grants are recognized as other operating income.

## (s) Net Financing Cost

The financial result includes payments for interest on loans, interest expenses from leasing contracts, interest income on investments and dividends, foreign exchange gains and losses as well as gains and losses from derivative financial instruments

and results from the adjustment of contingent purchase price liabilities.

Interest income is recognized in the income statement as it accrues, taking into account the asset's

effective yield. Dividend income is recognized in the income statement on the date that the dividend is declared.

All interest and other expenses in connection with loans are recognised in the income statement using the effective interest rate method.

The interest expense portion of lease liabilities is recognized in the financial result using the effective interest method.

## (t) Income Tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly within other comprehensive income or income taxes directly related to acquisitions or equity instruments.

### (i) Current tax

Current tax is the expected tax payable on the taxable income of the respective group company or group of group companies (tax groups) at the tax rates enacted at the balance sheet date, and any adjustments to such taxes for previous years.

### (ii) Deferred tax

Deferred tax is accounted for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for IFRS financial reporting purposes and the amounts used for tax purposes as well as for tax assets existing at the balance sheet date. Deferred tax assets and liabilities for temporary differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future are not recognized. The amount

Costs incurred in connection with the provision of a loan are recognized in the effective interest rate for the portion of a credit line used. The commitment fee for unused credit lines is amortised on a straight-line basis over the term of the financing commitment.

of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is only recognized, when it is probable, based on current tax planning, that within a foreseeable period, future taxable results can be used against unused tax losses and unused tax credits. Deferred taxes are offset within the same taxable entity.

### (iii) Tax risks

Future changes in tax laws and regulations and their interpretation and other developments in tax systems could have a material impact on our existing tax assets and liabilities and our deferred tax assets and liabilities, resulting in higher direct and indirect tax expense and higher tax payments thereon. In addition, uncertainty in the tax environment of some regions could limit our ability to enforce our rights. If the aforementioned findings are available at the balance sheet date, a provision for this tax risk will be recognized if necessary.

## 2. Segment Reporting and Revenues

Segment information is presented on the basis of the internal reporting structure for the segments "Consumer", "Non-Consumer" and "OSRAM" and determined according to the valuation and accounting regulations of IFRS.

The Segment "Consumer" is comprised of products and sensor solutions targeting the Consumer & Communications market. The segment "Non-Consumer" includes products and sensor solutions targeting the industrial, medical, and automotive markets. Last year's segment "Foundry", which focused on individual design solutions with contract development, was merged with the "Non-Consumer" segment and the previous year was adjusted accordingly. Since there was no domination and profit and loss transfer agreement (DPLTA) with OSRAM Licht AG in place at the end of the fiscal year 2020, OSRAM's business represents a separate segment. In 2021, the segments will be reorganized

in connection with the ongoing integration of OSRAM.

The segment indicator "Result from operations" consists of gross profit, expenses for research and development, expenses for selling, general and administrative as well as other operating income and expenses.

Segment assets include only those assets that are directly attributable to the respective segment, such as customer receivables and segment-specific tangible and intangible assets as well as rights of use under leases. For this reason, assets that are used by several segments due to their equipment are not allocated to a segment. Non-allocated income mainly results from the difference between the budgeted exchange rate used in segment reporting and the actual foreign currency exchange rate incurred.

### Business segments

for the fiscal years ending December 31, 2020, and 2019

in EUR million	Consumer		Non-consumer		OSRAM		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Consolidated revenues	1,624	1,404	302	482	1,578	-	3,504	1,885
Research and development	180	119	52	101	167	-	399	220
Depreciation	140	113	3	5	207	-	350	118
<b>Segment result</b>	<b>405</b>	<b>179</b>	<b>9</b>	<b>53</b>	<b>-64</b>	<b>-</b>	<b>350</b>	<b>232</b>
<b>Reconciliation to consolidated financial statements</b>								
Result from investments accounted for using the equity method, net	-	-	-	-	-	-	-5	-2
Depreciation on intangible assets due to business combinations	-	-	-	-	-	-	-95	-67
Depreciation on assets held for sale	-	-	-	-	-	-	0	-13
Proceeds from sales of businesses	-	-	-	-	-	-	0	52
Other unallocated income and expenses (central)	-	-	-	-	-	-	-112	126
<b>Result from operations (continuing operations)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>138</b>	<b>329</b>
<b>Reconciliation to consolidated financial statements</b>								
Segment assets	746	1,007	41	67	2,730	-	3,517	1,074
<b>Reconciliation to consolidated financial statements</b>								
Intangible assets due to business combinations	-	-	-	-	-	-	3,704	1,018
Other intangible assets	-	-	-	-	-	-	104	87
Property, plant, and equipment	-	-	-	-	-	-	359	390
Right-of-Use Assets	-	-	-	-	-	-	21	13
Investments accounted for using the equity method	-	-	-	-	-	-	83	28
Financial assets	-	-	-	-	-	-	37	886
Inventories	-	-	-	-	-	-	197	210
Cash and cash equivalents	-	-	-	-	-	-	1,597	500
Deferred taxes	-	-	-	-	-	-	165	9
Assets held for sale	-	-	-	-	-	-	48	86
Other unallocated assets	-	-	-	-	-	-	132	132
<b>Total assets (continuing operations)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,963</b>	<b>4,433</b>

### Revenue by primary geographic segment

The geographic regions are structured by the three regions in which sales occur: "EMEA" (Europe, Middle East and Africa), "Americas" and "Asia/Pacific".

In presenting information on the basis of geographical regions, segment revenue is based on the geographical billing location of customers.

### Group - Revenue by Regions

for the fiscal years ending December 30, 2020, and 2019

in EUR million	Consumer		Non-Consumer		OSRAM		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
EMEA	69	95	179	220	518	0	765	316
Americas	10	4	39	33	472	0	521	37
Asia / Pacific	1,545	1,304	84	229	589	0	2,218	1,532
<b>Total</b>	<b>1,624</b>	<b>1,404</b>	<b>302</b>	<b>482</b>	<b>1,578</b>	<b>0</b>	<b>3,504</b>	<b>1,885</b>

### Non-current assets by regions

in EUR million	2020	2019
EMEA	4,869	1,486
Americas	126	25
Asia / Pacific	1,283	870
<b>Total</b>	<b>6,279</b>	<b>2,381</b>
thereof Austria	4,027	1,374
thereof Germany	640	23

The largest revenue came from a customer in the Consumer segment, which accounted for more than 30% of revenues (2019: more than 50%).

### 3. Other Operating Income

In EUR million	Fiscal Year	
	2020	2019
Gains on grants	6	6
Insurance refunds	24	0
Gains on sales of patents	11	0
Compensation payments	11	0
Gains on sales of business activities	0	52
Gains on reversal of allowances for bad debts	5	0
Other	18	5
<b>Other operating income</b>	<b>73</b>	<b>63</b>

On December 23, 2019, the Group sold high-quality designs and assets for MEMS microphone inter-

faces to its customer Knowles Corporation. In this context, a profit of EUR 52 million was realized.

### 4. Expenses

#### Other Operating Expenses

In EUR million	Fiscal year	
	2020	2019
Losses on sales of property, plant, and equipment and intangibles	2	1
Impairments on Goodwill, on assets held for sale	10	13
Allowances for bad debts	-1	3
Other	4	2
<b>Other operating expenses</b>	<b>16</b>	<b>19</b>

The impairment on goodwill in the amount of EUR 10 million relates to a subsection of CGU OSRAM.

#### Personnel Costs

In EUR million	Fiscal year	
	2020	2019
Wages and salaries	973	433
Personnel expenses for share-based payment	63	33
Statutory social welfare contributions and expenses for optional support	74	0
Expenses relating to pension plans and employee benefits	49	10
<b>Personnel costs</b>	<b>1,160</b>	<b>500</b>

## Number of Employees by Function

In FTE	Fiscal year	
	2020	2019
Production and service	21,665	6,047
Research and development	3,732	1,293
Administration and general services	4,634	1,471
<b>Employees</b>	<b>30,031</b>	<b>8,811</b>

### Share-based payment

The Group uses stock options to remunerate the members of the Management Board and selected groups of executives under various performance-related stock compensation plans. Key information on the individual plans is as follows:

#### Stock Option Plan 2011

In connection with the acquisition of TAOS, the Company has committed to grant options to certain employees of TAOS – by issuing a Stock Option Plan, which – as far as legally possible – matches the number of options and the option plan which has been granted to those employees under the TAOS – “Equity Incentive Plan 2000”. To fulfil this obligation, the Management Board of ams AG has adopted a new Stock Option Plan 2011 (SOP 2011), which the company’s Supervisory Board approved on July 9, 2011.

Each option granted entitles each employee to purchase one share of the company. For holders of unvested options the exercise price equals the original exercise price under the TAOS plan. This price is in the range of USD 0.19 and USD 3.96.

Certain employees of TAOS, who held a small number of TAOS shares (“Small Shareholders”), were granted exercisable options for shares of the Company as compensation for shares of TAOS held by them prior to the transaction (vested options). The option exercise price for these options is CHF 8.27 which is the average of the market price of the shares of the Company on the SIX Swiss Exchange within 30 days following the date of grant of options – therefore CHF 8.27.

The term of the unvested options will remain unchanged compared to the original TAOS plan. The options will expire between September 3, 2017 and June 8, 2021.

The options of the Small Shareholders expire ten years after the date of issuance, therefore on July 12, 2021.

As part of the capital increase in April 2020, anti-dilution measures were taken for the option plan. As a result, the exercise price was reduced to EUR 3.86 per share and further options in the amount of 6,734 were granted.

The options developed as follows during the business year 2020 and 2019 respectively:

SOP 2011	2020		2019	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	35,210	2.83	51,182	3.38
granted during the period	6,734	-	0	-
forfeited during the period	0	-	0	-
exercised during the period	24,958	3.86	13,407	2.74
expired during the period	3,727	-	2,565	-
outstanding at the end of the period	16,986	3.86	35,210	2.83
exercisable at the end of the period	16,986	3.86	35,210	2.83
not yet granted	0	-	0	-
weighted average share price at the date of exercise (in EUR)	20.38		42.06	
range of exercise prices (in EUR)	0.49-5.30		0.75-6.98	
remaining contractual life	from Sept. 3, 2017 until July 12, 2021		from Sept. 3, 2017 until July 12, 2021	

#### Stock Option Plan 2013

The management board has decided to adopt the Stock Option Plan (SOP 2013) on August 28, 2013.

The SOP 2013 comprises a maximum of 2,000,000 options, of which (i) up to 1,575,000 options may be granted to employees and executive employees and (ii) up to 235,000 options may be granted to the Chief Executive Officer and up to 190,000 options may be granted to the Chief Financial Officer of the management board. This corresponds to 2.8% of the nominal capital of the Company at that time. Each option entitles the participants to acquire one no-par value ordinary share of ams AG. The available options shall be granted during the year 2013 after prior resolution by the SOP committee. All options granted can only be exercised by June 30, 2021. The exercise price for the new shares corresponds to the average strike price within the last three months before the granting of the stock options.

Regarding the earliest date of exercise for exercising 50% of the granted options, these vest to the extent of 33% on the first, second and third anniversary of the granting.

The earliest date for exercising the other 50% granted options is the third anniversary of the options grant date depending on the achievements of the following criteria:

(i) The benchmark growth of the market (sales growth of the analog semiconductor market as published by WSTS) has to be surpassed in the period 2013-2015 with stable gross margins (not less than in 2012; adjusted for extraordinary time impacts in relation with a positive, long lasting development of the business like e.g. acquisition costs, financing costs etc.). If this does not apply to the whole period but to single calendar years, 1/3 of exercisability for the relevant year has to be taken into account.

(ii) Over the period from 2013 to 2015 an increase of earnings per share has to be achieved. If this does not apply to the whole period but to single calendar years, an aliquot of 1/3 of exercisability for the relevant year has to be taken into account.

As part of the capital increase in April 2020, anti-dilution measures were taken for the option plan. As a result, the exercise price was reduced to EUR 8.02 per share and additional options in the amount of 95,005 were granted.

Any options reverted to the company can be issued under the options of the SOP 2013 until the end of the term.

The options developed as follows during the business year 2020 and 2019 respectively:

SOP 2013	2020		2019	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	198,370	11.86	207,830	11.86
granted during the period	95,005	-	0	-
forfeited during the period	0	-	0	-
exercised during the period	18,001	11.86	9,460	11.86
expired during the period	0	-	0	-
outstanding at the end of the period	275,374	11.86	198,370	11.86
exercisable at the end of the period	275,374	11.86	198,370	11.86
not yet granted	0	-	0	-
weighted average share price at the date of exercise (in EUR)	17.98	-	42.82	-
range of exercise prices (in EUR)	8.02	-	11.86	-
remaining contractual life	Until June 30, 2021	-	until June 30, 2021	-

#### Long Term Incentive Plan 2014

On October 17, 2014 a Long Term Incentive Plan (LTIP 2014) was adopted by the Supervisory Board and the Management Board.

The LTIP 2014 comprises a maximum of 5,124,940 options.

This corresponds to approximately 7% of the share capital of the Company at the time. Each option granted entitles each participant to purchase one share of ams AG for an exercise price of EUR 1. The available options were to be granted during the year 2014 after prior resolution by the LTIP committee. All granted options can be exercised no later than 10 years after the grant date. The exercise price for the new shares is EUR 1.

Issuance of the options is subject to the following criteria:

- Approval during Annual General Meeting,
- 50% of the options are depending on an increase of earnings per share over a period of three years compared to the earnings per share between 2013 and 2016,
- 50% of the options are depending on the comparison of Total Shareholder Returns over a period of 3 years to a defined benchmark of companies.

The earliest date for exercising is three years after granting and the LTIP committee's decision of meeting the criteria. The LTIP 2014 expired in 2019.

As part of the capital increase in April 2020, anti-dilution measures were taken for the option plan. As a result, the exercise price was reduced to EUR 0.68 per share and additional options amounting to 549,324 were granted.

The options developed in the fiscal years 2020 and 2019 as follows:

LTIP 2014	2020		2019	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	1,179,626	1.00	2,050,729	1.00
granted during the period	549,324	0.68	0	1.00
forfeited during the period	0	-	0	-
exercised during the period	48,862	0.68	117,161	1.00
expired during the period	371,397	-	753,942	-
outstanding at the end of the period	1,308,691	0.68	1,179,626	1.00
exercisable at the end of the period	717,853	0.68	302,598	1.00
not yet granted	0	-	0	-
weighted average share price at the date of exercise (in EUR)	17.52	-	40.20	-
range of exercise prices (in EUR)	0.68	-	1.00	-
remaining contractual life	until June 30, 2028	-	until June 30, 2028	-

#### Special Stock Option Plan 2017

On June 9, 2017 a Special Stock Option Plan (SSOP 2017) has been adopted by the Supervisory Board and Management Board. The SSOP 2017 became effective on January 24, 2017.

The SSOP 2017 comprises a maximum of 2,400,000 options. This corresponds to approximately 3% of the share capital of Company at the time. Each option granted entitles each participant to purchase one share of ams AG for an exercise price of EUR 27.56. The available options have been granted once in 2017 after prior resolution by the LTIP committees. All granted options must be exercised by June 30, 2027.

The exercise of all options is subject to the following criteria:

- 30% of the options are subject to the criterion of meeting certain sales targets over a six-year period
- 30% of the options are subject to the criterion of meeting certain EBIT targets over a six-year period
- 40% of options are subject to the criterion of meeting certain net result targets over a six-year period

During the financial year 2018, the approval criteria of the Supervisory Board were canceled.

In each case, 17% of the options can be exercised after one, two, three, four and five years after allocation, in conjunction with the decision of the LTIP Committee on the achievement of the criteria for the respective year. The remaining 15% of the options may be exercised after six years of assignment, along with the decision of the LTIP Committee to meet the criteria of that year.

SSOP 2017	2020		2019	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	1,958,040	27.56	1,988,540	27.56
granted during the period	915,406	18.63	0	-
forfeited during the period	0	-	0	-
exercised during the period	0	-	18,620	27.56
expired during the period	55,623	-	11,880	-
outstanding at the end of the period	2,817,823	18.63	1,958,040	27.56
exercisable at the end of the period	1,235,877	18.63	449,260	27.56
not yet granted	38,000	-	38,000	-
weighted average share price at the date of exercise (in EUR)	0.00	-	47.12	-
range of exercise prices (in EUR)	18.63	-	27.56	-
remaining contractual life	until June 30, 2027	-	until June 30, 2027	-

#### Special Long Term Incentive Plan 2018

During financial year 2018, the Supervisory Board and the Management Board adopted a Special Long Term Incentive Plan (SLTIP 2018). It became effective as of October 11, 2018.

The SLTIP 2018 comprises a maximum of 350,000 options. This corresponds to approximately 0.5% of the share capital of Company at the time. Each option granted entitles each participant to purchase one share of ams AG for an exercise price of EUR 43.41. The available options have been

As part of the capital increase in April 2020, anti-dilution measures were taken for the option plan. As a result, the exercise price was reduced to EUR 18.63 per share and further options were granted in the amount of 915,406.

The options developed in the fiscal years 2020 and 2019 as follows:

granted once in 2018 after prior resolution by the LTIP committee. All granted options must be exercised by October 11, 2028.

One-third of the options can be exercised after one, two and three years after the grant.

As part of the capital increase in April 2020, anti-dilution measures were taken for the option plan. As a result, the exercise price was reduced to EUR 29.34 per share and further options were granted in the amount of 143,909.

The options developed in the fiscal years 2020 and 2019 as follows:

SLTIP 2018	2020		2019	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	306,270	43.41	313,430	43.41
granted during the period	143,909	29.34	0	-
forfeited during the period	0	-	0	-
exercised during the period	0	-	0	-
expired during the period	17,595	-	7,160	-
outstanding at the end of the period	432,584	29.34	306,270	43.41
exercisable at the end of the period	294,216	29.34	103,010	43.41
not yet granted	36,570	-	36,570	-
weighted average share price at the date of exercise (in EUR)	-	-	-	-
range of exercise prices (in EUR)	29.34	-	43.41	-
remaining contractual life	until October 11, 2028	-	until October 11, 2028	-

#### Special Stock Option Plan 2019

In the 2019 financial year, the Supervisory Board and the Management Board resolved a Special Stock Option Plan (SSOP 2019), which took economic effect on 5 February 2019. The plan serves as a replacement for the expired options under LTIP 2014 from the 2016 grant.

The SSOP 2019 comprises a maximum of 660,510 options. This corresponds to 0.78% of the Company's share capital at that time. Each granted option entitles the participants to acquire one no-par value share of ams AG for an exercise price of EUR 20.63. The available options will be granted once in 2019 following a resolution of the LTIP Committee.

All options granted can be exercised until February 5, 2029 at the latest.

The options will become exercisable either after a period of 3 years, beginning on February 5, 2019, or as soon as the ams share price reaches a higher level of CHF 30 for 10 consecutive days, but earliest on August 5, 2019. For this reason, the plan became exercisable in the fiscal year 2019.

As part of the capital increase in April 2020, anti-dilution measures were taken for the option plan. As a result, the exercise price was reduced to EUR 13.94 per share and additional options were granted in the amount of 263,722.

The options developed in the fiscal year 2020 as follows:

SSOP 2019	2020		2019	
	Options	weighted average exercise price (in EUR)	Option	weighted average exercise price (in EUR)
outstanding at January 1	554,830	20.63	0	-
granted during the period	263,722	13.94	660,510	20.63
forfeited during the period	0	-	0	-
exercised during the period	26,356	13.94	76,970	20.63
expired during the period	960	-	28,710	-
outstanding at the end of the period	791,236	13.94	554,830	20.63
exercisable at the end of the period	791,236	13.94	554,830	20.63
not yet granted	0	-	0	-
weighted average share price at the date of exercise (in EUR)	19.96		43.43	
range of exercise prices (in EUR)	13.94		20.63	
remaining contractual life	until February 5, 2029		until February 5, 2029	

#### Long Term Incentive Plan 2019

On June 30, 2019, the Supervisory Board and the Management Board granted a new Long Term Incentive Plan (LTIP 2019) to replace LTIP 2014. The economic effect of the grant in 2020 was on August 27, 2020.

The allotment of LTIP 2019 comprises a maximum of 1,266,297 options in 2019. This corresponds to 1.5% of the Company's share capital. A total of 7.5% of the share capital was granted for the plan over the next 5 years. Three different options were granted PSU, RSU and SPSU (Performance Share Unit, Restricted Share Unit and Special Performance Share Unit). The PSUs depend on the development of the share price of ams AG compared to a defined peer group as well as the achievement of a certain level of earning per share and become exercisable after 3 years. The RSU and SPSU become exercisable within the next 4 years. Each year one quarter of the total tranche of RSUs and

SPSUs become exercisable. Each granted PSU and RSU entitles the participants to purchase one share of ams AG for an exercise price of EUR 1.00. Each granted SPSU entitles the participants to purchase one share for EUR 11.74. All granted options can be exercised until June 30, 2029 at the latest.

As part of the capital increase in April 2020, anti-dilution measures were taken for the option plan. As a result, the exercise price of the previously issued stock options was reduced to EUR 4.76 per share and additional options in the amount of 557,878 were granted.

In addition to the dilution measure, a total of 4,114,146 stock options (2019: 1,266,297) were granted under the LTIP 2019 in fiscal year 2020.

The following parameters were used to determine the option value for 1, 2 and 3 years.

Valuation of options (weighted average) for 2020 allocation		PSU	RSU	SPSU
Share price at grant	in EUR	15.01	15.01	15.01
Lifetime	years	10	10	10
Risk-free investment rate	in %	-0.02	-0.02	-0.02
Dividend yield	in %	0.68	0.68	0.68
Expected volatility	in %	58.34	58.34	58.34
Value per option right	in EUR	11.70	13.81	9.64

The options developed as follows in the fiscal year 2020 and 2019:

LTIP 2019	2020		2019	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	1,238,674	6.67	0	-
granted during the period	4,672,024	3.27	1,266,297	6.67
forfeited during the period	0	-	0	-
exercised during the period	6,872	3.27	0	-
expired during the period	168,487	-	27,623	-
outstanding at the end of the period	5,735,339	3.27	1,238,674	6.67
exercisable at the end of the period	0	-	0	-
not yet granted	0	-	0	-
weighted average share price at the date of exercise (in EUR)	17.52		-	
range of exercise prices (in EUR)	0.68 - 22.69		1.00 - 33.57	
remaining contractual life	until June 30, 2030		until June 30, 2029	

#### Dilution measures 2020

As a result of the capital increase carried out in April 2020, dilution measures were set to protect participants in the SOP 2011, SOP 2013, LTIP 2014, SSOP 2017, SLTIP 2018, SSOP 2019 and LTIP 2019 option plans. This resulted in an increased personnel expense for stock option plans of EUR 20 million in fiscal year 2020.

For accounting purposes, the fair value of the options directly before and after the capital increase

was determined on the basis of the Black-Scholes model. The resulting increase in value was recognized directly in personnel expenses for the options already exercisable and distributed over the remaining term for the options not yet exercisable.

The main parameters for the valuation of the options are shown in the following table. The other terms remained unchanged for each option program and the respective new exercise price was used.

### Valuation of option allocation for dilution measures from the capital increase 2020

Share price at grant	in EUR	14.96
Risk-free investment rate	in %	-0.17
Dividend yield	in %	0.90
Expected volatility	in %	58.00

Fair value of stock options	Before the capital increase	after the capital increase
SOP 2011	10.11	11.56
SOP 2013	4.74	7.23
LTIP 2014	11.72	12.02
SSOP 2017	5.75	7.06
SLITP 2018	5.82	5.93
LTIP 2019	9.77	10.47
SSOP 2019	7.38	8.47

#### Share-based Payment Programs of OSRAM Licht AG

OSRAM grants stock awards as a form of long-term remuneration that is settled with OSRAM Licht AG shares (OSRAM Stock Awards). The beneficiaries include the members of the Managing Board of OSRAM Licht AG and senior managers in the OSRAM Licht Group.

Senior managers in the domestic and foreign subsidiaries receive stock awards under a program that links the volume of stock awards granted with company-related performance criteria. After the fiscal year has ended, the company decides on the target amount (monetary value) that it will grant to its senior managers. This amount is adjusted on the basis of achievement of the company-related targets set by the Managing Board for the past fiscal year. The targets for fiscal year 2020 and the previous year were predominantly based on the average earnings per share for the past three fiscal years. To measure the degree to which these targets are attained, a lower limit of 0% and an upper limit of 200% are applied. The number of shares awarded at the time of grant is calculated by dividing the actual monetary value by the closing price of the OSRAM Licht AG shares in XETRA trading on the

grant date and subtracting the expected dividends over the four-year vesting period.

The remuneration expense related to the stock awards is recognized over a four-year vesting period. Only upon expiration of the four-year vesting period does the beneficiary receive shares in OSRAM Licht AG without having to make a payment. Generally, all stock awards are forfeited if the beneficiary's employment terminates during the vesting period. During the vesting period, the beneficiaries are not entitled to dividends. Stock awards may not be sold, transferred, pledged, or otherwise encumbered during the vesting period.

In the reporting period an individual target amount was specified in the agreements on share-based remuneration entered into with the Managing Board of OSRAM Licht AG. The granting of awards for OSRAM Licht shares after the end of the fiscal year is dependent on achievement of the same company-based performance criteria as those for senior managers. The definition of target achievement is also identical. These stock awards confer an entitlement to OSRAM Licht shares, which the beneficiary will receive upon expiration of a vesting period of around four years. Starting with stock

awards for fiscal year 2016, the value of the shares to be transferred is capped at 250% of the relevant target amount.

The fair value of one stock award at the time it is granted is calculated using an option model. This applies a reduction taking into account the maximum variable share-based remuneration amount (cap) when the awarded OSRAM Licht shares are received. This reduction in value results in a deviation from the monetary value of a stock award used to calculate the number of shares in accordance with the employment contract.

For the members of the Managing Board of OSRAM Licht AG, the remuneration expense related to the stock awards is generally recognized over a five-year vesting period that begins when share-based remuneration is agreed in the first year and ends upon expiration of the subsequent four-year vesting period.

By resolution of the Management Board dated May 29, 2020, a cash settlement of the share-based commitments to executive employees is to be made if the domination and profit and loss transfer agreement with ams Offer GmbH becomes

effective. The same applies for the Managing Board of OSRAM Licht AG with the resolution of the Supervisory Board on November 5, 2020. The cash settlement for stock awards domination and profit and loss transfer agreement takes effect before the end of the vesting period will be the cash settlement amount specified in the control and profit transfer agreement of EUR 45.54 per stock award. The fair value at the time of award averaged EUR 41.24. This cash settlement is to become due for payment at the time that the control and profit transfer agreement comes into effect. OSRAM and ams reached agreement on signing a domination and profit and loss transfer agreement on September 22, 2020. Due to this modification, OSRAM recognized all stock awards as cash-settled awards as of December 31, 2020. A pre-tax expense of EUR 6 million arose in the reporting period owing to the change in fair value resulting from recognizing the stock awards as settled in cash. As of December 31, 2020, the liability for these awards amounted to EUR 16 million.

When the stock awards for which the vesting period had expired were exercised, 127,591 shares were issued in November 2020 at cost with an average share price of EUR 30.91.

The options developed as follows in fiscal year 2020:

OSRAM Stock Awards in EUR million	OSA 2016 – 2020	
	Stock Awards	Weighted average exercise price (in EUR)
		2020
Outstanding at July 1	477,977	38.49
Granted during the period	44,649	39.82
Forfeited during the period	-	-
Exercised during the period	127,591	30.91
Expired during the period	23,508	37.86
Outstanding at the end of the period	371,527	41.24
Exercisable at the end of the period	-	-
Not yet granted	-	-
Weighted average share price at the date of exercise (in EUR)		52.00
Range of exercise prices (in EUR)		-
Remaining contractual life		until March 31, 2021

## 5. Net Financing Result

In EUR million	Fiscal year	
	2020	2019
Income from the buyback of convertible bonds	0	18
Interest income	5	6
Exchange differences	8	15
Income of derivatives	8	0
Change in the fair value of contingent purchase price liabilities	1	9
Other financial income	1	1
<b>Finance income</b>	<b>24</b>	<b>48</b>
Transaction related financing expenses	-114	-19
Interest expenses	-113	-42
Exchange differences	-14	0
Other financial expenses	-1	0
<b>Financial expenses</b>	<b>-242</b>	<b>-61</b>
<b>Net financial result</b>	<b>-217</b>	<b>-13</b>

## 6. Income Tax

In EUR million	Fiscal year	
	2020	2019
Current tax expense, net, fiscal year	-13	-9
Current tax expense, net, prior fiscal years	13	1
<b>Current taxes</b>	<b>0</b>	<b>-8</b>
Deferred tax expense/benefit, net, from changes in temporary differences	-10	-9
Deferred tax expense, net, others	0	1
<b>Deferred taxes</b>	<b>-10</b>	<b>-8</b>
<b>Income taxes</b>	<b>-10</b>	<b>-16</b>

### Reconciliation to Actual Income Tax Expense

In EUR million	Fiscal year	
	2020	2019
Result before income taxes (continuing operations)	-80	316
Group tax rate	25%	25%
<b>Expected income tax benefit, net</b>	<b>20</b>	<b>-79</b>
Increase/decrease in income taxes resulting from:		
Non-deductible losses and expenses	-94	-34
Tax-free income	100	73
Taxes for prior years	13	1
Change in realizability of deferred tax assets and tax credits	-105	-15
Foreign tax rate differential	52	37
Change in tax rates	0	0
Other, net	2	0
<b>Actual income taxes in the Consolidated Statement of Income</b>	<b>-10</b>	<b>-16</b>

### Income taxes in Other Comprehensive Income

in EUR million	Fiscal year	
	2020	2019
From remeasurements of defined benefit plans	3	1
From exchange rate translations on net investments in a foreign operation	4	3
Other income expenses in other comprehensive income	-3	0
<b>Actual income taxes in the other comprehensive income</b>	<b>4</b>	<b>4</b>

Deferred tax assets are recognized for all temporary differences and tax losses carry forwards only to the extent that it is probable that future taxable profit will be available within a foreseeable period. Therefore deferred tax asset from temporary differences amounting to EUR 308 million (2019: EUR 36 million) as losses carried forward are not recognized in the balance sheet.

Tax liabilities relating to investments in subsidiaries amounting to EUR 40 million (2019: EUR 60 million) are not recognized in the consolidated financial statements.

## 7. Cash and Cash Equivalents

In EUR million	Fiscal year	
	2020	2019
Bank deposits	1,598	501
Cash on hand	0	0
Expected value allowances	-1	0
<b>Cash and cash equivalents</b>	<b>1,597</b>	<b>500</b>

## 8. Trade Receivables

Overview of receivables

in EUR million	31. December	
	2020	2019
Gross carrying amount of receivables	637	203
Value allowance	-17	-1
Net carrying amount of receivables	621	202

Value Allowances on receivables developed as follows:

### Value Allowances

In EUR million	Total	Expected value allowances	Actual value allowances for doubtful accounts
<b>Balance as of January 1, 2019</b>	<b>-1</b>	<b>0</b>	<b>0</b>
Additions due to business combinations	0	0	0
Reclassification in assets held for sale	0	0	0
Derecognition of receivables	0	0	0
Change in value allowances recorded in the income statement in the current period	-1	0	-1
<b>Balance as of December 31, 2019</b>	<b>-1</b>	<b>0</b>	<b>-1</b>
<b>Balance as of January 1, 2020</b>	<b>-1</b>	<b>0</b>	<b>-1</b>
Additions due to business combinations	-16	-9	-7
Reclassification in assets held for sale	0	0	0
Derecognition of receivables	2	0	2
Change in value allowances recorded in the income statement in the current period	-1	1	-3
<b>Balance as of December 31, 2020</b>	<b>-17</b>	<b>-8</b>	<b>-9</b>

The expected loss rates were derived from historical information.

For some of the trade receivables measured at amortized cost at OSRAM, the allowance for expected credit losses is determined on the basis of customer-specific ratings, from which portfolio-specific

default rates are derived. Based on the ratings of external agencies, customers are assigned to risk classes comprising customers with low, moderate and higher credit risk.

### Gross Carrying Amount of trade receivables measured based on ratings

In EUR million	December 31,	
	2020	2019
Risk class 1: low risk	96	0
Risk class 2: moderate risk	171	0
Risk class 3: higher risk	25	0
Risk class 4: insolvent	6	0
Customers without individual rating	6	0
<b>Total</b>	<b>304</b>	<b>0</b>

The expected impairment losses for the remaining part of trade receivables measured at amortized cost are determined on the basis of default rates

derived from historical experience and aggregated by past due date.

Trade receivables include receivables by OSRAM with a carrying amount of EUR 147 million that are measured at fair value through profit or loss. Some of these are receivables from customers that are regularly sold to a factoring company as part of supply chain financing programs. In addition,

receivables are sold through OSRAM's own factoring program. This leaves a portion of the risk from late payment by the customer (late payment risk). As of December 31, 2020, the volume of receivables sold under this program amounted to EUR 48 million.

#### Trade receivables by region

In EUR million	December 31,	
	2020	2019
EMEA	170	36
Americas	219	6
Asia / Pacific	232	160
<b>Trade receivables</b>	<b>621</b>	<b>202</b>

#### 9. Inventories

In EUR million	December 31,	
	2020	2019
Raw materials and supplies	255	58
Work in progress	265	102
Finished goods and merchandise	324	46
Advances to suppliers	4	0
Contract assets	8	4
<b>Inventories</b>	<b>858</b>	<b>210</b>

As of December 31, 2020, EUR 43 million (2019: EUR 9 million) relates to spare parts and tools, which are reported under raw materials and

supplies. The cumulative value allowance for inventories as of December 31, 2020 is EUR 196 million (2019: EUR 69 million).

#### 10. Other Current Receivables and Assets

In EUR million	December 31,	
	2020	2019
Accrual for financial transaction costs	12	95
Debit balances of trade accounts payable	2	0
Other	49	12
<b>Financial current receivables and assets</b>	<b>62</b>	<b>107</b>
Other tax receivables	41	12
Receivables from government grants	7	7
Prepaid expenses	22	4
Other	38	0
<b>Non-financial current receivables and assets</b>	<b>108</b>	<b>22</b>
<b>Other current receivables and assets</b>	<b>169</b>	<b>130</b>

## 11. Property, Plant and Equipment

in EUR million	Gross carrying amount as of January 1, 2020	Translation differences	Additions through business combinations	Additions	Reclassifications	Retirements	Reclassification in assets held for sale	Gross carrying amount as of December 31, 2020	Accumulated amortization and impairment	Net book value as of December 31, 2020	Amortization and impairment during fiscal 2020
Land and buildings	269	-22	605	6	6	-6	-8	849	-401	448	-37
Technical machinery and equipment	1,634	-124	2,526	67	52	-30	-3	4,121	-2,820	1,301	-326
Furniture and office equipment	40	-8	603	7	7	-15	-6	628	-525	103	-32
Advances to suppliers and assets under construction	19	-2	76	78	-64	-14	0	92	-7	86	-5
<b>Property, plant, and equipment</b>	<b>1,962</b>	<b>-157</b>	<b>3,810</b>	<b>158</b>	<b>0</b>	<b>-65</b>	<b>-18</b>	<b>5,690</b>	<b>-3,752</b>	<b>1,938</b>	<b>-400</b>

in EUR million	Gross carrying amount as of January 1, 2019	Translation differences	Additions through business combinations	Additions	Reclassifications	Retirements	Reclassification in assets held for sale	Gross carrying amount as of December 31, 2019	Accumulated amortization and impairment	Net book value as of December 31, 2019	Amortization and impairment during fiscal 2019
Land and buildings	246	4	0	11	9	0	0	269	-92	177	-21
Technical machinery and equipment	1,434	18	0	94	114	-13	-12	1,634	-715	919	-153
Furniture and office equipment	37	1	0	3	2	-2	0	40	-25	15	-4
Advances to suppliers and assets under construction	145	-9	0	14	-124	-6	0	19	0	19	0
<b>Property, plant, and equipment</b>	<b>1,860</b>	<b>13</b>	<b>0</b>	<b>122</b>	<b>0</b>	<b>-20</b>	<b>-13</b>	<b>1,962</b>	<b>-832</b>	<b>1,130</b>	<b>-178</b>

As of December 31, 2020, commitments for the acquisition of property, plant and equipment amounted to EUR 64 million (2019: EUR 16 million)

## 12 Intangible Assets

In EUR million	Gross carrying amount as of January 1, 2020	Translation differences	Additions through business combinations	Additions	Retirements	Reclassification in assets held for sale	Gross carrying amount as of December 31, 2020	Accumulated amortization and impairment	Net book value as of December 31, 2020	Amortization and impairment during fiscal 2020
Goodwill	717	-50	2,342	0	0	0	3,009	-10	2,998	-10
Customer base	383	-10	281	0	0	0	654	-235	419	-58
Technology	177	-2	150	0	0	0	326	-125	201	-34
Trademarks	10	0	252	0	0	0	262	-3	259	-2
Capitalized development costs	103	-5	143	60	-2	0	298	-165	134	-27
Patents, licenses, and other rights	97	-4	149	3	-5	-1	239	-198	41	-11
<b>Intangible assets</b>	<b>1,487</b>	<b>-70</b>	<b>3,316</b>	<b>64</b>	<b>-7</b>	<b>-1</b>	<b>4,789</b>	<b>-737</b>	<b>4,051</b>	<b>-142</b>

In EUR million	Gross carrying amount as of January 1, 2019	Translation differences	Additions through business combinations	Additions	Retirements	Reclassification in assets held for sale	Gross carrying amount as of December 31, 2019	Accumulated amortization and impairment	Net book value as of December 31, 2019	Amortization and impairment during fiscal 2019
Goodwill	760	3	0	0	0	-46	717	0	717	0
Customer base	384	3	0	0	0	-4	383	-177	206	-40
Technology	187	0	0	0	0	-9	177	-92	86	-22
Trademarks	10	0	0	0	0	0	10	-1	9	-1
Capitalized development costs	71	2	0	33	0	-2	103	-15	88	-15
Patents, licenses, and other rights	87	1	0	16	0	-7	97	-74	22	-4
<b>Intangible assets</b>	<b>1,498</b>	<b>9</b>	<b>0</b>	<b>49</b>	<b>0</b>	<b>-69</b>	<b>1,487</b>	<b>-359</b>	<b>1,128</b>	<b>-82</b>

For impairment testing, the goodwill has been allocated to the cash generating units (CGUs) as follows:

Goodwill in EUR million	December 31,	
	2020	2019
<b>Consumer</b>		
Integrated Optical Solutions	172	188
Optical Components	291	316
Accessory & Wearable Solutions (earlier Audio and Color & Spectral Sensors)	29	31
Sensing Modules & Solutions	45	49
<b>Non-consumer</b>		
CMOS Imaging Sensors	131	131
<b>OSRAM</b>		
OSRAM	2,331	0
<b>Goodwill</b>	<b>2,998</b>	<b>714</b>

The CGU Integrated Optical Sensors comprises TAOS Inc. acquired in 2011. The goodwill determined as part of the acquisition of the Heptagon Group in 2017 was allocated to the CGU Optical Components. Likewise, the goodwill from the acquisitions of KeyLemon S.A. and ixellence GmbH is allocated to this CGU. The CGU CMOS Imaging Sensors comprises the goodwill of CMOSIS International NV acquired in 2015. The goodwill identified in connection with the acquisition of MAZeT in 2016 and a proportionate amount of goodwill from the acquisition of CCMOSS in 2016 have been allocated to the Accessory & Wearable Solutions CGU. Goodwill from the acquisition of Incus Laboratories Ltd was also allocated to this CGU. The goodwill from the acquisition of Princeton Optronics Inc. in 2017 is allocated to the Sensing Modules & Solutions CGU. The OSRAM CGU comprises the goodwill of OSRAM acquired in 2020 and is presented as a separate CGU as long as the domination and profit and loss transfer agreement with the Group has not been registered in the commercial register and is therefore legally effective.

As of September 30, 2020 an impairment test has been done for all CGUs. This did not result in any required impairment. The recoverable amount was calculated on the basis of fair value less cost of disposal.

The fair value has been calculated using the multiples method, which is based on EBITDA multiples. These multiples have been derived from a peer group of companies comparable to the relevant CGUs. Cost of disposal have been considered with a 1.5% discount. The fair value has been checked for plausibility by way of discounted cash flow method using a detailed planning period up to 2026. The cash flow surplus of the following planning periods is considered sustainable and used as a basis for the calculation of the present value of a perpetuity. For extrapolation of cash flows in the perpetuity, a growth rate of 2% has been assumed for all CGUs. The interest rate was determined based on the weighted average cost of capital (WACC). The valuation of the fair value based valuation method's input factors has been categorized as level 3 (See Note 25).

The determination of the fair value is based on the following significant parameters:

Valuation Parameters	Fiscal year			
	2020		2019	
	Multiple	Interest rate in %	Multiple	Interest rate in %
<b>Consumer</b>				
Integrated Optical Solutions	19.7	12.9%	17.2	14.6%
Optical Components	17.2	12.8%	9.0	14.4%
Accessory & Wearable Solutions (former Audio and Color & Spectral Sensors)	13.8	11.6%	12.3	12.8%
Sensing Moduls & Solutions	14.5	12.8%	9.0	14.4%
<b>Non-consumer</b>				
CMOS Imaging Sensors	11.1	11.5%	13.8	12.7%
<b>OSRAM</b>				
OSRAM	8.1	9.4%	0	0

A decrease of the multiples by 10% would not result in an impairment.

### 13. Rights of Use Assets

in EUR million	Gross carrying amount as of January 1, 2020	Translation differences	Additions through business combinations	Additions	Reclassifications	Retirements	Reclassification in assets held for sale	Gross carrying amount as of December 31, 2020	Accumulated amortization and impairment	Net book value as of December 31, 2020	Amortization and impairment during fiscal 2020
Land and buildings	140	-16	190	26	0	-15	-5	320	-65	255	-31
Technical machinery and equipment	0	-1	32	2	0	0	0	33	-8	26	-3
Furniture and office equipment	2	-0	10	3	0	-1	0	14	-6	8	-3
<b>Right-of-use assets</b>	<b>142</b>	<b>-17</b>	<b>233</b>	<b>31</b>	<b>0</b>	<b>-17</b>	<b>-5</b>	<b>367</b>	<b>-78</b>	<b>289</b>	<b>-38</b>

in EUR million	Gross carrying amount as of January 1, 2019	Translation differences	Additions through business combinations	Additions	Reclassifications	Retirements	Reclassification in assets held for sale	Gross carrying amount as of December 31, 2019	Accumulated amortization and impairment	Net book value as of December 31, 2019	Amortization and impairment during fiscal 2019
Land and buildings	67	-4	0	81	0	-3	0	140	-19	122	-19
Technical machinery and equipment	0	0	0	0	0	0	0	0	0	0	0
Furniture and office equipment	2	0	0	0	0	0	0	2	-1	1	-1
<b>Right-of-use assets</b>	<b>68</b>	<b>-4</b>	<b>0</b>	<b>82</b>	<b>0</b>	<b>-3</b>	<b>0</b>	<b>142</b>	<b>-19</b>	<b>123</b>	<b>-19</b>

#### Expenses related to lessee accounting

in EUR million	Fiscal Year	
	2020	2019
Interest expenses	6	2
Expenses for short-term or low-value leases	5	4
Variable lease payments	1	0
<b>Expenses related to lessee accounting</b>	<b>12</b>	<b>6</b>

In September 2019, ams has made the assessment that the extension option of the lease agreements for the buildings in Singapore will be used with sufficient certainty. This assessment resulted in an increase of the rights of use and the corresponding lease liability by EUR 73 million.

### 14. Investments in Associates

#### Result from investments accounted for using the equity method

in EUR million	Fiscal year	
	2020	2019
Share of profit (loss), net	-5	0
Reversals of impairments/impairments, net	0	-2
Gains (losses) on sales, net	0	0
<b>Result from investments accounted for using the equity method, net</b>	<b>-5</b>	<b>-2</b>
Currency translation differences	-4	0
<b>Result from investments accounted for using the equity method</b>	<b>-9</b>	<b>-2</b>

#### Summary of financial information for associated companies

##### Financial Information for material Joint Ventures in EUR million

Leddar Tech Inc.	Fiscal year
	2020
Reporting date	September 30, 2020
Interest in income (loss)	25.10%
Current assets	8
Non-current assets	16
Current liabilities	33
Non-current liabilities	7
<b>Net assets (100%)</b>	<b>-16</b>
Group's share of net assets	-4
Goodwill	48
<b>Carrying amount of interest in the entity</b>	<b>44</b>
Revenue	4
Net result	-19
Other comprehensive income (loss)	0
<b>Total comprehensive income (loss)</b>	<b>-19</b>
Dividends received	0

7Sensing Software NV	Fiscal year	
	2020	2019
Reporting date	September 30, 2020	September 30, 2020
Interest in income (loss)	30.00%	30.00%
Current assets	1	3
Non-current assets	0	0
Current liabilities	0	1
Non-current liabilities	3	2
<b>Net assets (100%)</b>	<b>-2</b>	<b>0</b>
Group's share of net assets	-1	0
Goodwill	1	0
<b>Carrying amount of interest in the entity</b>	<b>0</b>	<b>1</b>
Revenue	1	1
Net result	-2	-1
Other comprehensive income (loss)	0	0
<b>Total comprehensive income (loss)</b>	<b>-2</b>	<b>-1</b>
Dividends received	0	0

Sciosense Holding BV	Fiscal year	
	2020	2019
Reporting date	09/30/2020	
Interest in income (loss)	45.22%	
Current assets	55	
Non-current assets	85	
Current liabilities	40	
Non-current liabilities	0	
<b>Net assets (100%)</b>	<b>101</b>	
Group's share of net assets	24	
Goodwill	-7	
<b>Carrying amount of interest in the entity</b>	<b>17</b>	
Revenue	24	
Net result	-7	
Other comprehensive income (loss)	0	
<b>Total comprehensive income (loss)</b>	<b>-7</b>	
Dividends received	0	

ams holds a stake in the associated company LeddarTech Inc., Quebec (Canada), which was acquired as part of the OSRAM takeover. LeddarTech is a specialist in the conversion of environmental data obtained by infrared sensors through LiDAR (Light Detection And Ranging) systems.

7Sensing Software NV is a software and software licensing company that primarily develops

software solutions and IP for optical, imaging, ambient and audio security solutions.

On December 18 2019, ams acquired 49% of Jinan Smart Sensing Sensor Co. Ltd., Ji'nan (China) for EUR 27 million. Jinan Smart Sensing Sensor Co. Ltd. is an at equity investment between ams and the private equity company Wise Road Capital, China, to promote the development and sale of

environmental, flow and pressure sensor solutions. In 2020, a total of calculated 45.22% in Sciosense Holding B.V. in the Netherlands was acquired for EUR 20 million. Sciosense Holding B.V. represents a direct subsidiary of Jinan Smart Sensing Sensor Co. Ltd. Jinan Smart Sensing Sensor Technology Ltd. is the parent company of Sciosense Holding B.V. and

manages the financial interest. Sciosense Holding B.V. is the parent company of the operating units and also manages the Group's business. According to the agreement, ams has transferred employees, intellectual property, sensor products and customer relationships to the associated company. See note 27. These investments are of strategic nature.

## 15. Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets and deferred tax liabilities are allocated to the following items:

In EUR million	2020			2019		
	Net	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities
Intangible assets and property, plant and equipment	-222	91	-314	-72	0	-72
Other assets	-5	0	-5	-5	0	-5
Other current receivables and assets	50	65	-15	0	0	0
Inventories	28	28	-0	27	27	0
Interest-bearing loans and borrowings	-65	0	-65	-47	0	-47
Employee benefits	73	82	-8	10	10	0
Current Provisions	33	35	-2	1	1	0
Liabilities	46	47	-1	3	3	0
Tax loss and credit carryforwards	32	32	0	25	25	0
Other	-31	-22	-9	0	0	4
<b>Deferred taxes</b>	<b>-62</b>	<b>358</b>	<b>-420</b>	<b>-59</b>	<b>65</b>	<b>-123</b>
Netting	0	-193	193	0	-56	56
<b>Item in the statement of financial position</b>	<b>-62</b>	<b>165</b>	<b>-227</b>	<b>-59</b>	<b>9</b>	<b>-63</b>

The tax loss carryforwards recognized as deferred tax assets mainly relate to ams AG and the German tax group of OSRAM. Tax loss carryforwards in Austria can be carried forward indefinitely and can be offset against a maximum of 75% of the current taxable profit. In Germany, tax loss carryforwards can be carried forward indefinitely and can be

offset at 100% up to EUR 1 million, and at 60% above that amount.

Based on the business plan and the related tax planning of the Company it is probable that deferred tax assets recognized in the balance sheet are recovered within a foreseeable period.

## 16. Other Non-Current Assets

### Other Assets and Financial Assets

in EUR million	December 31,	
	2020	2019
OSRAM Licht AG	0	855
HLJ Technologies	16	30
Other financial investments	21	1
<b>Financial assets</b>	<b>37</b>	<b>886</b>
<b>Other financial non-current assets</b>	<b>24</b>	<b>0</b>
Overfunding of pension plans	29	0
Deferred compensation assets	10	0
Accruals and prepaid expenses	4	1
Other	22	1
<b>Non-financial assets</b>	<b>64</b>	<b>2</b>
<b>Other assets and financial assets</b>	<b>125</b>	<b>888</b>

The non-current financial investments relate to strategic equity investments that do not give rise to significant influence or control. The significant reduction in non-current financial investments is due to the fact that OSRAM Licht AG has been fully consolidated since July 2020.

Other non-current financial assets include the positive fair value of the option for early repayment of the bonds (senior notes) amounting to EUR 21 million and from credit lines granted to 7 Sensing Software in the amount of EUR 3 million. The early redemption option allows the Group to redeem the senior notes earlier (until 2023).

## 17. Other Liabilities

In EUR million	current		non-current	
	2020	2019	2020	2019
Derivative financial instruments	7	0	1	1
Contingent purchase price liabilities	18	0	2	6
Liability concerning the Put Option of DPLTA	1,256	0	0	0
Lease liabilities	56	20	234	106
Accrued interests and financial transaction costs	43	63	0	0
Refund liabilities against customers	50	0	0	0
Credit balances on trade accounts receivable	5	0	0	0
Other	24	0	0	0
<b>Financial liabilities</b>	<b>1,458</b>	<b>83</b>	<b>236</b>	<b>113</b>
Employee related liabilities	86	7	39	0
Accrued vacation days	38	13	0	0
Accrued expenses	12	40	0	0
Other tax liabilities	1	1	0	0
Liabilities from precious metal lending transactions	51	0	0	0
Other	49	9	53	0
<b>Non-financial liabilities</b>	<b>238</b>	<b>70</b>	<b>92</b>	<b>0</b>
<b>Other liabilities</b>	<b>1,696</b>	<b>153</b>	<b>328</b>	<b>114</b>

Under the domination and profit and loss transfer agreement between OSRAM Licht AG and ams Offer GmbH, which was entered into on September 22, 2020 and approved by the General Meeting of OSRAM Licht AG on November 3, 2020, ams has a time-limited obligation to acquire, at the request of any outside OSRAM shareholder, the latter's OSRAM shares in return for cash compensation of EUR 45.54 per OSRAM share. For this reason, the maximum total amount payable for this of EUR 1,256 million has been recognized as a liability. EUR 1,104 million of this amount was offset against the non-controlling interests of OSRAM and EUR 152 million against the capital reserve. The obligation to purchase the OSRAM shares ends two months after the date on which the entry of the existence of the domination and profit and loss transfer agreement in the commercial register was announced.

Asset retirement obligations have been reclassified from other non-current liabilities to other non-current provisions beginning on December 31, 2020.

The purchase price liabilities result from the acquisition of KeyLemon S.A. in 2018 (EUR 2 million; 2019 EUR 2 million), from the acquisitions of CCMOSS (EUR 0 million; 2019 EUR 1 million) and Incus Laboratories (EUR 2 million; 2019 EUR 2 million) made in 2016, and from the companies acquired by OSRAM, Fluence Bioengineering, Inc. (EUR 9 million) and Vixar, Inc. (EUR 6 million). The amount of the contingent purchase price payments depends primarily on the sales and gross margins achieved in the years following the respective acquisition.

In summary, the development of the contingent purchase price agreements is as follows:

Contingent purchase price liabilities in EUR million	current	
	2020	2019
Balance at the beginning of the fiscal year	6	22
Additions due to business combinations	26	0
Revaluation/reversal	-2	-16
Usage	-11	0
<b>Balance at the end of the fiscal year</b>	<b>19</b>	<b>6</b>

The conversion right of the convertible bond issued in USD is recognized in other liabilities. The fair value amounted to EUR 44 million at the time of issue. The valuation of the option takes into account the conversion premium, the term,

the development of the share price and the most recent dividend paid per share and amounts to EUR 1 million as of December 31, 2020 (2019: EUR 1 million).

The future cash payments of the material financial liabilities are as follows:

Future payments in EUR million	0 – 1 year	2 – 5 years	more than 5 years
Lease liabilities	63	167	99
Contingent purchase price liabilities	18	2	0
Obligation to acquire the non-controlling interests in OSRAM Licht AG	1,256	0	0

The amount and timing of the payments for the obligation to purchase the non-controlling interests in OSRAM Licht AG depend on the extent

and timing of the tender of shares by the non-controlling minority shareholders. Further information available under Note 1.

## 18. Provisions

in EUR million	Warranties	Orderrelated losses and risks	Other personnel	Others	Total
<b>Balance at the beginning of the fiscal year</b>	<b>11</b>	<b>8</b>	<b>75</b>	<b>33</b>	<b>127</b>
Additions through business combinations	19	2	97	116	234
Additions	13	25	179	100	317
Usage	-15	-12	-170	-87	-284
Reversals	-1	-1	-2	-1	-5
Translation differences	-1	0	0	-2	-3
<b>Balance at the end of the fiscal year</b>	<b>25</b>	<b>22</b>	<b>179</b>	<b>159</b>	<b>386</b>
therein non-current	0	0	0	44	44

### Warranties

Provisions for warranties are recognized for warranty claims asserted by customers. The amount accrued is not offset by any recovery claims against insurance companies (2019: EUR 2 million).

### Onerous contracts

Provisions for onerous contracts are accrued when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

### Other personnel provisions

Provisions for other personnel costs include profit sharing and bonuses payable within twelve months after the respective balance sheet date and sales incentives for current employees.

### Other provisions

Significant amounts of other provisions relate to one-time restructuring measures of EUR 54 million (2019: EUR 0 million), environmental risks of EUR 8 million (2019: EUR 0 million) and other tax and customs risks of EUR 15 million (2019: EUR 5 million). Non-current provisions mainly relate to restoration obligations and have been reclassified from other non-current liabilities to other non-current provisions.

## 19. Interest-Bearing Loans and Borrowings

In EUR million	current		non-current	
	2020	2019	2020	2019
Bank loans	150	786	337	296
Promissory notes	117	0	151	268
Convertible bond	-12	-4	1,344	736
Bonds	-18	0	1,233	0
<b>Interest-bearing loans and borrowings</b>	<b>237</b>	<b>782</b>	<b>3,066</b>	<b>1,301</b>

## Repayments, Interest Rates and Terms

2020 in EUR million	Effective interest rate	Carrying amount	Expected cash flow	0 – 1 year	2 – 5 years	more than 5 years
<b>R&amp;D loans</b>						
EUR – fixed rate	0.88%	54	55	12	34	10
<b>Export loans</b>						
EUR - floating rate loan	0	0	0	0	0	0
<b>Unsecured bank facilities</b>						
EUR – fixed rate	2.07%	394	405	132	271	0
EUR – floating rate	0.99%	40	40	10	30	0
<b>Promissory note</b>						
EUR – fixed rate	1.68%	137	143	37	97	10
EUR – floating rate	1.68%	131	134	84	50	0
<b>Convertible bond</b>						
USD – fixed rate	2.23%	229	277	2	275	0
EUR – fixed rate (EUR 600 million)	2.11%	481	524	0	524	0
EUR – fixed rate (EUR 760 million)	6.00%	605	873	16	65	791
<b>Bonds</b>						
USD - fixed rate	7.33%	386	528	28	500	0
EUR – fixed rate	6.25%	847	1,087	52	1,035	0
<b>Bridge loan</b>						
EUR – fixed rate	0	0	0	0	0	0
<b>Interest-bearing loans and borrowings</b>		<b>3,300</b>	<b>4,067</b>	<b>373</b>	<b>2,880</b>	<b>811</b>
<hr/>						
2019	Effective interest rate	Carrying amount	Expected cash flow	0 – 1 year	2 – 5 years	more than 5 years
<b>R&amp;D loans</b>						
EUR – fixed rate	1.05%	14	14	4	10	0
<b>Export loans</b>						
EUR - floating rate loan	0.70%	106	107	107	0	0
<b>Unsecured bank facilities</b>						
EUR – fixed rate	1.63%	346	353	85	268	0
EUR – floating rate	1.75%	170	173	153	20	0
<b>Promissory note</b>						
EUR – fixed rate	1.68%	137	146	2	133	10
EUR – floating rate	1.68%	131	136	2	134	0
<b>Convertible bond</b>						
USD – fixed rate	3.05%	261	279	2	277	0
EUR – fixed rate (EUR 600 million)	2.11%	471	524	0	524	0
EUR – fixed rate (EUR 760 million)	0	0	0	0	0	0
<b>Bonds</b>						
USD – fixed rate	0	0	0	0	0	0
EUR – fixed rate	0	0	0	0	0	0
<b>Bridge loan</b>						
EUR – fixed rate	3.08%	445	450	450	0	0
<b>Interest-bearing loans and borrowings</b>		<b>2,082</b>	<b>2,182</b>	<b>806</b>	<b>1,366</b>	<b>10</b>

On September 25, 2017, ams AG issued a convertible bond with a nominal value of USD 350 million. The term is five years. The holders of the convertible bond have the right at any time to convert the bond into a total of 3,273,858 ordinary shares (conversion price 65.8845 USD/share; December 31, 2019: 106.9075 USD/share). No bonds had been converted by December 31, 2020.

The conversion right of the USD convertible bond is recognized in other liabilities. The fair value of the option was EUR 44 million at the time of issue and EUR 1 million at December 31, 2020 (December 31, 2019: EUR 1 million). The option value is determined taking into account the conversion premium, the term, the development of the share price and the most recent dividend paid per share.

On February 26, 2018, ams AG issued a convertible bond with a nominal value of EUR 600 million. The term of the bond is seven years. Holders of convertible bonds have the right at any time to convert the bond into a total of 4,410,412 ordinary shares (conversion price 83.8392 EUR/share; 31.12.2019: 136.0417 EUR/share). This option represented equity in the amount of its fair value of EUR 82 million at the time of the transaction and is not subsequently measured. No bonds had been converted by December 31, 2020.

Due to the capital increase carried out in April 2020, the conversion prices of the USD and EUR convertible bond existing at that time were adjusted based on the defined dilution protection

On March 12, 2019, the Group announced a repurchase program of its convertible bonds, under which both USD and EUR convertible bonds with a total volume of up to USD 100 million will be repurchased. The repurchase started on March 27, 2019 and ended on December 30, 2019. ams AG repurchased 148 USD convertible bonds and 378 EUR convertible bonds for a total of EUR 72 million. This resulted in financial income of EUR 18 million and a reduction of liabilities in the balance sheet of EUR 90 million.

In July 2020, ams AG issued senior notes which were split into a EUR 850 million and a USD 450 million tranche. The interest rate for the EUR tranche is 6% and for the USD tranche 7%. The maturity date for both tranches is July 31, 2025. The proceeds were used to finance the intended acquisition of OSRAM, to finance or refinance the purchase of the OSRAM business shares, to refinance certain existing indebtedness of OSRAM and its subsidiaries and/or ams and its subsidiaries and to pay certain fees and expenses.

On November 3, 2020, ams AG issued a convertible bond with a nominal value of 760 mEUR. The term of the bond is seven years. The holders of the convertible bonds have the right at any time to convert the bond into a total of 27,416,137 ordinary shares (conversion price 27.7209 EUR/share). This option represents equity in the amount of the fair value in the amount of EUR 151 million at the time of issue and is not subsequently measured. No bonds have been converted as of December 31, 2020.

## Risk of change of interest rates

in EUR million	Current		Non-current	
	2020	2019	2020	2019
Fixed rate loans and borrowings	145	526	2,988	1,150
Floating rate loans and borrowings	93	256	79	151
<b>Interest-bearing loans and borrowings</b>	<b>237</b>	<b>782</b>	<b>3,066</b>	<b>1,301</b>
		2020		2019
<b>Impact on Consolidated Statement of Income</b>	<b>+100 BP</b>	<b>-100 BP</b>	<b>+100 BP</b>	<b>-100 BP</b>
Floating rate loans and borrowings	-2	2	-6	6

## 20. Government Grants

In EUR million	2020	2019
R&D premium	17	15
Project-related research funding	8	7
COVID-19 subsidies	35	0
<b>TOTAL</b>	<b>60</b>	<b>22</b>
of which reduction of acquisition costs of subsidized assets	2	2
of which offset against the respective expense items	50	13
of which recognized in other operating income	8	7

## 21. Employee Benefits

The main obligations to employees in the group comprise defined benefit and defined contribution pension obligations at OSRAM and severance obligations at ams AG. Obligations to a lesser extent relate to pension obligations in Switzerland, Belgium, and the Philippines, as well as the obligation to pay anniversary bonuses upon reaching a specified number of years of service in Austria.

In the reporting period, OSRAM provided almost all of the Company's employees in Germany and many of the Company's employees outside Germany with defined benefit and defined contribution pension plans based on contractual arrangements and/or statutory requirements. OSRAM regularly reviews the design of its pension plans, which historically have been predominantly based on defined benefit obligations. The majority of OSRAM's pension obligations are covered by assets in external, restricted pension plans.

### Defined Benefit Plans

OSRAM's principal pension plans and similar commitments relate to Germany and the U.S.A.

#### Germany

In Germany, OSRAM provides pension benefits predominantly through the Beitragsorientierte OSRAM Altersversorgung ('BOA') defined benefit plan launched in fiscal year 2004, legacy defined benefit plans, and deferred compensation plans. The BOA is a defined pension plan in which the benefits are predominantly based on contributions made by the Company and the returns earned on such contributions, subject to a minimum return guaranteed by the Company. The obligations under this plan are still affected by longevity, inflation adjustments and remuneration increases, but to a much lesser extent than in the case of the legacy defined benefit plans.

No further employee entitlements can be added to the majority of the legacy defined benefit plans. Nevertheless, these frozen plans still expose the Company to financial risks and demographic risks such as investment risk, interest rate risk, and longevity risk.

OSRAM entered into a trust agreement with the Deutsche Treuinvest Stiftung, Frankfurt am Main (Germany), in November 2011 for all funded pension plans. The trustee administers the plan assets and is responsible for ensuring they are invested in line with the trust agreement with the Company. A deferred compensation plan is also offered to employees.

#### U.S.A.

The majority of the employees at OSRAM SYLVANIA INC., Wilmington (U.S.A.), who joined the company up to December 31, 2006, are members of two closed defined benefit pension plans. The benefits for most of the employees under these plans are largely linked to final salary on retirement, although the benefits for a small group of employees are based on fixed amounts. All these defined benefit plans expose the company to financial and demographic risks such as interest rate risk, risk from salary and wage increases, investment risk, and longevity risk. Benefits for salaried participants are frozen and therefore a remuneration increase risk with regard to these employees is eliminated.

The plans are subject to the applicable legal and regulatory framework, which is determined by the U.S. Employee Retirement Income Security Act ('ERISA'). Based on this legislation, a funding valuation is determined yearly to ensure that the minimum funding level for funded defined benefit plans is achieved. The funding level must be at least 80% to avoid benefit restrictions. The evaluation of the funding level is used as a basis for determining the statutory contributions to the plan assets. As the sponsoring employer, OSRAM SYLVANIA Inc. has set up an investment committee comprising members of the senior management

of OSRAM SYLVANIA Inc. to make investment decisions.

The company provides other post-employment benefits in the form of two closed medical benefit plans (including a life insurance component). For one of these plans, the amount of the obligation depends on the expected cost trend, while the benefits in the other plan are based on fixed amounts.

### Defined Contribution Plans and Government Plans

The defined contribution plans are organized such that the Company pays contributions to public or private entities based on statutory or contractual provisions or on a voluntary basis without assuming any obligation to provide further benefits to employees. In the reporting period, contributions to the defined plans amounted to EUR 4 million, and to government plans EUR 40 million. In both cases the contributions are contribution to the defined plans in profit or loss.

### Actuarial Assumptions

The amount of the obligation arising from defined benefit plans is generally determined as of the end of the reporting period on the basis of reports prepared by external, independent actuaries. The actuarial measurement of the present value of the defined benefit obligation (DBO) is based on demographic and financial assumptions. Significant assumptions include mortality rates, pension trends, and trends in healthcare costs. Here, the Company makes its best estimate bearing in mind the economic environment in the country in question and existing expectations.

Another significant assumption is the discount rate. The discount rates used are determined by reference to market yields on high-quality corporate bonds at the end of the reporting period. In countries where there is no deep market in such corporate bonds, market yields on government bonds are used.

### Funding Policy and Investment Strategy

The policy for funding defined benefit plans is an integral part of OSRAM's financial management, and also includes an ongoing analysis of the structure of its defined benefit liabilities. The investment strategy for plan assets is derived from the structure and characteristics of the liabilities and is based on asset-liability modeling studies at the individual plan level.

We intend to reduce the volatility of the proportion of commitments covered by plan assets through liability-driven investing (LDI).

Risk budgets are used as the basis for determining our investment strategy at the individual plan level, i.e., for the strategic asset allocation of key plan assets and the level of appropriate limits for interest rate and credit spread risk hedging.

The investment strategy, the hedging rules, and changes in the proportion of commitments covered by plan assets are regularly reviewed with the participation of external experts in the international asset management industry to permit an integral view of plan assets and defined benefit obligations. We review the asset allocation of each plan in light of the duration of the related defined benefit obligation and analyze trends and events that may affect asset values in order to initiate appropriate measures at a very early stage.

Our asset manager selection process is based on our quantitative and qualitative analysis. We continuously monitor the performance of each asset

manager mandate and the risk it entails, both individually and in a more general portfolio context.

Our investment strategy to reduce risk, as part of an integrated risk management approach for assets and liabilities, is mainly based on investments in physical securities. Additionally, derivatives are used either to reduce the fluctuations in the value of plan assets or to reduce volatility in the proportion of commitments covered by plan assets. OTC derivatives are collateralized on a daily basis to mitigate counterparty risk.

### Severance obligation

In Austria, there are still employment relationships that are subject to Severance Pay Old. This applies to all employment relationships that began before January 1, 2003. This is an extraordinary payment that is due to employees upon termination of their employment relationship. In order to be entitled to severance pay, the employment relationship must have lasted at least three years and must end in a manner that "preserves the claim".

### Notes on the obligations presented in the Consolidated Financial Statements

The consolidated statement of financial position contains the following items related to pension plans and similar commitments as of December 31, 2020.

The funded status of these plans and the reconciliation of the funded status to the carrying amounts contained in the relevant statement of financial position items were as follows:

### Commitments by Type and Financial Position

in EUR million	December 31,	
	2020	2019
DBO for funded plans	-1,192	-61
Fair value of plan assets	1,139	14
Funded status of funded plans	-53	0
DBO for unfunded plans	-116	0
<b>Funded status</b>	<b>-169</b>	<b>-47</b>
Pension plans	-105	-47
Similar commitments	-64	0
<b>Reconciliation to the financial position</b>		
Liabilities for pension plans and similar commitments	218	47
Liabilities associated with assets held for sale	2	0
Other assets	51	0

In the USA, prior to the end of the reporting period, obligations for current pensions in the amount of EUR 4 million from the funded pension plan were settled with an insurance company in return for plan assets in the amount of EUR 5 million. According to uniform Group valuation, this resulted in an immaterial loss. The remaining pension plan continues to be overfunded even after this transfer and represents the largest share of the overfunded plans at December 31, 2020, amounting to EUR 22 million.

Unfunded obligations mainly relate to a pension plan and other postretirement benefit obligations in the USA as well as other postretirement benefit obligations in several countries.

The following table shows the expenses for pension and other postretirement benefit obligations included in the consolidated statement of income and the consolidated statement of comprehensive income:

## Defined Benefit Cost

in EUR million	Fiscal year	
	2020	2019
Current service cost	17	7
Past service cost/(income)	2	0
Settlement loss/(gain)	-2	0
Net interest income	0	0
Net interest cost	2	0
Liability administration cost	0	0
<b>Defined benefit cost recognized in consolidated statement of income</b>	<b>18</b>	<b>7</b>
Germany	13	0
U.S.A.	2	0
Other countries	1	0
Return on plan assets excluding amounts included in net interest on the net defined benefit liability (asset)	-68	0
Actuarial (gains) and losses arising from changes in demographic assumptions	-4	0
Actuarial (gains) and losses arising from changes in financial assumptions	82	0
Actuarial (gains) and losses arising from experience adjustments	-5	4
<b>Remeasurements of the net defined benefit liability (asset) recognized in consolidated statement of other comprehensive income</b>	<b>6</b>	<b>4</b>
Germany	18	0
U.S.A.	-17	0
Other countries	5	7
<b>Defined benefit cost</b>	<b>18</b>	<b>7</b>

The Group reports the current service cost for the pension entitlements acquired in the reporting period, past service cost, gains/losses from plan settlements, and administrative costs incurred for the pension obligation in the functional costs (cost of sales, research and development costs, marketing, selling, and general administrative costs),

depending on the functional area of the profit and cost centers responsible.

The table shows the detailed reconciliation of the defined benefit obligation (DBO) for the reporting period:

## Development of the present value of the DBO

in EUR million	Fiscal year	
	2020	2019
<b>DBO at beginning of fiscal year</b>	<b>61</b>	<b>53</b>
Additions through business combinations	1,203	0
Current service cost	19	9
Past service cost/(income)	0	0
Settlements	-7	-2
Interest cost	9	1
Remeasurements:	0	-1
Actuarial (gains) and losses arising from changes in demographic assumptions	-4	0
Actuarial (gains) and losses arising from changes in financial assumptions	83	3
Actuarial (gains) and losses arising from experience adjustments	-1	1
Plan participants' contributions	8	2
Benefits paid	-30	-5
Plan management costs	0	0
Transfer-in from the discontinued operation	0	0
Divestments	0	0
Foreign currency translation effects	-33	1
<b>DBO at end of fiscal year</b>	<b>1,308</b>	<b>61</b>
Germany	896	0
U.S.A.	329	0
Other countries	84	61

A detailed reconciliation of the changes in the fair value of plan assets for reporting period is provided in the following table:

## Change in Plan Assets

in EUR million	Fiscal year	
	2020	2019
<b>Fair value of plan assets at beginning of fiscal year</b>	<b>14</b>	<b>16</b>
Additions through business combinations	1,062	0
Interest income	8	0
Remeasurement:	0	0
Return on plan assets excluding amounts included in net interest on the net defined benefit liability (asset)	68	0
Employer contributions	36	2
Plan participants' contributions	4	2
Benefits paid	-21	-4
Settlements	-5	-2
Liability administration cost	-1	0
Foreign currency translation effects	-26	0
<b>Fair value of plan assets at end of fiscal year</b>	<b>1,139</b>	<b>14</b>
Germany	792	0
U.S.A.	262	0
Other countries	85	14

The employer contributions to the funded pension plans amounted to EUR 34 million in the reporting period. Of this amount, EUR 33 million was attributable to the German pension plans.

#### Composition of Plan Assets

in EUR million	December 31,	
	2020	2019
<b>Equities</b>	<b>147</b>	<b>0</b>
Global equities (ex emerging markets)	128	0
Emerging markets equities	19	0
<b>Fixed income</b>	<b>894</b>	<b>0</b>
Government bonds	255	0
Corporate bonds	638	0
Mixed funds	37	0
Commodities	2	0
<b>Plan assets that do have a quoted market price in an active market</b>	<b>1,080</b>	<b>0</b>
Cash and other assets	54	14
Derivatives	6	0
<b>Plan assets that do not have a quoted market price in an active market</b>	<b>60</b>	<b>14</b>
<b>Fair value of plan assets at end of fiscal year</b>	<b>1,139</b>	<b>14</b>

Actuarial, demographic key assumptions at balance sheet date:

#### Key Assumptions for the Calculations of the DBO

	December 31,	
	2020	2019
Discount rate	1.17%	0.29%
Germany	0.52%	n/a
U.S.A.	2.61%	n/a
Austria	0.33%	0.29%
<b>Mortality tables</b>		
Germany	Richttafeln Heubeck 2018G	n/a
U.S.A.	Pri-2012 Healthy Generational Projected from 2012 with MP-2020	n/a
Austria	AVÖ 2019	AVÖ 2019

The modification of the US mortality tables was made in the reporting period. As of December 31, an update on "Pri-2012 Healthy Generational Projected from 2012 with MP-2020" published in October 2020 was implemented.

Based on the persistently low rate of inflation in Germany, a pension progression rate of 1.60% was defined for the measurement of defined benefit plans in Germany as of December 31, 2020. The expected inflation rate is factored into the pension progression rate and therefore also has an impact

on the DBO. The discount rate is weighted using the amount of the obligation at the end of the reporting period and including all pension plans and similar commitments.

The measurement assumptions determined at the beginning of the reporting period are used to determine the current service cost as well as the interest income and interest expenses in reporting period. The service cost for the period from July 1

to September 30, 2020 is based on the valuation assumptions of September 30, 2019. For the period from October 1, 2020 to December 31, 2020, the valuation assumptions of September 30, 2020 apply.

The following sensitivity analysis shows the effects of a change in actuarial assumptions on the amount of the defined benefit obligation as of December 31, 2020.

#### Sensitivity analysis

in EUR million	Effect on DBO as of December 31, 2020	
	50-basis-points increase	50-basis-points decrease
Discount rate	-90	101
Rate of pension progression	44	-40

A 10% decrease in mortality probability for each age would result in an increase in the DBO of EUR 37 million.

The weighted average duration of the DBO for defined benefit plans and similar commitments was 15.4 years.

## 22. Shareholders' Equity

in EUR million	Fiscal Year	
	2020	2019
Issued capital	274	84
Additional paid-in capital	2,176	719
<b>Balance at the end of the fiscal year</b>	<b>2,450</b>	<b>803</b>

The share capital was increased by 189,869,454 to 274,289,280 registered shares with a par value of EUR 1 each compared to the previous year from 84,419,826. The holders of ordinary shares are entitled to receive dividends based on the distributable net income ("Bilanzgewinn") presented in the separate financial statements of the parent company compiled in accordance with the Austrian Commercial Code (Österreichisches Unternehmensgesetzbuch, UGB) and as declared by shareholders' resolution and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

In recent years the Annual General Meeting has regularly authorized the Management Board to issue a limited number of shares (contingent capital increase according to § 159 (2) AktG). The current authorization was given in June 2017 by the Annual General Meeting, which empowers the Management Board to increase the share capital in accordance to § 159 (2) Z3 AktG by up to EUR 8,441,982.00 by issuing 8,441,982 new ordinary bearer and/or registered shares (no-par value shares) to creditors of financial instruments in accordance with § 174 AktG to the extent that the creditors make use of their conversion and/or subscription rights. This is reserved for the

USD convertible bond issued in 2017 and the EUR convertible bond issued in 2018.

The Annual General Meeting of June 6, 2018 resolved to create a new authorized capital of 10% of the current share capital in the amount of EUR 84,419,826, which, with the approval of the Supervisory Board, authorizes the Management Board by issuing up to 8,441,982 new ordinary bearer or registered shares against cash and / or contribution in kind - if necessary in several tranches - and to fix the issue price, the terms of issue and the further details of the implementation of the capital increase in alignment with the Supervisory Board.

Furthermore, the board is also authorized:

- If necessary, to offer the new shares to the shareholders by way of indirect subscription rights pursuant to §153 Abs 6 AktG
- to exclude the subscription rights of shareholders with the approval of the Supervisory Board, under certain circumstances

On January 24, 2020, the Extraordinary General Meeting resolved a capital increase of up to EUR 1,649 million pursuant to section 149 et seq. of the Austrian Stock Corporation Act (AktG) against cash contributions and in compliance with the shareholders' statutory subscription rights, in connection with the partial financing of the acquisition of OSRAM Licht AG. The share capital of the Company is increased by up to EUR 1,649 million to up to EUR 1,733,419,826.00 by issuing up to 1,649,000,000 new no-par value bearer shares (ordinary shares), each representing a pro rata amount of the share capital of EUR 1.00 (one euro), with the same dividend entitlement as the shares

of the Company already issued, in exchange for cash contributions, while materially safeguarding the shareholders' subscription rights (section 153 (6) AktG). The capital increase was implemented on April 3, 2020 to finance the acquisition of OSRAM Licht AG.

The Annual General Meeting held on June 3, 2020 authorized the Management Board to issue financial instruments within the meaning of Section AktG, in particular convertible bonds, participating bonds or profit participation rights, which may provide for subscription upon conversion into shares of the Company. Therefore, the resolved authorization for a conditional increase of the share capital is in place, pursuant to Section 159 (2) Z3 AktG by up to EUR 827,428,928 by issuing 27,428,928 no-par value bearer shares, which is intended for the EUR convertible bond issued in 2020.

Additional paid-in capital relates to the difference between paid-in capital when shares are issued and the par value of the shares, as well as expenses for share-based payments recognized in accordance with IFRS 2. In addition, the capital reserve includes conversion options from the issue of convertible bonds. The additional paid-in capital is also used for the put option obligation of OSRAM Licht AG, which is not covered by the minority interests.

Other reserves include all cumulative foreign currency differences as of December 31, 2020 EUR -161 million (2019: EUR 10 million) resulting from the translation of the financial statements of foreign subsidiaries.

Overview of accumulated other comprehensive income and foreign exchange reserve:

#### Accumulated Other Comprehensive Income and Foreign Exchange Reserve

in EUR million	Benefit oriented obligations	Equity instruments FVOCI	Foreign currency results
<b>Balance as of January 1, 2019</b>	-12	0	-18
Changes	-3	66	28
Additions through business combinations	0	0	0
<b>Balance as of December 31, 2019</b>	<b>-14</b>	<b>66</b>	<b>10</b>

	Benefit oriented obligations	Equity instruments FVOCI	Foreign currency results
<b>Balance as of January 1, 2020</b>	-14	66	10
Changes	-2	-71	-171
Additions through business combinations	0	0	0
<b>Balance as of December 31, 2020</b>	<b>-16</b>	<b>-5</b>	<b>-161</b>

#### Treasury Shares

In recent years the Annual General Meeting has authorized the Management Board to acquire treasury shares within the amounts given in the statutory regulations. The current authorization was given in June 2019 (according to § 65/1/4 and 8 AktG) by the Annual General Meeting, empowering the Management Board to buy bearer shares of ams AG, whereby the percentage of shares which are to be acquired, which were already acquired and treasury shares held from ams AG by the company should not exceed 10%. This authorization is valid until December 4, 2021.

Furthermore the Management Board has been authorized:

- to use treasury shares to serve stock options granted to employees, officers and members of the board of the company or affiliated companies,
- to use treasury shares to serve convertible bonds,
- to use treasury shares as consideration for the acquisition of companies, business operations or parts thereof or shares of one or more companies at home or abroad,

- to reduce the nominal capital of the company by withdrawing of shares without par value and to reduce bearer shares without further resolution of the general meeting. The Supervisory Board is authorized to resolve all necessary changes of the articles of incorporation and by-laws which result from this reduction, and,
- for a duration of five years – until June 8, 2022 – to sell treasury shares through a stock exchange or any other public offering or any other legally permitted manner, even over the counter, with authorization of the Supervisory Board. The Management Board may decide on the exclusion of the general purchase opportunity.

#### Non-controlling interests

As of December 31, 2020, there were non-controlling interests of EUR -61 million, resulting mainly from OSRAM Continental GmbH. In addition, there are non-controlling interests in OSRAM Licht AG, which are disclosed as other liabilities on the basis of the control and profit and loss transfer agreement (Note 17).

In the following, the financial information of OSRAM Licht AG and OSRAM Continental GmbH, Munich, is presented in summarized form in

accordance with IFRSs and before intercompany consolidations:

#### Financial Information for OSRAM Licht AG

in EUR million	Fiscal year
	2020
Non-controlling interests	29.28%
Accumulated non-controlling interests	-61
Current assets	1,593
Non-current assets	2,031
Current liabilities	1,173
Non-current liabilities	1,025
Revenue	1,578
Net income (loss)	-133
Total comprehensive income (loss)	-127
<b>Net income (loss) attributable to non-controlling interests</b>	<b>-75</b>

#### Financial Information for OSRAM Continental GmbH

in EUR million	Fiscal year
	2020
Non-controlling interests	50,00%
Accumulated non-controlling interests	-67
Current assets	145
Non-current assets	36
Current liabilities	295
Non-current liabilities	15
Revenue	155
Total comprehensive income (loss)	-101
<b>Net income (loss) attributable to non-controlling interests</b>	<b>-50</b>

In September 2020, OSRAM and Continental jointly decided to separate their businesses contributed to OSRAM Continental and to transfer them to the respective companies of the shareholders. For this reason, the related assets and liabilities were classified as held for sale as of December 31, 2020.

OSRAM and, consequently, ams control OSRAM CONTINENTAL on the basis of special voting rights that allow OSRAM to direct the relevant activities. At the same time, the holder of the non-controlling interests has been granted protective rights

reflecting the size of its shareholding, which could, if necessary, result in the assets presented not being able to be used to meet the liabilities of the rest of the OSRAM Licht Group.

#### Management of Equity

Economic equity corresponds to the equity reported in the consolidated statement of financial position less non-controlling interests. The Management Board's objective is to provide the Group with a solid capital base in order to maintain the confidence of investors, creditors and customers

and to ensure the further development of the Company. Among other things, the Management Board continuously monitors the development of the equity ratio and return on equity. Capital increases, dividend payments and share buybacks are considered as measures to establish adequate capitalization. There was no change to these targets in the 2020 financial year. None of the Group companies is subject to specific capital requirements.

The aim of the Management Board is to achieve a balance between profitability and liquidity that is customary in the industry. To this end, the aim is to achieve an annual return on equity (EBIT adjusted / equity) of 23-28% (2020: 15%, 2019:

20%) and a return on total capital (EBIT adjusted + interest expense) / total capital of 10-20% (2020: 7%, 2019: 7%). EBIT was adjusted in each case for the amortization of assets resulting from purchase price allocations and the expense from share-based payments, acquisition and integration costs, and one-time restructuring expenses. Due to these one-time effects from the acquisition and integration of OSRAM Licht AG, these targets were not achieved. Due to further integration and cost-saving/synergy measures or portfolio decisions, one-time effects will also appear by 2022. Nevertheless, the long-term goals remain in the focus of the management, which is convinced to create stability and profitability for the new group.

### 23. Cash Flow

The Cash Flow statement, which was prepared using the indirect method, shows the changes of cash and cash equivalents from operating activities, investing activities and financing activities. Cash and cash equivalents include cash on hand as well as bank deposits due at any time. Non-cash transaction are not shown. These mainly relate to not yet paid capital expenditures, company acquisitions (see note 1.c.ii and note 19) through issue of shares and valuation of financial liabilities.

In connection with the acquisition of OSRAM Licht AG, EUR 49 million was paid in 2019 for the provision of financing in the fiscal year and EUR 19 million was recognized as an expense in the financial result. In fiscal year 2020, a further EUR 159 million in financing costs was paid from the same title and EUR 114 million was recognized as an expense in the financial result.

## 24. Earnings per Share

in EUR million	2020	2019
Net result	-90	300
Net result (continuing operations)	-87	300
Result not attributable to the ams shareholders	-75	0
<b>Result attributable to the ams shareholders</b>	<b>-13</b>	<b>300</b>
Weighted average number of shares outstanding	215,189,478	80,261,853
<b>Earnings per share (basic)</b>	<b>-0.06</b>	<b>3.74</b>
<b>Earnings per share (basic, continuing operations)</b>	<b>-0.07</b>	<b>3.74</b>
<b>Earnings per share (basic, discontinued operations)</b>	<b>0.01</b>	<b>0.00</b>
Weighted average number of diluted shares	226,963,780	82,309,404
<b>Earnings per share (diluted)</b>	<b>-0.14</b>	<b>3.64</b>
<b>Earnings per share (diluted, continuing operations)</b>	<b>-0.15</b>	<b>3.64</b>
<b>Earnings per share (diluted discontinued operations)</b>	<b>0.01</b>	<b>0.00</b>
<b>Dividends per share (paid in the fiscal year)</b>	<b>0.00</b>	<b>0.00</b>

The options granted according to the SOP 2005, SOP 2009, SOP 2011, SOP 2013, LTIP 2014, SSOP 2017, SLTIP 2018, LTIP 2019 and SSOP 2019 will generally have a dilutive effect. The dilution only occurs if the strike price is below the average stock-exchange price. An additional dilution effect results from convertible bond issued in USD. Dilution effects from the USD convertible bond are only to be considered if they result in lower earnings per share or a higher loss per share. Dilutive effects had to be taken into account in the 2020 financial year, as the effects from the convertible bond led to a higher loss per share.

From the 2018 financial year onwards, dilution effects may result from the issue of the convertible bond in EUR. Furthermore, newly issued convertible bonds denominated in EUR may have dilutive effects from 2020 onwards. Such dilutive effects should only be taken into account if they result in lower earnings per share or a higher loss per share. When calculating the diluted earnings per share, dilutive effects from the convertible bond in EUR had to be taken into account in the 2020 financial year, as the effects from the convertible bond led to a higher loss per share.

## Treasury Shares

in shares	Fiscal year	
	2020	2019
<b>Reconciliation of number of outstanding shares</b>		
Outstanding shares as of January 1	81,040,688	82,114,891
Acquisition and sale of treasury shares	-10,239,394	-1,074,203
Capital increase	189,869,454	0
<b>Outstanding shares as of December 31</b>	<b>260,670,748</b>	<b>81,040,688</b>
<b>Reconciliation of number of diluted shares</b>		
Weighted average number of shares outstanding as of December 31	82,309,404	80,261,853
Capital increase	132,880,074	0
Dilutions related to issue of stock options	523,731	2,047,551
Dilutions related to the issue of convertible bonds	11,250,572	0
<b>Weighted average number of diluted shares</b>	<b>226,963,781</b>	<b>82,309,404</b>
<b>Reconciliation of number of treasury shares</b>		
Treasury shares as of January 1	3,379,138	2,304,935
Acquisition of treasury shares	13,714,464	1,309,821
Sale of treasury shares	-3,365,868	-235,618
Issue as part of share-based payment	-109,202	0
<b>Treasury shares as of December 31</b>	<b>13,618,532</b>	<b>3,379,138</b>

## 25. Financial Instruments

As part of its business, the Group is exposed to a variety of risks from financial instruments. These relate to credit risk, interest rate risk, foreign currency risk and liquidity risk. We monitor and manage these risks on an ongoing basis.

All transactions in financial instruments are conducted by the treasury department of the Group. In connection with these transactions, the Company avails itself of consulting services from renowned national and international financial institutions.

### Credit risk

According to the Management's credit policy the exposure to credit risk is continuously monitored. Credit evaluations are performed on all customers applying for a certain term of payment.

According to the Company's treasury and risk management policy, investments are allowed in liquid securities only, and solely with counter parties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are done with counter parties with high credit ratings.

To reduce credit risk ams limits its cooperation to financial partners with excellent credit ratings and limits the investment of cash and cash equivalents (as well as securities) to a common level. Possible risks also exist for financial partners with excellent credit ratings, developments of financial markets are under continuous monitoring and investments of cash and cash equivalents as well as in securities are adjusted.

At the balance sheet date there were no concentrations of credit risk above average.

#### Interest rate risk

Interest rate risk – the possible fluctuations in value of financial instruments and changes in future cash flows due to changes in market interest rates – arises in relation to medium and long-term receivables and payables (especially borrowings). ams' treasury policy ensures that part of the cash flow risk is reduced by fixed-interest borrowings. On the liability side, 95% of all amounts owed to financial institutions are at fixed rates. Of the remaining 5% of borrowings on a floating rate basis 85% will be repaid over the next two years. The remaining floating rate borrowings are checked on a continuing basis with regard to the interest rate risk. On the asset side, interest rate risks exist primarily for time deposits linked to the market interest rate. The offsetting asset- and liability-side positions naturally reduce the overall exposure.

#### Foreign currency risk

Financial transactions in the semiconductor industry are predominantly conducted in US dollars. To hedge currency risks, all transaction and translation risks are monitored on an ongoing basis. Within

the Group, payment flows in the same currency are offset against each other (netting). Currency fluctuations in foreign currency transactions primarily relate to US dollars. From ams' point of view, the current extremely volatile currency environment is not conducive to efficient and low-risk hedging economically.

As of December 31, 2020 as well as 2019 ams holds no foreign currency forward contracts to minimize its foreign currency exposure. OSRAM uses derivative financial instruments, primarily forward exchange contracts, to hedge against currency fluctuations.

#### Liquidity risk

Liquidity risk is the risk for the Company not to be able to fulfill its financial obligations on maturity. The management's approach is to ensure sufficient liquidity for the Company under ordinary and extraordinary conditions. The management monitors constantly the cash demand and optimizes the cash flow. Detailed planning occurs for a period of at least 12 months and long-term liquidity planning up to 5 years. Additionally the Company has unused credit lines available.

#### Summary of financial instruments recorded on the balance sheet:

#### Carrying Amounts and Fair Values of Financial Assets and Liabilities

In EUR million	Category according to IFRS 9	December 31, 2020		December 31, 2019	
		Fair value	Carrying amount	Fair value	Carrying amount
<b>Financial assets</b>					
Cash and cash equivalents <sup>1)</sup>	FAaC	1,597	1,597	500	500
Trade receivables	FAaC	474	474	202	202
Trade receivables that are to be sold under a factoring agreement	FVTPL	147	147	0	0
<b>Other receivables and assets</b>					
Derivatives not designated in a hedge accounting relationship	FVTPL	7	7	0	0
Derivatives in connection with cash flow hedges	n.a.	12	12	0	0
Other financial assets	FAaC	42	42	107	107
Other assets longterm	FAaC	24	24	1	1
<b>Financial assets</b>					
Equity instruments <sup>2)</sup>	FVOCI	15	15	856	856
Equity instruments <sup>2)</sup>	FVTPL	16	16	30	30
Shares in investment funds	FVTPL	6	6	0	0
Assets held for sale	FAaC	33	33	0	0
<b>Financial liabilities</b>					
Interest-bearing loans	FLaC	3,303	3,914	2,082	2,097
Trade payables	FLaC	546	546	135	135
<b>Other current liabilities<sup>1)</sup></b>					
Derivatives not designated in a hedge accounting relationship	FVTPL	7	7	0	0
Derivatives in connection with cash flow hedges	n.a.	0	0	0	0
Contingent purchase price liabilities due to business combinations	FVTPL	18	18	0	0
Obligation to acquire the non-controlling interests in OSRAM Licht AG	FVTPL	1,256	1,256	0	0
Other financial liabilities	FLaC	177	177	90	90
<b>Other non-current liabilities<sup>1)</sup></b>					
Derivatives not designated in a hedge accounting relationship	FVTPL	1	1	1	1
Contingent purchase price liabilities due to business combinations	FVTPL	2	2	6	6
Other financial liabilities	FLaC	234	234	106	106
Liabilities associated with assets held for sale	FLaC	114	114	0	0

1) Derivatives are forward exchange contracts.

2) The equity instruments attributable to the FVOCI category are identified in Note 31 Group companies.

3) As of December 31, 2020, the balance sheet items Other liabilities and Other non-current liabilities include lease liabilities totaling EUR 290 million (previous year EUR 126 million), which are accounted for in accordance with IFRS 16.

The aggregated carrying amounts corresponding to the individual categories under IFRS 9 are as follows:

In EUR million	Category according to IFRS 9	Carrying amount	
		2020	2019
Financial assets measured at amortized cost	FAaC	2,770	703
Financial assets measured at fair value through other comprehensive income without recycling to profit or loss	FVOCI	15	856
Financial assets at fair value through profit or loss	FVTPL	194	138
Financial liabilities at amortized cost	FLaC	4,375	2,414
Financial liabilities at fair value through profit or loss	FVTPL	1,284	7

Due to the short-term maturity of these items, the fair value of current financial assets of the category loans and receivables and of trade payables and current financial liabilities essentially corresponds to the carrying amount.

The following table shows, for the financial assets and liabilities measured at fair value, which level in the fair value hierarchy is to be allocated to the fair value. The levels have the following meaning:

#### Valuation Category

2020 in Mio. EUR	Level			Total
	Level 1	Level 2	Level 3	
current financial assets	0	53	8	61
non-current financial assets	36	0	1	37
current financial liabilities	0	1,263	195	1,457
non-current financial liabilities	0	1	236	237

2019	Level			Total
	Level 1	Level 2	Level 3	
current financial assets	0	0	0	0
non-current financial assets	886	0	1	887
current financial liabilities	0	0	20	20
non-current financial liabilities	0	1	113	114

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

OSRAM uses derivative financial instruments, primarily forward exchange contracts, to hedge against currency fluctuations. Certain derivative financial instruments that are used to hedge forecast transactions and pending transactions (hedged items) and that qualify for hedge accounting are accounted for as Cash Flow hedges.

There is an economic relationship between each of the hedged items and the hedging instruments, as the terms of the forward exchange contracts match those of the highly probable forecast transactions, both in terms of notional amount and expected payment date. The underlying risk of the forward

exchange contracts is identical to that of the hedged risk components. Therefore, a hedge ratio of 1:1 was determined for the hedging relationships. To test the effectiveness of the hedging relationship, OSRAM applies the so-called dollar-offset method and compares the changes in the fair value of the hedging instruments with those in the fair value of the hedged items attributable to the hedged risks. As of December 31, 2020, the net cumulative change in the fair values of the hedging instruments was EUR 12 million, whereas the net change in the fair values of the hedged items was EUR -12 million.

#### Forward exchange contracts designated as hedging instruments

	Maturity				Total
	up to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	
<b>Balance as of December 31, 2020</b>					
Nominal amount in USD million	89	82	86	35	292
Average forward rate (EUR/USD)	1.159	1.161	1.188	1.196	

In connection with Cash Flow hedges, a realized hedging result before taxes in the amount of EUR 7 million was reclassified from the balance sheet item other comprehensive income within retained earnings to the consolidated statement of income as a result of the occurrence of the hedged underlying transactions and reported as financial result. During the fiscal year, hedging gains of EUR

7 million were recognized in other comprehensive income.

#### Foreign currency risk

The Company's exposure to foreign currency risk at the balance sheet date was as follows based on notional amounts (without net investments in subsidiaries and investments in associated companies):

#### USD Exposure

Nominal amounts in USD million	December 31,	
	2020	2019
Net foreign currency risk before hedging	-675	-84
<b>Net foreign currency risk after hedging</b>	<b>-834</b>	<b>-84</b>

### Sensitivity analysis

A 10 percent strengthening/weakening of the EUR against the following currencies would have increased (decreased) equity and profit loss by the amounts shown below.

in EUR million	2020			
	Profit & Loss		Equity	
	+10% increase	-10% decrease	+10% increase	-10% decrease
USD	59	-72	80	-98
	2019			
	Profit & Loss		Equity	
	+10% increase	-10% decrease	+10% increase	-10% decrease
USD	29	-36	29	-36

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis for the business year 2019 was performed on the same basis.

The above table does not include the impact of currency translation effects on the translation of foreign currency financial statements into equity.

The following FX exchange rates were used during the business year:

### Exchange Rates

EUR 1 quoted into currencies		Middle Spot Exchange Rate		Annual Average Exchange Rate	
		December 31,		Fiscal year	
		2020	2019	2020	2019
U.S. dollar	USD	1.227	1.123	1.147	1.120
Swiss franc	CHF	1.080	1.085	1.071	1.111
Singapore dollar	SGD	1.622	1.511	1.579	1.525
Chinese renminbi	RMB	8.023	7.821	7.897	7.724

## 26. Reconciliation of Movements of Liabilities to Cash Flows Arising from Financing Activities

2020 in EUR million	Loans	Convertible bonds	Bonds	Lease liabilities	Total
<b>Balance as of January 1, 2020</b>	<b>1,290</b>	<b>742</b>	<b>0</b>	<b>126</b>	<b>2,158</b>
Proceeds from loans	302	0	0	0	302
Repayment of loans	-1,768	0	0	0	-1,768
Proceeds from issue of senior notes	0	753	1,239	0	1,992
Buyback of convertible bonds	0	0	0	0	0
Repayment of lease liabilities	0	0	0	-38	-38
Interest paid	-38	-2	0	-2	-42
Transaction costs from loans	-159	0	0	0	-159
<b>Changes in cash flows from financing activities</b>	<b>-1,663</b>	<b>751</b>	<b>1,239</b>	<b>-40</b>	<b>286</b>
Additions through business combinations	867	0	0	195	1,062
Effects of changes in foreign exchange rates	55	-33	3	0	24
Changes in the fair value	0	0	0	0	0
Capitalised borrowing costs	0	0	0	0	0
Interest expenses	207	24	2	4	237
Other changes	0	-151	-29	5	-175
<b>Balance as of December 31, 2020</b>	<b>755</b>	<b>1,333</b>	<b>1,215</b>	<b>290</b>	<b>3,593</b>
	2019				
2019 in EUR million	Loans	Convertible bonds	Bonds	Lease liabilities	Total
<b>Balance as of January 1, 2019</b>	<b>1,020</b>	<b>800</b>	<b>0</b>	<b>0</b>	<b>1,820</b>
First time recognition IFRS 16	0	0	0	145	145
Proceeds from loans	572	0	0	0	572
Repayment of loans	-239	0	0	0	-239
Proceeds from issue of senior notes	0	0	0	0	0
Buyback of convertible bonds	0	-72	0	0	-72
Repayment of finance lease liabilities	0	0	0	-19	-19
Interest paid	-18	-3	0	-2	-23
Transaction costs from loans	-49	0	0	0	-49
<b>Changes in cash flows from financing activities</b>	<b>266</b>	<b>-75</b>	<b>0</b>	<b>124</b>	<b>315</b>
Effects of changes in foreign exchange rates	1	-4	0	0	-3
Changes in the fair value	0	0	0	0	0
Capitalised borrowing costs	0	0	0	0	0
Interest expenses	25	21	0	2	48
Other changes	-22	0	0	0	-22
<b>Balance as of December 31, 2019</b>	<b>1,290</b>	<b>742</b>	<b>0</b>	<b>126</b>	<b>2,158</b>

The column "Convertible bonds" includes both the debt component included in the item Interest-bearing loans in the balance sheet and the option value of the USD convertible bond shown as other

liabilities. In 2020, EUR 151 million in other changes relate to the conversion option of the convertible bond in equity.

## 27. Assets and Liabilities Held for Sale

### Sciosense Holding BV.

In March 2019 ams signed an agreement to establish an investment in cooperation with Wise Road Capital, China, to jointly develop the environmental, flow and pressure sensor business for the global market. The structure of the established company reflects a minority shareholding of 49% (directly and indirectly) of ams. Under the terms of the agreement, ams will transfer employees, intellectu-

al property, sensor products and solutions as well as associated customers to the founded company and simultaneously acquires direct and indirect minority interests in it. The closing of the transaction took place in January 2020. For this reason, the assets and liabilities belonging to the transferred business were classified as a disposal group held for sale in fiscal year 2019.

### Assets and liabilities held for sale

In EUR million	December 31, 2019
Cash and cash equivalents	0
Trade receivables and other current assets	0
Inventories	4
Non-current assets	82
<b>Assets held for sale</b>	<b>86</b>
Short-term interest-bearing loans and borrowings	0
Current liabilities	1
Employee benefits	1
Long-term liabilities and provisions	0
<b>Liabilities associated with assets held for sale</b>	<b>1</b>
<b>Net assets and liabilities</b>	<b>85</b>

Due to the valuation of the net assets transferred resulting from the contractual agreements, the assets held for sale were impaired by EUR 13 million

### OSRAM Continental:

Due to the difficult automotive market environment, OSRAM and Continental jointly decided in September 2020 to separate their businesses contributed to OSRAM Continental and transfer them to the respective companies of the shareholders. The business remaining with OSRAM will continue

in fiscal 2019. In 2020, there was no material impact on profit or loss from the sale of this business.

to be managed as part of the Automotive business unit. The transaction is expected to be completed in the fall of 2021.

From the perspective of the OSRAM Group, the completion of the separation of the businesses

will result in a repatriation of the business to be transferred to Continental and a derecognition of the non-controlling interests.

As a result, the assets and liabilities to be transferred to Continental will be reported as held for sale in accordance with IFRS 5 as of December 31, 2020 as follows:

### Assets and liabilities held for sale – OSRAM Continental

In EUR million	December 31, 2020
Cash and cash equivalents	12
Trade receivables and other current assets	22
Non-current assets	15
<b>Assets held for sale</b>	<b>48</b>
Short-term interest-bearing loans and borrowings	95
Current liabilities	27
Employee benefits	2
Long-term liabilities and provisions	4
<b>Liabilities associated with assets held for sale</b>	<b>127</b>
<b>Net assets and liabilities</b>	<b>-78</b>

## 28. Contingencies

The preparation of the consolidated financial statements in accordance with IFRS requires judgments for the application of accounting rules and estimates relating to the determination of assumptions about future developments by management, the recognition and value of assets and liabilities, disclosure of other commitments at the balance sheet date and presentation of income and expenses during the financial year.

Material judgments for the application of accounting rules relate to:

- The classification of the option rights from the USD convertible bond as debt (Note 19)
- The classification of the option rights from the EUR convertible bond as equity (Note 19 and 22)
- Valuation assumptions in connection with the allocation of the purchase price to assets acquired and liabilities assumed in business combinations (2020 primarily in the acquisition of OSRAM) (Note 1)
- Valuation uncertainties in the evaluation of derivatives, option and others
- Estimation uncertainties in the valuation of leases (Note 13).

Within the following assumptions risks exist which could lead to changes in the value of assets or liabilities during the following fiscal year:

- The assessment of the recoverability of goodwill (impairment tests); the calculation of the fair value of the respective CGUs is based on EBITDA multipliers, the plausibility calculation to assess the recoverability of capitalized goodwill based on a forecasted cash flow for the next few years using a discount rate adjusted to the entity's cash-generating unit (Note 12).
- The application of deferred tax assets is under the assumption that taxable income will be available to take advantage of existing tax loss carry forwards in the future. (Note 15)
- The measurement of existing long-term obligations to employees, primarily pension obligations: for this purpose, assumptions are used regarding interest rates, retirement ages, employee turnover and future salary and pension increases (Note 21).

## 29. Related Parties: Identification of Related Parties

The Company has a related party relationship with:

- the members of the Management Board of the Company (CEO, CFO, CTO, CBO)
- the members of the Company's Supervisory Board (Aufsichtsrat)
- persons related to the Management Board of the Company (CEO, CFO, CTO, CBO)
- associated companies
- the not consolidated affiliated company ams Sensors Hong Kong Ltd.

### Bodies of the company:

Management Board:

Alexander Everke (Chairman), Ingo Bank, Thomas Stockmeier, Mark Hamersma

Supervisory Board:

Hans Jörg Kaltenbrunner (Chairman), Michael Grimm (Deputy Chairman), Brian Krzanich (member), Monika Henzinger (member), Yen Yen Tan (member), Loh Kin Wah (member), Guenter Kneffel (employee representative), Andreas Pein (employee representative), Sabine Radesey (employee representative)

As of December 31, 2020 and December 31, 2019 respectively, the remuneration for the Management Board was as follows:

### Remuneration

(in millions of EUR)	2020	2019
<b>Salary</b>		
Salary, not variable	2	2
Salary, variable	5	4
<b>Options</b>		
Options (value at allocation)	25	14
Non cash benefit	0	1
<b>Expense for precautionary measures</b>		
Contribution to accident insurance	0	0

The Company recorded an amount of EUR 0 million in the profit and loss from accrual for severance payments for the Management Board (2019: Allocation of EUR 3 million).

In the reporting year, a total of 2,252,434 (2019: 627,185) options to purchase shares in ams AG were granted to the Management Board, 73,541 (2019: 0) from the LTIP 2014, 385,017 options (2019: 0 options) from the SSOP 2017, 8,528 options (2019: 0 options) from the SLTIP 2018, 70,230 options (2019: 201,950 options) from the SSOP 2019 and 1,715,118 options (2019: 425,235 options) from

the LTIP 2019 were allocated. The exercise price is EUR 0.68 (2019: EUR 1.00) from the 2014 LTIP and EUR 18.63 (2019: EUR 27.56) from the 2017 SSOP, EUR 29.34 (2019: EUR 43.41) from the 2018 SLTIP, EUR 13.94 (2019: EUR 20.63) from the 2019 SSOP and EUR 0.68 (2019: EUR 1.00) or EUR 22.69 (2019: EUR 33.57) from the LTIP 2019. Regarding the terms and valuation of the options to acquire shares of ams AG from the LTIP 2014, SSOP 2017 and SLTIP 2018, SSOP 2019 and LTIP 2019 as well as any dilution measures, please refer to note 4 in the notes.

The Company's Management Board holds 93,825 shares and call options for the purchase of 3,666,027 shares as of December 31, 2020 (34,400 shares and call options for the purchase of 1,925,994 shares as of December 31, 2019).

Members of the Management Board held 4,750 shares and no options of ams AG as of December 31, 2020 and 1,250 shares and no options as of December 31, 2019, respectively.

The remuneration of the company's Supervisory Board amounted to EUR 1 million (2019: EUR 1 million). All remunerations were or are paid directly by the Company. The remuneration shown relates to the amounts actually paid in the financial year. The remuneration for the 2020 financial year will be determined at the Annual General Meeting on 3 June 2020.

The shares and options holdings of the Supervisory Board are as follows:

Number of	2020	2019
Shares as of Dec, 31	135,000	0
Options as of Dec, 31	553	335

As of December 31, 2020 persons related to the Supervisory Board held no shares (2019: 0) and no options of ams AG (2019: 0).

There is also a consultancy agreement with one member of the Supervisory Board, for which he provided services amounting to EUR 50,000.

There are no open loan agreements with members of the Supervisory Board and the Management Board.

### Related party transactions

#### Transactions with Associates and Joint Ventures

In EUR million	Sales of goods and services and other income		Purchases of goods and services and other expense	
	Fiscal Year		Fiscal Year	
	2020	2019	2020	2019
Associates and joint ventures	10	0	-31	0

#### Receivables from and Payables to Associates and Joint Ventures

in EUR million	Trade receivables		Trade payables	
	September 30,		September 30,	
	2020	2019	2020	2019
Associates and joint ventures	0	0	-1	0

ams has a loan agreement with 7Sensing Software amounting to EUR 4 million which can be drawn anytime by 7Sensing Software. As of December

31, 2020, EUR 3 million (2019: EUR 2 million) of the credit agreement was exercised. These investments are of strategic nature.

### 30. Remuneration for the Auditors

The expense for the auditor's remuneration for the audit of the financial statements and annual consolidated financial statements 2020 amounted to EUR 0.3 million. For other consultancy services EUR 0.1 million have been additionally expensed.

In addition, special audit services and insurance payments due to the capital increase and the issuance of bonds had to be utilized in the amount of EUR 4 million.

### 31. Group Enterprises

	Accounting method	Country of incorporation	Functional currency	Ownership interest	
				2020	2019
ams France S.à.r.l.	fully consolidated	France	EUR	100%	100%
ams Italy S.r.l.	fully consolidated	Italy	EUR	100%	100%
ams International AG	fully consolidated	Switzerland	CHF	100%	100%
ams R&D Spain, S.L.	fully consolidated	Spain	EUR	100%	100%
ams R&D UK Ltd.	fully consolidated	U, K,	GBP	100%	100%
ams Japan Co, Ltd.	fully consolidated	Japan	JPY	100%	100%
ams Semiconductors India Pvt Ltd.	fully consolidated	India	INR	100%	100%
ams China Co Ltd	fully consolidated	China	RMB	100%	100%
ams Asia Inc,	fully consolidated	Philippines	PHP	100%	100%
Aspern Investment Inc.	fully consolidated	USA	USD	100%	100%
ams Sensors USA Inc.	fully consolidated	USA	USD	100%	100%
ams Korea Co, Ltd.	fully consolidated	Korea	KRW	100%	100%
ams R&D doo	fully consolidated	Slovenia	EUR	100%	100%
AppliedSensor Holding AB	fully consolidated	Sweden	SEK	100%	100%
ams Sensors Netherlands BV	fully consolidated	Netherlands	EUR	100%	100%
ams sensors Hong Kong Ltd.	at amortized costs	Hong Kong	HKD	100%	100%
ams Finland Oy	deconsolidated	Finland	EUR	0%	100%
ams Sensors Belgium BVBA	fully consolidated	Belgium	EUR	100%	100%
CMOSIS International NV	fully consolidated	Belgium	EUR	100%	100%
AWAIBA Holding SA	fully consolidated	Switzerland	CHF	100%	100%
ams Sensors Portugal Unipessoal Lda	fully consolidated	Portugal	EUR	100%	100%
ams Sensors Germany GmbH	fully consolidated	Germany	EUR	100%	100%
ams Sensors UK Ltd.	fully consolidated	UK	GBP	100%	100%
Incus Laboratories Ltd.	fully consolidated	UK	GBP	100%	100%
ams Cayman Inc.	fully consolidated	Cayman Island	USD	100%	100%
ams Holding Singapore Pte. Ltd.	fully consolidated	Singapore	USD	100%	100%
ams Sensors Singapore Pte. Ltd.	fully consolidated	Singapore	USD	100%	100%
Heptagon Oy	fully consolidated	Finland	EUR	100%	100%
Heptagon Holding Switzerland AG	fully consolidated	Switzerland	CHF	100%	100%
Heptagon Micro Optics Technologies Sdn Bhd	fully consolidated	Malaysia	MYR	100%	100%
AMK Inv Systems Pte. Ltd.	fully consolidated	Singapore	USD	100%	100%
Heptagon Holding CA Inc.	fully consolidated	USA	USD	100%	100%
RF Digital Corp.	deconsolidated	USA	USD	100%	100%
Simblee Corp.	deconsolidated	USA	USD	0%	100%

	Accounting method	Country of incorporation	Functional currency	Ownership interest	
				2020	2019
RFduino Inc.	deconsolidated	USA	USD	0%	100%
Princeton Optronics Inc.	fully consolidated	USA	USD	100%	100%
ams Holding USA Inc.	fully consolidated	USA	USD	100%	100%
ams Sensors Asia Pte. Ltd.	fully consolidated	Singapore	USD	100%	100%
KeyLemon SA	fully consolidated	Switzerland	CHF	100%	100%
Ams Sensors Taiwan Pte. Ltd.	fully consolidated	Taiwan	TWD	100%	100%
Sciosense BV	deconsolidated	Netherlands	EUR	0%	100%
Sciosense Germany GmbH	deconsolidated	Germany	EUR	0%	100%
Sciosense Italy S.r.l.	deconsolidated	Italy	EUR	0%	100%
Opal Bidco GmbH	deconsolidated	Germany	EUR	0%	100%
ams Offer GmbH	fully consolidated	Germany	EUR	100%	100%
OSRAM Licht AG	fully consolidated	Germany	EUR	70.72%	0%
OSRAM Continental Austria GmbH	fully consolidated	Austria	EUR	50%	0%
OSRAM EOOD	fully consolidated	Bulgaria	BGN	70.72%	0%
OSRAM Sales EOOD	fully consolidated	Bulgaria	BGN	70.72%	0%
OSRAM d.o.o.	fully consolidated	Croatia	HRK	70.72%	0%
OSRAM Česká republika s.r.o.	fully consolidated	Czech Republic	CZK	70.72%	0%
OSRAM A/S	fully consolidated	Denmark	DKK	70.72%	0%
OSRAM Oy	fully consolidated	Finland	EUR	70.72%	0%
OSRAM Lighting S.A.S.U.	fully consolidated	France	EUR	70.72%	0%
OSRAM Continental France SAS	fully consolidated	France	EUR	50%	0%
OSRAM Opto Semiconductors GmbH	fully consolidated	Germany	EUR	70.72%	0%
OSRAM GmbH	fully consolidated	Germany	EUR	70.72%	0%
Heramo Immobilien GmbH & Co. KG	fully consolidated	Germany	EUR	70.72%	0%
OSRAM Beteiligungsverwaltung GmbH	fully consolidated	Germany	EUR	70.72%	0%
OSRAM OLED GmbH	fully consolidated	Germany	EUR	70.72%	0%
OSRAM SL GmbH	fully consolidated	Germany	EUR	70.72%	0%
OSRAM SBT GmbH	fully consolidated	Germany	EUR	70.72%	0%
OSRAM Beteiligungen GmbH	fully consolidated	Germany	EUR	70.72%	0%
Fluxunit GmbH	fully consolidated	Germany	EUR	70.72%	0%
OSRAM Lighting Services GmbH	fully consolidated	Germany	EUR	70.72%	0%
OSRAM Innovation Hub GmbH	fully consolidated	Germany	EUR	70.72%	0%
OSRAM CONTINENTAL GmbH	fully consolidated	Germany	EUR	50%	0%
BAG electronics GmbH	fully consolidated	Germany	EUR	70.72%	0%
OSRAM CONTINENTAL GmbH (S4)	fully consolidated	Germany	EUR	50%	0%
BENO 44 - Betreiber GmbH	fully consolidated	Germany	EUR	70.72%	0%
BENO 44 Verwaltung GmbH	fully consolidated	Germany	EUR	70.72%	0%
BENO 44 GmbH & Co. KG	fully consolidated	Germany	EUR	70.72%	0%
Light Distribution GmbH	fully consolidated	Germany	EUR	70.72%	0%
OSRAM Ltd.	fully consolidated	Great Britain	GBP	70.72%	0%
Ring Automotive Limited	fully consolidated	Great Britain	GBP	70.72%	0%
RGI Light (Holdings) Limited	fully consolidated	Great Britain	GBP	70.72%	0%
RGI Light Limited	fully consolidated	Great Britain	GBP	70.72%	0%
Yekta Setareh Atlas Co. (P.J.S.)	fully consolidated	Iran	IRR	70.72%	0%

	Accounting method	Country of incorporation	Functional currency	Ownership interest	
				2020	2019
OSRAM S.p.A. - Società Riunite OSRAM Edison Clerici	fully consolidated	Italy	EUR	70.72%	0%
Clay Paky S.p.A.	fully consolidated	Italy	EUR	70.72%	0%
OSRAM Continental Italia S.r.l.	fully consolidated	Italy	EUR	50%	0%
OSRAM Ltd.	fully consolidated	Japan	JPY	70.72%	0%
OSRAM Opto Semiconductors (Japan) Ltd.	fully consolidated	Japan	JPY	70.72%	0%
OSRAM Benelux B.V.	fully consolidated	Netherlands	EUR	70.72%	0%
Fluence Bioengineering B.V.	fully consolidated	Netherlands	EUR	70.72%	0%
OSRAM AS	fully consolidated	Norway	NOK	70.72%	0%
OSRAM Sp. z o.o.	fully consolidated	Poland	PLN	70.72%	0%
OSRAM, Lda	fully consolidated	Portugal	EUR	70.72%	0%
OSRAM Romania S.R.L.	fully consolidated	Romania	RON	70.72%	0%
OSRAM Continental Romania S.R.L.	fully consolidated	Romania	RON	70.72%	0%
OOO OSRAM	fully consolidated	Russian Federation	RUB	70.72%	0%
OSRAM Lighting Pte. Ltd.	fully consolidated	Singapore	SGD	70.72%	0%
OSRAM, a.s.	fully consolidated	Slovakia	EUR	70.72%	0%
OSRAM Lighting (Pty) Ltd.	fully consolidated	South Africa	ZAR	70.72%	0%
OSRAM Lighting S.L.	fully consolidated	Spain	EUR	70.72%	0%
OSRAM AB	fully consolidated	Sweden	SEK	70.72%	0%
OSRAM Lighting AG	fully consolidated	Switzerland	CHF	70.72%	0%
OSRAM Teknolojileri Ticaret Anonim Sirketi	fully consolidated	Turkey	TRY	70.72%	0%
OSRAM Lighting Middle East FZE	fully consolidated	United Arab Emirate	USD	70.72%	0%
OSRAM Pty. Ltd.	fully consolidated	Australia	AUD	70.72%	0%
OSRAM China Lighting Ltd.	fully consolidated	China	CNY	90%	0%
OSRAM Guangzhou Lighting Technology Limited	fully consolidated	China	CNY	70.72%	0%
OSRAM Opto Semiconductors (China) Co., Ltd.	fully consolidated	China	CNY	70.72%	0%
OSRAM Kunshan Display Optic Co., Ltd.	fully consolidated	China	CNY	70.72%	0%
OSRAM CONTINENTAL Kunshan Intelligent Lighting Co., Ltd.	fully consolidated	China	CNY	50%	0%
OSRAM Asia Pacific Management Company Ltd.	fully consolidated	China	CNY	70.72%	0%
OSRAM Opto Semiconductors Trading (Wuxi) Co., Ltd.	fully consolidated	China	CNY	70.72%	0%
OSRAM Continental (Shanghai) Intelligent Lighting Co., Ltd.	fully consolidated	China	CNY	70.72%	0%
Traxon Technologies Ltd.	fully consolidated	Hong Kong	HKD	70.72%	0%
OSRAM Asia Pacific Ltd.	fully consolidated	Hong Kong	HKD	70.72%	0%
OSRAM Opto Semiconductors Asia Ltd.	fully consolidated	Hong Kong	HKD	70.72%	0%
OSRAM Lighting Private Limited	fully consolidated	India	INR	70.72%	0%
OSRAM CONTINENTAL INDIA Private Limited	fully consolidated	India	INR	50%	0%
P.T. OSRAM Indonesia	fully consolidated	Indonesia	IDR	70.72%	0%
OSRAM Co., Ltd.	fully consolidated	Korea	KRW	70.72%	0%
OSRAM Opto Semiconductors Korea Ltd.	fully consolidated	Korea	KRW	70.72%	0%
OSRAM (Malaysia) Sdn. Bhd.	fully consolidated	Malaysia	MYR	70.72%	0%

	Accounting method	Country of incorporation	Functional currency	Ownership interest	
				2020	2019
OSRAM Opto Semiconductors (Malaysia) Sdn Bhd	fully consolidated	Malaysia	MYR	70.72%	0%
OSRAM Taiwan Company Ltd.	fully consolidated	Taiwan	TWD	70.72%	0%
OSRAM Opto Semiconductors (Taiwan) Ltd.	fully consolidated	Taiwan	TWD	70.72%	0%
OSRAM (Thailand) Co., Ltd.	fully consolidated	Thailand	THB	70.72%	0%
OSRAM S.A.	fully consolidated	Argentina	ARS	70.72%	0%
OSRAM Comercio de Solucoes de Iluminacao Ltda.	fully consolidated	Brazil	BRL	70.72%	0%
OSRAM Ltd.	fully consolidated	Canada	CAD	70.72%	0%
OSRAM de Colombia Iluminaciones S.A.S.	fully consolidated	Colombia	COP	70.72%	0%
OSRAM S.A. de C.V.	fully consolidated	Mexico	MXN	70.72%	0%
OSRAM de México S.A. de C.V.	fully consolidated	Mexico	MXN	70.72%	0%
OSRAM Servicios Administrativos, S.A. de C.V.	fully consolidated	Mexico	MXN	70.72%	0%
OSRAM Continental Guadalajara Intelligent Lighting S de RL de CV	fully consolidated	Mexico	MXN	50%	0%
OSRAM Continental Mexico Services S de RL de CV	fully consolidated	Mexico	MXN	50%	0%
Sylvania Lighting Services Corp.	fully consolidated	USA	USD	70.72%	0%
Traxon Technologies LLC	fully consolidated	USA	USD	70.72%	0%
OSRAM CONTINENTAL USA Inc.	fully consolidated	USA	USD	50%	0%
Digital Lumens Inc.	fully consolidated	USA	USD	70.72%	0%
Fluence Bioengineering, Inc.	fully consolidated	USA	USD	70.72%	0%
Vixar, Inc.	fully consolidated	USA	USD	70.72%	0%
OSRAM CONTINENTAL USA Inc. (O75)	fully consolidated	USA	USD	50%	0%
OSRAM CONTINENTAL USA Inc. (S4)	fully consolidated	USA	USD	50%	0%
OSRAM Opto Semiconductors, Inc.	fully consolidated	USA	USD	70.72%	0%
OSRAM SYLVANIA INC.	fully consolidated	USA	USD	70.72%	0%

### 32. Associated Companies and Investments

	Accounting method	Establishing State	Functional currency	Ownership share	
				2020	2019
7Sensing Software NV.	At equity method	Belgium	EUR	30%	30%
NewScale Technologies Inc.	At equity method	USA	USD	29%	29%
Circadian Zirclight LLC	At equity method	USA	USD	6.13%	6.13%
RF Micron Inc. d/b/a Axzon	At equity method	USA	USD	9.21%	9.21%
Jinan Smart Sensing Sensor Co. Ltd.	At equity method	China	CNY	49%	49%
Sciosense Holding BV.	At equity method	Niederlande	EUR	45.22%	0%
Greentropsim	FVOCI	France	EUR	10.06%	10.06%
Personify Inc.	FVOCI	USA	USD	13.06%	13.06%
Leman Micro Devies	FVOCI	Switzerland	CHF	15.43%	15.43%
HLJ Technologies Co. Ltd.	FVTPL	Taiwan	TWD	12.50%	12.50%
OSRAM Licht AG*	FVOCI	Germany	EUR	0%	19.99%
Silicon Alps Cluster GmbH	FVOCI	Austria	EUR	4%	4%
Bellus 3D	FVOCI	USA	USD	3.26%	3.26%
KNX Association cvba	FVOCI	Belgium	EUR	2.96%	0%
Tvilight B.V.	At equity consolidation	The Netherlands	EUR	47.50%	0%
GSB - Sonderabfall-Entsorgung Bayern GmbH	FVOCI	Germany	EUR	0.07%	0%
Unternehmertum VC Fonds II GmbH & Co. KG	FVTPL	Germany	EUR	6.06%	0%
agrilution GmbH	At equity consolidation	Germany	EUR	18.74%	0%
GoodIP GmbH	At equity consolidation	Germany	EUR	10.00%	0%
Blickfeld GmbH	At equity consolidation	Germany	EUR	12.55%	0%
iThera Medical GmbH	At equity consolidation	Germany	EUR	9.26%	0%
Caruso GmbH	FVOCI	Germany	EUR	1.00%	0%
Partech Partners S.A.S.	FVTPL	France	EUR	7.00%	0%
VividQ Limited	At equity consolidation	Great Britain	GBP	10.65%	0%
Design LED Products Limited	FVOCI	Great Britain	GBP	6.03%	0%
LAMP NOOR (P.J.S.) Co.	At equity consolidation	Iran	IRR	20.00%	0%
beaconsmind AG	At equity consolidation	Switzerland	CHF	14.48%	0%
Luminaerospace LLC	FVOCI	USA	USD	2.00%	0%
TetraVue, Inc.	FVOCI	USA	USD	6.36%	0%
Recogni, Inc.	FVOCI	USA	USD	6.38%	0%
Motorleaf Inc.	At equity consolidation	Canada	CAD	12.94%	0%
LeddarTech Inc.	At equity consolidation	Canada	CAD	28.21%	0%

\*OSRAM Licht AG was included in the consolidation in 2020.

### 33. Events After the Balance Sheet Date

No significant events were identified after the balance sheet date.

Premstaetten, February 25, 2021



Alexander Everke  
Management Board Member  
CEO



Ingo Bank  
Management Board Member  
CFO



Thomas Stockmeier  
Management Board Member  
CTO



Mark Hamersma  
Management Board Member  
CBO

## Auditor's Report

### Report on the Consolidated Financial Statements

#### Audit Opinion

We have audited the consolidated financial statements of ams AG, Premstätten, Austria, and its subsidiaries ("the Group"), which comprise the Group Consolidated Balance Sheet as at 31 December 2020, and the Group Consolidated Statement of Income and Group Consolidated Statement of Comprehensive Income, Group Consolidated Statement of Changes in Equity and Group Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and as adopted by the EU as well as the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

#### Basis for our Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those

relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

#### Acquisition of OSRAM Licht AG

Refer to note 1

#### Risk for the Financial Statements

On November 7, 2019, ams Offer GmbH, Frankfurt am Main, a subsidiary of ams AG, published a voluntary public takeover offer under German law to the shareholders of OSRAM Licht AG, Munich, ("OSRAM") to acquire all no-par value registered shares of OSRAM Licht AG. Upon the granting of antitrust clearance by the European Commission, ams obtained control over OSRAM Licht AG, Germany, and its subsidiaries ("OSRAM") by acquiring about 39% of the shares in the takeover bid in addition to the shares already held of about 30% on July 9, 2020. The fair value of the total consideration for 100% of the shares amounted to EUR 3,902 million. The purchase price allocation to the identifiable assets acquired and to the identifiable liabilities assumed of OSRAM performed by ams AG with the assistance of an independent external expert resulted in the recognition of intan-

gible assets of EUR 3,025 million, thereof a goodwill of EUR 2,342 million. Non-controlling interests amounted to EUR 1,232 million. As of December 31, 2020, ams AG holds approximately 71% of OSRAM, as further share purchases were made after the initial consolidation.

The accounting for this acquisition is complex and requires estimates and assumptions. There is a risk for the consolidated financial statements that the assets acquired and liabilities assumed are not completely identified and are incorrectly measured. There is also a risk that the required disclosures in the notes to the consolidated financial statements are incomplete and inappropriate.

#### Our Response

We have assessed the accounting for the acquisition as follows:

We obtained an understanding of the acquisition by reviewing the underlying contractual terms of the acquisition and assessed whether the accounting is consistent with the contractual conditions. This includes, among other, assessing the date on which it obtained control over the acquiree, the amount of consideration transferred and how any transaction and financing costs are accounted for. We also assessed the competence, skills and objectivity of the independent expert engaged by ams AG to identify and measure the assets acquired and liabilities assumed. We also assessed, by involving valuation specialists, whether the valuation methods applied are in line with the relevant valuation principles.

With the involvement of valuation specialists, we assessed whether the applied assumptions

are consistent to external market estimates and existing reference parameters and further assessed their appropriateness. Furthermore, we assessed the methodologically appropriate derivation and appropriateness of the weighted average cost of capital. For this purpose, we compared the underlying assumptions and parameters of the cost of capital with our own assumptions and available data.

In addition, we assessed whether the presentations and explanations of the transaction in the consolidated financial statements are appropriate and relevant.

#### Goodwill impairment testing

Refer to notes section 12

Risk for the Consolidated Financial Statements Under IAS 36, the Company is required to allocate its goodwill to cash-generating units (CGUs) and to test goodwill for impairment annually and whenever there is a triggering event that goodwill may be impaired ("impairment test"). As of December 31, 2020, the carrying amount of goodwill was EUR 2,998 million.

The impairment test is performed on a fair value less costs to sell basis. Fair value was calculated using the multiples approach. This method uses EBITDA multiples derived from a group of companies comparable to the respective CGU. Resulting fair values are evaluated for reasonableness (plausibility check) by a valuation on the basis of discounted future cash flows (DCF method).

The impairment test requires an appropriate valuation method and the definition of significant assumptions and other relevant inputs. This gives rise in particular to the risk that

- cash-generating units are not properly defined,
- methods used are not in accordance with the requirements of IAS 36, or
- assumptions and inputs are not appropriate

and therefore a required impairment loss is not or not correctly recognized in the financial statements.

#### Our Response

We have assessed the recoverability of goodwill as follows:

We have gained an understanding of the approach and the valuation techniques used for the impairment test.

We have reviewed the determination of the cash-generating units and assessed their appropriateness.

We have assessed whether the valuation methods used are in accordance with the requirements of IAS 36, retraced the derivation of the multiples used for the valuation and tested the valuations for their mathematical accuracy. This assessment was made with the involvement of valuation specialists.

In addition, we have assessed whether the notes on goodwill in the consolidated financial statements are appropriate.

#### Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report.

We obtained the compensation report before the date of this report, and the remaining parts of the annual report will probably be made available to us after this date.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact. If, on the basis of our work on the other information obtained before the date of the auditor's report, we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and as adopted by the EU as well as the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also 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

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 audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in 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 Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one result-

ing from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

- We 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.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of management's 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 audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events

### Report on Other Legal Requirements

#### Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

Opinion

that could reasonably affect our independence and, where appropriate, the related safeguards.

- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

#### Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

#### Engagement Partner

The engagement partner is Mr. Johannes Bauer.

Vienna, 26 February, 2021

**KPMG Austria GmbH**  
**Wirtschaftsprüfungs- und Steuerberatungsgesellschaft**

signed by:

Johannes Bauer  
Wirtschaftsprüfer  
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.

The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

## Glossary

<b>3D sensing</b>	Sensing technologies incorporating the acquisition of depth information to capture image or spatial data in three dimensions	<b>LIDAR</b>	Light Detection And Ranging; measuring technology that measures distance by illuminating the target with pulsed laser light and processing the reflected pulses with a sensor. Differences in laser return times and wavelengths can then be used to make digital 3D representations of the target (3D LIDAR)
<b>ANC</b>	Active Noise Cancellation; technology which improve the sound quality by significantly reducing background ambient noise	<b>MEMS mirror</b>	Microelectromechanical Systems (MEMS) mirror, an optical beam-steering component to deflect a laser beam in both static and dynamic operations
<b>ASV</b>	Active Stereo Vision; 3D sensing technology which uses two cameras for stereo image capture to calculate depth information by triangulation and employs pattern projection based on an IR light emitter (VCSEL laser) to enable high accuracy in the depth calculation process	<b>Micro LED</b>	Display Technology, which consists of arrays of microscopic light emitting diodes (LEDs) forming the individual pixel elements
<b>BOLED</b>	Behind-OLED; technology that enables sensors to be placed behind an OLED display and still accurately measure	<b>Mini LED</b>	Small LED (length of ~200µm) used for direct backlighting in displays
<b>Edge Emitting Laser (EEL)</b>	A semiconductor-based laser with light emission from the edge of the chip; in contrast to VCSEL which emits light via the surface	<b>NIR</b>	Near-infrared (NIR) light covers wavelengths of the electromagnetic spectrum from approximately 750 to 2500 nanometers (nm), which is beyond human visual perception and be used for 3D sensing
<b>Global shutter</b>	CMOS image sensor technology, which is able to expose and readout all pixels to an image at the same time. By contrast, rolling shutter sensors do not expose all pixels at the same time, reading out from top to bottom	<b>SL</b>	Structured Light; 3D sensing technology, which projects a known pattern (often dots) onto a scene by emitting IR light provided by a VCSEL laser. The deformation of the pattern when striking surfaces allows vision systems to calculate the depth and surface information of the objects in the scene
<b>HABA</b>	Home And Building Automation; Smart devices supporting Internet of Things such as white goods, smart home or security access control	<b>ToF (indirect ToF &amp; direct ToF)</b>	Time-of-Flight; 3D sensing technology which is able to resolve distance between the camera and an object for each point of the scanned image, by measuring the time between emission of a light signal provided by a laser (VCSEL) and detection of the reflected signal. Measurement can be achieved via a direct (dToF) or an indirect (iToF) method requiring different sensing systems.
<b>Human Centric Light (HCL)</b>	Human Centric Lighting is the art of creating lighting that mimics the natural daylight. It enhances human performance, comfort, health and wellbeing	<b>VCSEL</b>	Vertical-Cavity Surface-Emitting Laser; laser diode with laser beam emission perpendicular to the top surface allowing high quality laser beam shape and emission
<b>Internet of Things (IoT)</b>	Network of physical objects fitted with electronics including sensors and network connections that enables these objects to collect and exchange data for remote sensing and control		
<b>IR</b>	Infrared Radiation; an electromagnetic radiation with longer wavelengths than those of visible light and therefore generally invisible to the human eye		

## Imprint

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