

# Supervisory Board Report

## Dear Shareholders,

In fiscal year 2023 we laid important groundwork for the future of ams OSRAM against a backdrop of continued – or even increasing – uncertainty in terms of global conditions. Aside from the Company's current business development, the Supervisory Board's work in the year under review was dominated by a comprehensive realignment of structures and the composition of the Management Board and a streamlining of the leadership model. We also reviewed and initiated adjustments to ams OSRAM's risk management, with particular regard to significant investments and projects.

Geopolitical tensions continued to rise in the year under review, primarily relating to the ongoing war in Ukraine and the new war in the Middle East. The strategic trade and technology dispute between the US and China persists. Although energy prices stabilized at a lower level and inflationary pressure diminished somewhat, the economic trends in the end markets with relevance for ams OSRAM's products continued to diverge widely. For instance, there was a significant recovery in the market for automotive semiconductors through the year, whereas the industrial markets remained weak.

After seven successful and transformative years, Alexander Everke stepped down as CEO effective March 31, 2023. During his period of office he turned the Company into a hallmark of innovation, customer-centricity and technological excellence. Ingo Bank also stepped down as CFO at the end of April 2023 upon expiry his contract. CTO Thomas Stockmeier likewise left the Management Board at the end of September, entering retirement at the end of 2023. Mark Hamersma, who was previously responsible for Business Development in the Management Board, stepped down at the end of the year when his term of office ended. He will continue to shape the company's future strategy as part of the newly established Executive Committee. The Supervisory Board would like to thank the retired Management Board members for their sterling work for ams OSRAM and for the longstanding constructive collaboration.

In the context of the appointment of Aldo Kamper as the new CEO effective April 1, 2023 and Rainer Irle as CFO effective July 1, 2023 and in view of the other changes in the Management Board, the Supervisory Board discussed a reorientation of the

Company's strategy, leadership model and decision-making structure to systematically align ams OSRAM with the changed overall conditions and global uncertainties.

In the summer of 2023, Aldo Kamper and Rainer Irle developed the 'Re-establish the base' Program with the support of, and in close dialogue with, the Supervisory Board. The program comprises different elements, including the systematic, balanced focus on stable, profitable and structurally growing business lines in the automotive, industrial and healthcare markets, along with selective projects in consumer applications in areas in which ams OSRAM can set itself apart for the long term. Semiconductor business lines with sales of EUR 300 to 400 mn that are no longer part of core business are to be sold or exited.

The leadership model was also reoriented. The holistic responsibility of the business areas was increased and two existing units in the semiconductor segment, ISS and AOS, combined to create the new CSA unit. The revised model also enabled the Management Board to be reduced from four members to two with effect from January 1, 2024. The key component of the new leadership model is the Executive Committee, comprising the CEO, CFO, the three business unit general managers and the head of Strategy and Mergers & Acquisitions. This structure will allow for leaner, more efficient and faster decision-making processes, in particular regarding the launch of innovative products on the market.

In this context, a new remuneration system was also established for the Management Board to push ahead the orientation on sustainable, long-term corporate success. The new remuneration policy for the Management Board was approved, with an overwhelming majority, by the shareholders at the Annual General Meeting held in June 2023. Further details are provided in the remuneration report for fiscal year 2023.

Another key element of the realignment was the revision of the capital structure and the maturity profile of outstanding long-term financing. This included developing a comprehensive refinancing concept under the leadership of Rainer Irle and in close cooperation with the Supervisory Board's newly established Financing Committee. This in turn involved a combined issue of new subordinated bonds and new shares as part of a capital increase. The refinancing was concluded before Christmas 2023. The Supervisory Board was closely involved in the process. We see the high level of acceptance of the capital increase by the shareholders at the Annual General Meeting

on October 20, 2023, and the subsequent 99 % exercise of subscription rights during the issue period as approval of the steps proposed by the Management Board and Supervisory Board.

## Supervisory Board activities

At its meetings during fiscal year 2023, the Supervisory Board received regular written and verbal reports from the Management Board on the business policy and the performance of the company and the group, and deliberated at length on matters relating to the company. The Supervisory Board held a total of ten meetings in 2023, including the strategy meeting also held in prior years. The Chairperson Dr. Haase and the respective acting Deputy Chairperson of the Supervisory Board also held scheduled monthly videoconferences with all members of the Management Board and frequent one-one conferences with individual members of the Management Board to discuss day-to-day business development and strategic issues.

The company's 2023 Annual General Meeting was able to be held as a physical meeting again for the first time since 2019, with shareholders attending in person at the company's registered office. At this meeting, Ms. Yen Yen Tan was re-elected for a further term of office and Mr. Andreas Mattes was elected as a shareholder representative for the first time. Mr. Mattes succeeds Mr. Brian Krzanich, who stepped down from the Supervisory Board when his term of office expired. In early September 2023, Dr. Wolfgang Leitner also announced his resignation from the Board for personal reasons. At an extraordinary Supervisory Board meeting at the end of September 2023, Andreas Mattes was elected as the new Deputy Chairman of the Supervisory Board, and vacant committee seats were accordingly filled. Furthermore, Mr. Arunjai Mittal was appointed as Dr. Leitner's successor to stand for election to the Supervisory Board. At the company's Annual General Meeting on October 20, 2023, the shareholders then elected Mr. Mittal as a new shareholder representative on the Supervisory Board.

During the year under review, the Supervisory Board analyzed and discussed the economic situation, the business portfolio and the company's future potential at length and made the necessary decisions at a total of ten Supervisory Board meetings, both with and without the participation of the Management Board. The Board

focused in particular on preparing and supporting the changes in the Management Board, on the reorientation of the company's strategy and leadership model as well as associated impairment losses, and on the 'Re-establish the Base' Program. Other areas of importance were consultations on the comprehensive refinancing of the Group and, throughout the fiscal year, the monitoring of risks arising from major projects, particularly in connection with investments in microLED technology.

The Supervisory Board meetings were complemented by ongoing direct interactions between Management Board and Supervisory Board members in which the Management Board added to the scope of its monthly reporting and provided details on the business and financial situation of the group, developments in human resources, projects and technology, investments, and the manufacturing situation. In addition to the topics mentioned above, the Supervisory Board evaluated new regulatory developments, particularly in the area of sustainability (ESG), completion of key divestment projects associated with OSRAM's former Digital business unit, important transactions relating to the company's properties, and further refinement of the group structure. The Board also deliberated on measures to offset the dilutive effects of long-term share-based compensation plans arising from the capital increase completed in the fall. A full-day strategy meeting was held together with the extended management team to discuss the longer-term technical and commercial development of the individual business lines as well as the medium-term planning, on which the annual budgets are based.

In the fall of 2023, the Supervisory Board also evaluated its own procedures and structures. One of the conclusions drawn was that starting in fiscal year 2024 the Supervisory Board will set aside more time for consultations without the participation of management and will increase the training and development opportunities for its members.

In addition, the Supervisory Board made minor adjustments to the Management Board rules of procedure to reflect the changes made to the structure and composition of the Management Board. In connection with the decision taken in the summer of 2023 to establish a new Financing Committee of the Supervisory Board, the rules of procedure for the Supervisory Board were also amended accordingly.

During fiscal year 2023, the Supervisory Board broadened its own training activities, receiving an update on recent developments in corporate governance. The new members of the Supervisory Board also took part in special compliance training.

The cancellation of the key project for our microLED program by a customer at the end of February 2024 requires a revision of the Company's microLED strategy. The Supervisory Board will continue to be actively involved in this process and in the systematic realization of the defined corporate strategy and steps under the 'Re-establish the base' Program.

## Committee activities

The Nomination Committee convened two times to evaluate potential future candidates for the Management or Supervisory Board and to discuss the long-term succession planning. The Supervisory Board followed the Nomination Committee's recommendations regarding Supervisory Board candidates and for the selection of future Management Board members.

The Audit Committee held six regular meetings in 2023. Five were in-person meetings and one meeting was held virtually as a videoconference. Among other things, the Audit Committee discussed the procedure for the preparation and audit of the annual financial statements, mostly in close cooperation with and in the presence of the auditor, with whom the Chair of the Audit Committee was in regular contact, as well as with the company's CFO and the members of the finance departments (in particular Accounting and Controlling). Other matters discussed were the quality and independence of the audit and the audit approach. The results of the internal audits, the structure and functionality of the internal control, audit, and risk management systems, and oversight of the accounting process were further important topics of discussion at the Audit Committee meetings. The Audit Committee also received regular reports on important compliance matters, the compliance system, and major litigation.

The Technology Committee convened four times in fiscal year 2023 with the Chief Technology Officer, the Chief Strategy Officer, and the management of the development departments. Topics included personnel development in the R&D function, key

development projects in the business units, optimized central development processes, new applications for microLED technology, and the importance of software and machine learning going forward.

The Compensation Committee convened a total of five times. Some of the meetings were held together with the LTIP Committee. The committee work focused, among other things, on the agreements signed with the members of the Management Board affected by the changes in the Management Board. The Committee also evaluated the parameters of the annual variable management compensation and determined new targets for fiscal year 2023. Following a comprehensive analysis of existing programs and in view of stakeholders' changing expectations, the Committee also developed a new compensation policy for the Management Board. This was approved by the Annual General Meeting on June 23, 2023 and incorporated into the current Management Board contracts.

The LTIP Committee convened six times (in some cases together with the Compensation Committee). Discussions focused on assessing the fulfillment of the established performance criteria of the long-term share-based compensation plans, allocating share-based instruments to Management Board members, and approving the annual allocation of such instruments to other beneficiaries by the Management Board in accordance with the terms of the share-based compensation plans. The Committee also worked intensively on the new Long Term Incentive Plan (LTIP 2023), which will apply for the first time in fiscal year 2023. In addition, it discussed the consequences of the capital increase for the share-based compensation instruments and adjustments to these.

Following its constituent meeting, the ESG Committee convened another three times in the past fiscal year. In particular, the Committee addressed the sustainability strategy, the integration of ESG targets into Management Board compensation, the results of sustainability ratings, sustainability reporting for fiscal year 2022 and refinement of this reporting, and the principal sustainability-related topics for ams OSRAM. The newly established Financing Committee convened three times. In fiscal year 2023, the Financing Committee's activities naturally focused on discussing and advising on the company's comprehensive refinancing concept and preparing the basis for decisions to be made by the full Supervisory Board.

The Supervisory Board was regularly updated on the work of the committees and the main results of their deliberations.

Further information on the work of the Supervisory Board, in particular the attendance rates of individual members at plenary and committee meetings, can also be found in the Corporate Governance Report, which is part of the company's Annual Report and is published on the company's website.

## 2023 consolidated and annual financial statements

The Management Board presented the annual financial statements for the year ended December 31, 2023 to the Supervisory Board. The annual financial statements and the management report of ams-OSRAM AG prepared in accordance with the Austrian Commercial Code (UGB) were audited by KPMG Wirtschaftsprüfungs- und Steuerberatungs- GmbH, Porzellangasse 51, 1090 Vienna, and issued with an unqualified audit opinion. The Management Board also presented the Group's consolidated financial statements for the year ended December 31, 2023 to the Supervisory Board. The IFRS consolidated financial statements and the group management report were audited by KPMG Wirtschaftsprüfungs- und Steuerberatungs- GmbH, Porzellangasse 51, 1090 Vienna, and likewise issued with an unqualified audit opinion.

The Supervisory Board reviewed the documents presented to it, also on the basis of detailed preliminary reviews by the Audit Committee, at its meeting on March 27, 2024 and did not raise any objections. The Supervisory Board approved the annual financial statements for the year ended December 31, 2023 and the Management Board's proposal to release unallocated capital reserves of EUR 1,124,958,311.03 to cover the net loss for the year of EUR 1,124,958,311.03. This would give a net result of EUR 0.00 for fiscal year 2023. The Supervisory Board also approved the Group's IFRS consolidated financial statements for the year ended December 31, 2023, which show a net loss for the year of EUR 1,613 mn and equity of EUR 1,905 mn.

The Supervisory Board would like to thank the members of the Management Board, the employees and the employee representatives of ams-OSRAM AG and all group companies for their tremendous commitment in fiscal year 2023.

Dr. Margarete Haase  
Chairperson of the Supervisory Board