

ams OSRAM

Sensing  
in a new light

# HIGHLIGHTS

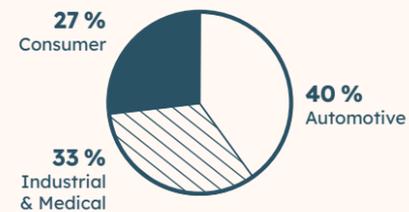
In millions of EUR	2021	Changes to 2020	2020	2019
<b>Revenues</b>	<b>5,038.1</b>	<b>44%</b>	<b>3,504.3</b>	<b>1,885.3</b>
Gross margin (adjusted) <sup>1</sup>	34%		33%	41%
R&D expenses	642.0	52%	423.0	261.2
Operating result (EBIT) (adjusted) <sup>1</sup>	502.0	9%	462.6	391.7
EBIT margin in % (adjusted) <sup>1</sup>	10%		13%	21%
Net result (adjusted) <sup>1</sup>	273.0	15%	237.4	362.8
Earnings per share (in EUR, basic) <sup>1</sup>	1.05	-2%	1.07	4.52
Earnings per share (in CHF, basic) <sup>1,2</sup>	1.14	-1%	1.15	5.02
Operating Cash Flow	791.6	13%	701.9	645.7
Free Cash Flow	481.9	-8%	524.6	464.1
Capital expenditures	309.9	75%	177.4	181.6
Net debt (as of December 31)	1,794.9	5%	1,706.4	1,581.8
Equity ratio	33%		30%	38%
Employees (average)	26,130	-13%	30,031	8,811

Segment results	
Revenues Semiconductors	3,279.0
EBIT Semiconductors (adjusted) <sup>1</sup>	14%
Revenues Lamps & Systems	1,760.0
EBIT Lamps & Systems (adjusted) <sup>1</sup>	3%

Total revenues in EURm



Revenues by market 2021 in %



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



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



<sup>1</sup> Excluding M&A-related, transformation and share-based compensation costs as well as results from investments in associates and sale of a business.

<sup>2</sup> Earnings per share in CHF were converted using the average currency exchange rate for the respective periods.

# Sensing in a new light

## CONTENTS

7	Preface by the Management Board
10	Preface by the Supervisory Board
13	Executive Bodies
15	Our Company
22	Our Business
32	Investor Relations
36	Corporate Governance
54	Remuneration Report

### Financial Information

74	Group Management Report 2021
100	Consolidated Statement of Income
101	Consolidated Statement of Comprehensive Income
102	Consolidated Balance Sheet
103	Consolidated Statement of Cash Flows
105	Consolidated Statement of Changes in Equity
106	Notes to the Consolidated Financial Statements
198	Independent Auditor's Report

# Our Vision & Mission

Our vision is to create the uncontested leader in optical solutions.

We achieve this vision through bold investments in disruptive innovation and continuous transformation delivering best-in-class profitability and growth.

# 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,

2021 was a memorable year for ams OSRAM, marked by the completed acquisition of OSRAM in March. This step has created a global champion in optical solutions. Our combined product and technology portfolio offers numerous opportunities for innovation, differentiation and growth in new markets, adding real value for our customers.

We made great strides with the integration of ams OSRAM throughout the year, with our targeted synergy creation programs fully on track. Our broad-based integration programs continued to progress very well, creating forward momentum within our teams. This momentum has been reinforced by positive customer feedback on our expanded capabilities and the resulting opportunities. Besides various supplier awards, we were honored to receive the 2021 “Electronic Company of the Year” award from Aspencore China.

Actively managing our business portfolio for innovation and growth is a central element of our strategic model. On our path to re-align and focus our future portfolio, we have realized several disposals and dissolved the joint venture between OSRAM and Continental. We will continue to move ahead with the remaining disposals in 2022.

Last year, we improved our financial position and enhanced our well-layered debt and maturity structure through several transactions, including planned refinancing steps related to the OSRAM acquisition. This was supported by strong cash flow generation for the group.

The year 2021 was again affected by the ongoing COVID-19 pandemic and worldwide supply chain challenges. We successfully steered ams OSRAM through these challenges. Thanks to our effective crisis management, we have been able to protect our employees, keep our manufacturing up and running and supplies to our customers stable. Our robust operational infrastructure was a key factor, enabling ams OSRAM to navigate through the very demanding

market and supply chain environment of 2021. We would like to thank our employees for their great commitment during this extraordinary year. Their imagination, energy and dedication are the cornerstones of our worldwide success.

In view of all the challenges, we managed to deliver healthy business results in the first fiscal year as a combined company. Revenues of USD 5,780 million/EUR 5,038 million were driven by the strong performance of our automotive business, despite certain negative effects in our consumer business, where we communicated a loss of market share last year. Our automotive business performed well against the backdrop of ongoing supply chain imbalances and market volatility, while our consumer, industrial and medical business all made positive contributions in line with expectations. The Semiconductors segment accounted for 65% of our full-year revenues and achieved a solid adjusted operating (EBIT) margin of 14%. The Lamps & Systems (L&S) segment also showed a good performance last year, accounting for 35% of total revenues – with a positive contribution from the L&S automotive business including traditional lighting.

Our vision at ams OSRAM is to become the uncontested leader in optical solutions. For this, we are boldly investing in disruptive innovations and transforming our company continuously. Last year saw ongoing substantial investments in our technology portfolio and R&D – a key element of our strategy to achieve market-leading positions and profitable growth. We will continue to pursue significant but targeted investments in R&D and manufacturing to harness the exciting range of new opportunities.

In line with our vision, we will continually advance our technologies in sensing, illumination and visualization. And we will systematically align our portfolio to key technological trends, among them digitization, smart living and mobility, energy efficiency, the metaverse, Industry 4.0/5.0, and digital health. Our products and solutions allow for smart and connected devices, energy savings and data-driven applications, making us a true enabler of these trends.

What drives us is our ambition to imagine vital new applications that enrich people's lives. We believe our system expertise in many industries, paired with our deep engineering knowledge in both sensing and light-emitting technologies, makes us unequalled in our industry. Because we understand and serve the full value chain of optical solutions from emitters and optics to sensors and software, we can reduce development cycles, meet customer specifications and design truly differentiating innovations. This makes us a partner of choice for industry leaders looking to co-create with us.

We would like to thank the Supervisory Board for constructively supporting our plans and strategic decisions. Additionally, we thank our shareholders, customers and partners for their trust in ams OSRAM. This gives us great confidence to continue on our path to become the uncontested leader in optical solutions.

2022 will again be a year of transition – and above all a year of execution. As we continue our integration programs, we will speed up our strategic execution roadmap, meaning that we strive to leverage our technology and market leadership, gain market share with solution capabilities and eco-system plays as well as accelerate our leadership ambitions in emerging markets. Given the ongoing business integration, we have decided to suspend our cash dividend policy for fiscal year 2021 to focus resources on the integration as well as on investments for future growth technologies.

In addition, 2022 marks the 50th anniversary of optical semiconductors in Regensburg and Malaysia as well as 40 years of high-tech semiconductors in Premstaetten. It reminds us of our proud heritage and at the same time inspires us to tackle the coming years with what we know best: imagining meaningful optical innovations that enrich peoples' lives. Because for us, Sensing is Life!



Alexander Everke  
Chairman of the  
Management Board  
CEO



Ingo Bank  
Member of the  
Management Board  
CFO



Thomas Stockmeier  
Member of the  
Management Board  
CTO



Mark Hamersma  
Member of the  
Management Board  
CBO

## Preface by the Supervisory Board

Dear Shareholders,

With the combination of ams AG and OSRAM Licht AG to form ams-OSRAM AG we have created a global provider of optical, integrated systems thanks to the two parties' complementary leading-edge technologies in sensing, illumination and visualization. The expansion of our development capabilities and manufacturing network, combined with our global presence offers our customers and partners innovations and product developments in key fields of mobile communications, the automotive industry and industrial electronic applications.

Thus, the integration of the ams OSRAM Group continued to characterize the work of the Supervisory Board in 2021. Major decisions were taken regarding the approval and implementation of the domination and profit and loss transfer agreement, the coordination of the joint strategy, the reorganization of internal structures and workflows, the appointment of management and corporate bodies, our joint market presence and brand identity, the sale of subsidiaries and the delisting of the OSRAM Licht AG share, among other topics. The objective of the combination remains a fast combined focus on upcoming customer needs to sustainably increase both profitability and the share price.

Despite the progress made in integration, we also suffered setbacks in 2021, losing market share in our consumer business. The Supervisory Board analyzed this development in detail, with the Management Board presenting strategies and specific plans designed to regain lost ground and realize future growth opportunities.

The increased number of Supervisory Board meetings in 2021 were largely held virtually in compliance with the restrictions imposed to prevent the spread of Covid-19. This unfortunately also applied to the Annual General Meeting, at which Ms. Brigitte Ederer and Ms. Margarete Haase were elected to the Supervisory Board as shareholder representatives. They joined our body alongside the new employee representative Mr. Patrick Reinisch. The Annual General Meeting also approved the group's remuneration policy. Shareholders and shareholder representatives subsequently provided us with valuable information on the structure of the remuneration report which has been incorporated in the enclosed remuneration report for 2021.

In the year under review, the Supervisory Board met on nine occasions, both with and without Management Board participation, to analyze and discuss the economic situation and future potential of the company in detail and to take necessary decisions. All of the Supervisory Board members took part in all of its meetings as well as in those of its committees with the exception of one newly elected member for one meeting due to

prior engagements. These meetings were supplemented by numerous direct interactions between Management Board and Supervisory Board members, in which the Management Board – above and beyond the scope of its monthly reports – gave detailed accounts of the business and financial situation of the group, developments in Human Resources, projects and technologies, the status of investments and the manufacturing situation. In addition to the above-mentioned integration of the group, decisions were taken in respect of the annual accounts, the budget, the introduction of the employee profit-sharing program, the investment program for new LED production capacities encompassing support for micro-LED technology, the safeguarding of cyber-security and the implementation of sustainability objectives, among other matters. An all-day strategy meeting with the management focused on the technical and commercial development of the individual business lines in the longer term, as well as the medium-term planning on which the annual budget is based.

In 2021 the Management Board and Supervisory Board again evaluated the economic success and implementation of major decisions taken over the previous years. Encouragingly, the majority of projects satisfied, or even exceeded the assumptions made. In the instances where this was not the case, an analysis resulted in significant findings that will be incorporated into future decisions. The Supervisory Board evaluated its own activities by means of a structured questionnaire, while new members participated in a special compliance workshop.

The Supervisory Board followed the recommendation of the Nomination Committee to extend the contract of CEO Alexander Everke for a further three years. The Nomination Committee also prepared the expansion of the Supervisory Board.

In 2021 the Audit Committee met mainly to discuss the procedure for and audit of the annual accounts, for the most part in close collaboration with the auditors. Its five meetings were concerned mainly with the effectiveness of Internal Audit, the internal control and risk management systems and the monitoring of the financial reporting process. The Audit Committee also supervised the international tender to select the auditor of the Group. At the Annual General Meeting, we will propose that all the Group's major entities will be audited by one international audit firm with a view to driving integration forward in this area as well.

The Technology Committee also held five meetings with the Chief Technology Officer and the management of the engineering departments to discuss issues including the deployment of Big Data in production and development, particular customer and development projects, the development of micro-LED technology, the collaboration with universities, the innovation process and special topics concerning particular production processes. In 2021, issues relating to sustainable management and resource use became an additional area of responsibility in both committees, and in 2022 they were included in the Management Board's bonus targets for the first time.

Finally, allow me to add a personal comment: Since 1994, I have been given the opportunity to back the development of our company as a Supervisory Board member, CEO, shareholder and most recently as Chairman of the Supervisory Board. It is with great enthusiasm and commitment that I have supported its growth from a small Austrian semiconductor manufacturer with revenues of around EUR 60 million to a focused global provider of optical technologies with revenues of over 80 times that figure in 2021. After these many years, I will not be standing for re-election at the Annual General Meeting and I would like to thank all those with whom I have had the privilege of working in the Supervisory Board, Management Board and the shareholder base, with particular thanks going to the employees of ams-OSRAM AG. I have very much appreciated our collaboration and wish you the continued success that our extraordinary company deserves.



Hans Jörg Kaltenbrunner  
Chairman of the Supervisory Board

## EXECUTIVE BODIES

### Management Board

Alexander Everke (CEO)  
Ingo Bank (CFO)  
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  
Dr. Monika Henzinger  
Brian Krzanich  
Brigitte Ederer (since June 2021)  
Dr. Margarete Haase (since June 2021)  
Andreas Pein (employee representative)  
Günter Kneffel (employee representative)  
Sabine Radesey (employee representative)  
Patrick Reinisch (employee representative, since June 2021)

# Who we are

We bring intelligence to light and passion to innovation.

We responsibly create sustaining value.

We attract, develop and retain the best talent.

We make life better.

## OUR COMPANY

ams OSRAM is a global leader in optical solutions with a focus on sensing and lighting technologies. We are known for our imagination, deep engineering expertise and worldwide industrial manufacturing capacities. We imagine radically new applications that make life better for everyone. Using the full spectrum of light, we capture, analyze and visualize the information our environment provides. We enable humans and machines to comprehend and interact with the world around us: to make journeys safer, medical diagnoses more accurate and everyday moments of communication a richer experience.

Based on our vision to become the uncontested leader in optical solutions, we continuously advance our technologies in sensing, illumination and visualization. We offer what we believe to be the broadest portfolio of optical solutions and technologies: from high-quality light emitters and optical components to micro-modules, light sensors, ICs and the related software and algorithms.

Our deep system understanding, paired with our unique expertise in the areas of emitting, directing, sensing and processing light, makes us the partner of choice for many industries. We enable our customers in the automotive, consumer, healthcare and industrial sectors to create innovative, market-changing applications and thus maintain their competitive edge.

With a view to creating technologies for breakthrough applications, we continue to add to our innovation roadmap through significant R&D investments and strategic acquisitions, strengthening our strong IP position with more than 15,000 patents. We continually invest in our leading semiconductor expertise and world-class manufacturing network to live up to our reputation of reliably bringing top quality to the world at scale.

By systematically executing our strategy to gain innovation and technology leadership, we make our vision come true while ensuring long-term profitable growth for our company and its stakeholders.

# What we value

Our technological leadership position is based on the ingenuity and passion of our employees. We are a team of global experts inspired by anticipating tomorrow's world and translating it into today's technologies.

To become the uncontested leader in optical solutions, we have established strong company values that we live by.

## OUR TALENT

Our employees are the foundation for our company's long-term success. Thanks to their unprecedented support, we have been able to realize significant integration steps for our company during a global pandemic. Around 24,000 experts globally bring passion to innovation, day by day. We work together as a unified team in a truly global network to anticipate the future and create market-leading solutions for our customers.

We believe our deep engineering expertise along the entire value chain of optical solutions is unparalleled in the industry today. Inspired by our proud heritage of pioneering innovation and our ambition to set the benchmark in our markets, we are able to attract the best talent around the globe. To position ams OSRAM as an employer of choice, we are investing heavily in a wide range of communication and marketing activities.

To support our corporate culture and foster appreciative and respectful relationships, we build on a set of clear core values and leadership principles. We imagine the impossible and make it happen.

We offer a dynamic, engaging and positive work atmosphere and exciting opportunities for both personal and professional development in a highly diverse international environment. A variety of employee communities, self-managed networks and mentorships, combined with our extensive ams OSRAM University, support our commitment to lifelong learning.

We continuously and systematically address the development of our employees, based on regular and structured dialog between employees and managers, supported by a comprehensive training program at our ams OSRAM University.

Treating our employees with respect and appreciation also includes fair and performance-related compensation. Diversity and inclusion are an integral part of our company, based on a long history. They actively shape our global business. International customer and supplier relationships require cultural competence and flexibility, and diverse teams bring a high level of innovation.

We are one company, one team – valued by customers and ready to shape the technology trends of tomorrow.

# SUSTAINABILITY

## Our commitment

Sustainability means responsibility toward customers, employees, shareholders, society and the environment. Along our value chain, we ensure the responsible use of resources, environmental protection, good working conditions, health protection, occupational safety and compliance with human rights.

## Our milestones

In terms of our sustainability agenda, the past fiscal year was characterized by the integration and development of joint management concepts as well as data consolidation and harmonization. For example, we developed a range of joint policies on compliance, environmental and health protection, quality and procurement. In addition, we conducted a materiality analysis and initiated the development of a sustainability strategy.

On the basis of the materiality analysis, we defined the following strategic focus areas: climate, working conditions, human rights, integrity and circular economy. Important initial targets have already been defined as

We see sustainability as the basis of our License to Operate and as a prerequisite for future business. With our portfolio, we address global challenges such as climate change, resource shortages and urbanization, and aim to improve the quality of life in various areas such as health, safety and mobility. This is what we understand by our corporate motto “Sensing is life.”

part of the strategy development process. As a central element, ams OSRAM has committed to achieving carbon neutrality in its own business operations by 2030. To foster diversity within the company, we have additionally set the target to increase the proportion of women in leadership positions to 25% by the end of 2026.

These activities are also reflected in the results of our first combined Environmental Social Governance ratings: We managed to achieve year-on-year improvements in our CDP score Sustainalytics, ISS QualityScore, EcoVadis and Standard & Poor’s Corporate Sustainability Assessment, for example.

## Environment

As an industrial company in the technology sector, we consume natural resources and also cause greenhouse gas emissions through our production. To meet our responsibilities, we have committed ourselves to resource-conserving environmental management and the development of innovative and energy-efficient products

During 2021, we harmonized ams OSRAM’s environmental management system into one system for the whole group. For example, all global production sites and

the co-headquarters in Premstaetten and Munich maintain a certified environmental management system in accordance with the international ISO 14001 standard. All former OSRAM sites in Europe furthermore maintain a certified energy management system in accordance with ISO 50001.

As part of our environmental reporting, we collect data on energy consumption, greenhouse gas emissions, water withdrawal and waste generation. This data reflects more than 99% of our environmental impact.

## Society

As a global player, we are committed to taking responsibility beyond the boundaries of our company.

We respect and adhere to internationally recognized human rights standards and are committed to the principles of the United Nations Charter on Human Rights, which we actively support as a member of the UN Global Compact. We assume responsibility within our supply chain by using standardized risk analyses, tools and processes, including our human rights due diligence on conflict minerals as well as our Code of Conduct for Suppliers.

We believe in providing our employees with fair pay and a respectful and safe working environment in which they are able to grow and learn. We are convinced that our employees are the basis of our long-term business success. With their skills and knowledge, they create the added value with which we invent innovative solutions for our customers and society.

It is important to us to foster sustainable development in the societies in which we operate. As part of our corporate citizenship efforts, we are involved in local initiatives all over the world that promote a prosperous environment.

## Governance

The trust of our stakeholders – that is, our customers, employees, shareholders and suppliers – is a prerequisite for our sustainable business success. We strengthen this trust through responsible corporate governance, our values and effective control systems. Our business activities are based on a binding set of principles and procedures for all our business functions to ensure consistent, responsible and accountable practices.

We are committed to strictly preventing corruption and bribery and to behaving fairly in the competitive arena. For this purpose, we have implemented an effective compliance management system in line

with the regulatory framework and data protection requirements. Violations can be reported worldwide via the “Tell ams OSRAM” whistleblower system. Our principles are laid down in our ams OSRAM Code of Conduct.

Our first ams OSRAM Sustainability Report presents our sustainability activities and performance for fiscal year 2021. In it, we highlight our social, environmental and economic impact and describe the concepts we have developed and the measures we have taken. The Sustainability Report follows the framework of the Global Reporting Initiative and the ten principles of the UN Global Compact.

# What we do

We continuously advance our technologies in sensing, illumination and visualization. We imagine radically new applications that make life better for everyone.

## OUR BUSINESS

We are a worldwide leader in optical technologies serving the entire value chain of optical solutions. From product idea to tangible concept through to the manufacturing process, we enable our customers to create ground-breaking solutions for the automotive, consumer, industrial and medical markets. What makes us unique in our opinion is our broad technology spectrum, since we cover the emission of light as well as its detection through sensing and intelligent processing. Our innovative products and solutions range from light emitters,

optical components and micro-modules to light sensors, related ICs, algorithms and software. They are designed for best-in-class performance, size, cost and energy efficiency.

We are experts in the development and integration of a wide range of optical solutions, from single components through to complex systems. This enables us to be market and innovation leaders and clearly differentiate ourselves from the competition.



## A growing business

Horticultural lighting is transforming the way we produce food. Plant farming is increasingly being transferred to controlled, often close-by urban environments. Our precise LED light and sensing solutions provide new possibilities to grow food in a smart, easy and sustainable way. They enable cutting-edge growth stimulation and precise condition monitoring, in professional top-/inter-lighting as well as vertical farming applications. The OSOLON Square Hyper Red LEDs' special wavelength and performance are unmatched in the industry. Together with our customers, we define targeted growth lighting recipes, with or without natural light, optimizing harvests and minimizing fertilizer use. We create new solutions in professional greenhouse lighting at significantly reduced energy costs.

## Automotive: Setting the benchmark as a trusted innovation partner

Advanced technologies and new mobility concepts are transforming the automotive industry, making vehicles increasingly safe and smart. As a long-time innovation leader in semiconductor technologies, we play a crucial role in the ongoing redefinition of mobility – from cars to two-wheelers and beyond. We are able to turn ideas into breakthrough technologies, with the highest quality and reliability. This makes us a trusted partner for leading automotive manufacturers and their suppliers.

Our cutting-edge solutions for interior and exterior lighting and sensing add real value to road safety and comfort. We enable automotive manufacturers worldwide to create intelligent lighting and visualization solutions, realize advanced driver-assistance systems (ADAS) and pave the way to automated and autonomous driving, based on our pioneering technologies such as LiDAR and energy-efficient, miniaturized products.

Our innovative matrix LED for dynamic headlights caters to the trend toward intelligent driving lights and enables the light beam to be instantly adapted to the traffic situation. Its ability to visualize information, like projecting information and warning symbols onto the road, assists the driver and enables vehicle-to-everything (V2X) communication.

Automated cars are expected to increasingly transform into living spaces. High-resolution displays, smart surfaces, seamless human-machine interaction and adaptable ambient lighting solutions are integrated into the car of the future. Our optical solutions enable high levels of convenience and more attractive user experiences with high energy efficiency.

We provide the key technologies to improve safety for drivers and passengers, such as interior sensor technology for driver monitoring and different warning systems. With our technologies, we are shaping automotive mobility, making it safer, smarter and more comfortable.



## Making light intelligent

Intelligent forward lighting brings car safety to another level. In the future, multifunctional, intelligent headlamps will illuminate the road and communicate with the environment at the same time – this progress is due to cutting-edge semiconductor technology.

Our Eviyos LED represents our innovation leadership in highly pixelated light sources with low energy and space needs. Its more than 25,000 individually controllable pixels make it possible to adapt the light beam to the driving situation, with optimum illumination of the road and without any glare. Not only does it provide for permanently glare-free high beam light, it also brings HD-quality projections onto the road. Car-to-driver communication, such as projections of warning signals or welcome messages, can be realized with a single LED light source.

## Consumer: Creating inspiring user experiences with pioneering technologies

Smartphones, computers, tablets and wearables are constant companions that connect us to the world, making our lives easier and safer while allowing us to interact, capture moments and create fun and excitement.

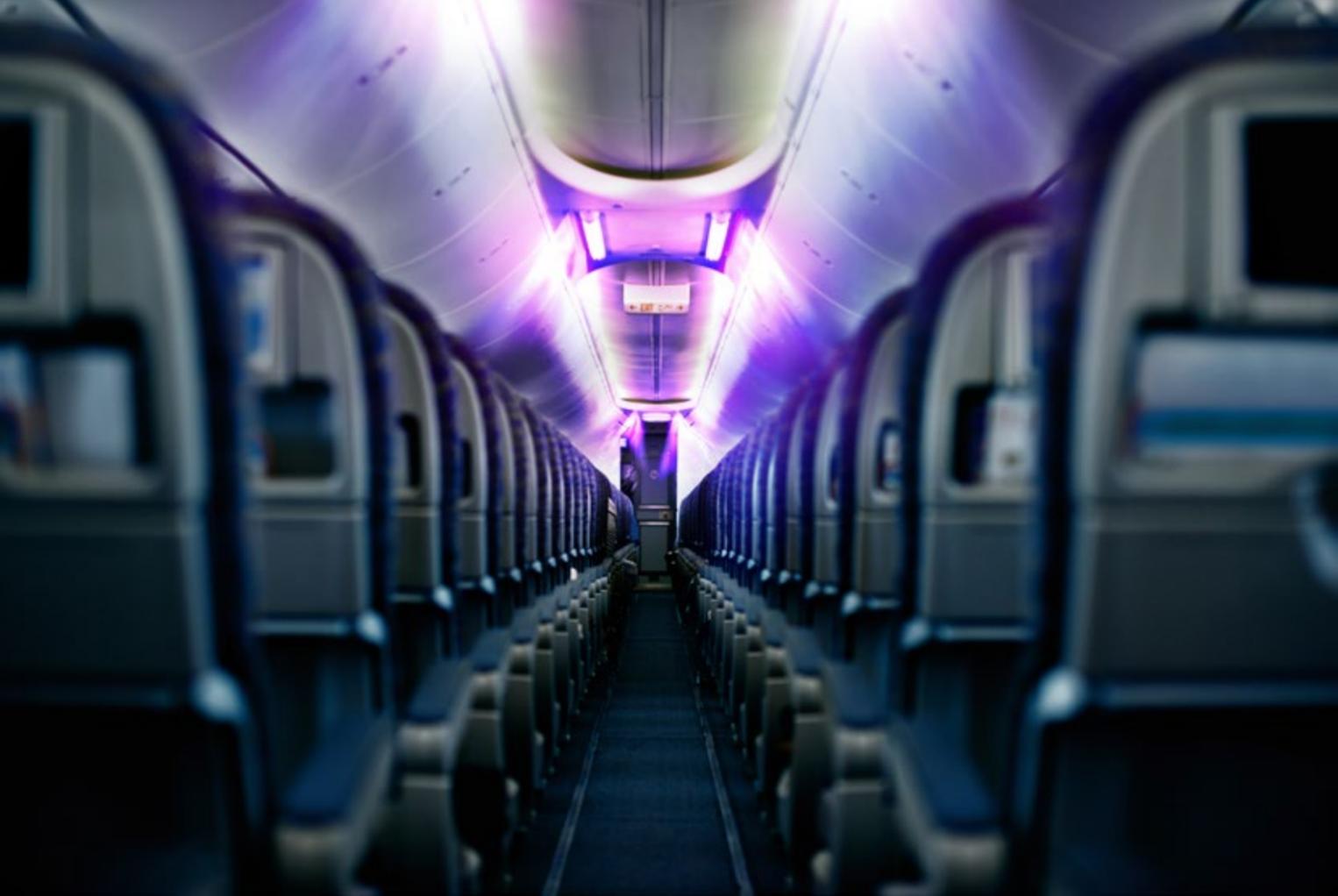
ams OSRAM's advanced sensing and light-emitting technologies actively shape the way we capture and interact with the world. Our portfolio compiles several highly relevant optical technologies, complemented by IC hardware capabilities, custom algorithms and proprietary intellectual property. They are essential for applications such as secure identification, bright full-screen displays and brilliant images for mobile, portable and computing devices. Together with our customers, we anticipate the future. Across a broad range of mobile applications, we enable outstanding user experiences on smartphones and wearables or computing devices. Our miniaturized solutions enable multiple AR/VR functionalities, such as near-to-eye projection, eye-tracking, proximity sensing and gesture recognition.

Pictures say more than words; they create universes. Our lighting and sensing technologies improve the quality of images and their visualization. They enable accurate ambient light, color and proximity sensing solutions to operate behind OLED displays. We are a frontrunner in the industrialization of emerging innovation areas such as micro-LEDs for next-generation displays. Micro-LEDs that are smaller than 50µm are expected to be one of key growth drivers for the display industry going forward. They offer significant advantages over LCD and OLED displays in aspects such as energy consumption, brightness and contrast. ams OSRAM is in a strong position to become the number one micro-LED player in the world. We have the capabilities and a clear roadmap to deliver the demanding performance of micro-LED products. High-volume 8" capacity supporting mass production of micro-LED is currently planned to commence ramp-up in the course of 2024. With our expertise, we create inspiring user experiences in next-generation applications, making digital lives easier, safer and more fulfilling.



## Small is beautiful

AR/VR applications in industry and consumer markets are bound to take off – boosted by the rising metaverse. Their success depends on high accuracy and miniaturization to allow outstanding user experiences. Their advanced functionalities can only be realized by key optical technologies, spanning from LED and laser light sources to 3D sensors all the way to proximity-, eye- and position-tracking sensors. Our latest laser solution, targeted for near-to-eye projection, has a light engine with a very small form factor of only 0.7 cm<sup>3</sup>. These enormous space savings reduce the size of the projection light engine in AR smart glasses by up to half. This enables information-rich smart glasses to become as fashionable as normal eye-wear, accelerating their market growth. With our deep engineering expertise, we drive cutting-edge visualization applications into the future.



## Light on, germs gone

Our world needs cleaner, safer environments. UV-C LED technology is changing the way we clean air, surfaces and water in industrial, consumer and automotive applications – and beyond. Our distinctive portfolio combines highly efficient UV-C emitters and spectral sensors with highly accurate presence detectors. We create innovations to make UV treatment easy, safe, affordable and accessible for everyone, everywhere. UV-C LEDs are embedded in standard light sources to continuously clean public areas, transport or workplaces, in taps to purify water or in fully automated robots or drones to access hazardous environments. Miniaturized solutions open up new, pioneering UV applications, like sun exposure monitoring on wearables and diagnostic devices. We anticipate market and application needs in new areas of technology and turn them into reality.

### Industrial: Making light work with reliable innovations

Digitalization and 5G are revolutionizing industrial automation by enabling machines to interact with each other as well as with humans. For machines to sense their environment, they need high-performance sensor and light-emitting solutions. Our comprehensive technology portfolio of sensors, cameras and light emitters covers different market requirements: speed, power and accuracy as well as small form factors and cost efficiency.

Our state-of-the-art products make industrial production faster and more efficient by enabling innovations ranging from advanced machine vision to predictive maintenance and secure human-machine interaction. From production lines to home appliances – our key technologies for 3D sensing, industrial X-ray and global shutter imaging for inspections make machines and robots smarter and thus more powerful. We support safety solutions for collaborative environments, from collision avoidance systems to unguarded working environments for mobile robots and AGVs (automatically guided vehicles) in factories or at home. Our precise emitter and sensor solutions for AR/VR applications boost the next phase of Industry 5.0 with advanced human-machine interaction.

As a market leader in horticultural/agricultural lighting, we create the perfect light environment for indoor plant growth, like indoor or vertical farming. We combine pio-

neering wavelength-optimized LEDs across the relevant color spectrum with spectral sensing technologies for cutting-edge growth stimulation and precise condition monitoring. Targeted lighting solutions also minimize fertilizer use and reduce energy costs.

We use our distinctive product portfolio of highly efficient UV-C LED emitters, spectral sensors and accurate presence detectors to make our environment safer. And we enable new functionalities for easy, safe and affordable UV treatment in a variety of applications – embedded in standard light sources to clean public areas, transport or workplaces.

Our comprehensive lighting portfolio includes spectral and ambient light sensors alongside innovative LEDs – perfectly matching the various industrial lighting needs. Miniaturized LED components provide our customers with endless design possibilities, greater cost efficiency, outstanding performance and maximum accuracy. Our portfolio covers the light spectrums required for consistent and precise high-performance work processes.

With our outstanding portfolio and application expertise, we make industrial processes smart and secure.



## More with less

Semiconductor technology brings novel features to medical imaging. Photon-counting CT technology will enable advanced clinical applications while significantly reducing radiation dose. Our unique imaging sensing solutions cover the spectrum from infrared to visible light all the way to X-rays. Photon-counting detector technology converts X-ray photons directly into a charge which can be quantified and processed immediately by the readout electronics – with photon accuracy. This innovative approach reduces the data conversion process considerably and enables our customers to create CT data at a very high spatial resolution, with an improved contrast-to-noise ratio. At the same time, it reduces the radiation dose and generates specific information on the radiation spectrum. We offer deep engineering expertise for the pioneering technologies of tomorrow.

### Medical: Delivering miniaturized solutions with high precision

Awareness of personal health and fitness is steadily growing, boosted by the COVID-19 pandemic. Increasing digitization and diagnostics at the point of care are driving professional and personal healthcare and opening up completely new functionalities.

Co-creating with customers requires extensive experience and a deep understanding of health application areas. We develop key technologies for accessible, precise and efficient diagnostics and healthcare systems. Our advanced sensing and lighting products offer the highest levels of accuracy, simplify processes and create new use cases, for example in medical imaging, where we enable best-in-class digital X-ray and CT images, as well as invasive examinations with the ultra-compact NanEye camera module.

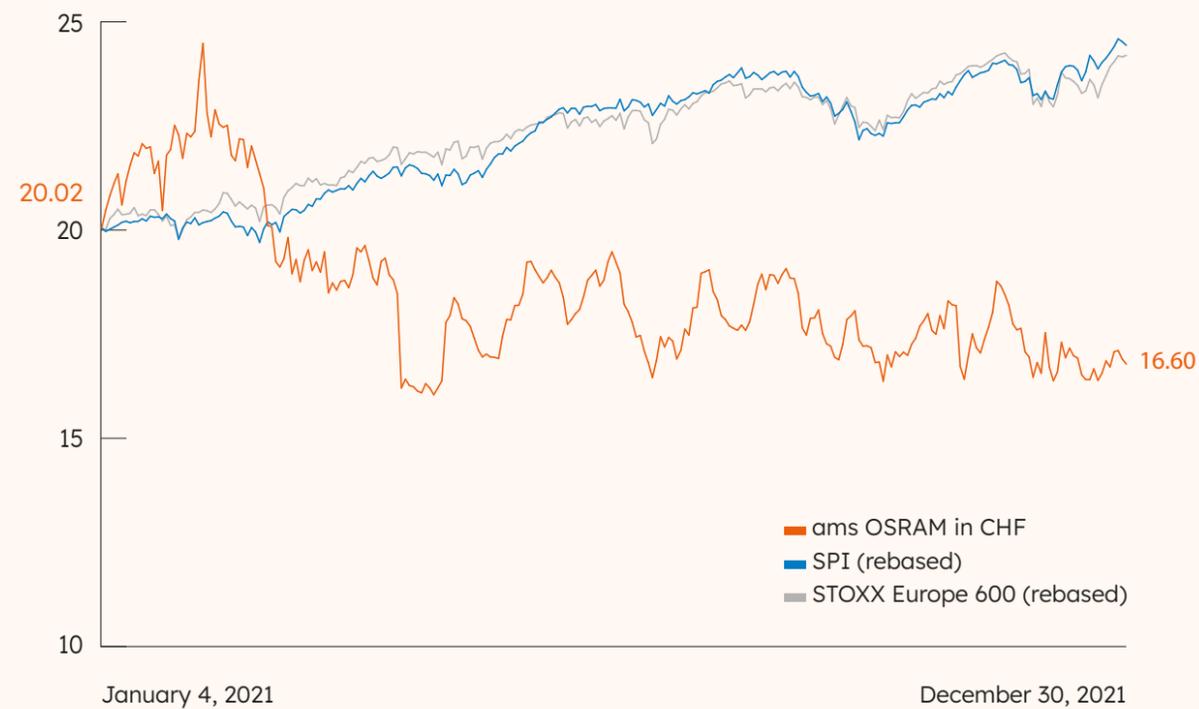
As a leading supplier of vital sign monitoring solutions, we pioneer key technologies spanning from innovative biometric optical sensor solutions to components for fitness tracking and health monitoring applications, with and without medical supervision.

Affordable solutions for remote monitoring and point-of-care diagnostics help reduce doctor's appointments and expensive laboratory testing. By thinking outside the box, we were able to develop a small and cost-effective lateral flow-testing module based on spectral-sensing technology that is ideal for rapid, cloud-based readout solutions and that improves performance and reliability.

Our products make treatment less invasive and healthcare more accurate, remote, affordable and individual.

# INVESTOR RELATIONS

ams OSRAM share price development



## Investor Relations

The combined product and technology portfolio of ams OSRAM creates a broad range of opportunities for profitable growth in the future, which the group expects to emerge over the coming years as it implements its strategy for a global leadership position in optical solutions. At the same time, ams OSRAM expects to create sustained value from the realization of substantial synergies between the two businesses which are part of the integration started in March 2021. ams OSRAM also continues to invest in future technologies to enable innovation, differentiation and growth in new markets. Combining these elements as an integrated company, ams OSRAM offers meaningful potential for a value appreciation of its shares.

The ams OSRAM share saw a volatile development through 2021 which reflected the considerable supply chain imbalances in the global semiconductor market for a large part of last year and their influence on the group's business as well as a market share loss in the group's consumer business in the second half of 2021. An attractive business outlook supported the share price development in the early part of the year, complemented by the Domination and Profit and Loss Transfer Agreement (DPLTA) between ams and OSRAM coming into force in early March 2021. This marked the start of ams OSRAM operating as one combined company as well as the starting point of the integration of both companies into one organization. In order to streamline and simplify the group's corporate structure and reporting obligations as a further integration step, the group announced the planned delisting of OSRAM Licht AG shares from all regulated markets in May. The related delisting offer was successfully completed in the middle of last year with ams meaningfully increasing its shareholdings in OSRAM Licht AG to slightly above 80%. During the latter part of the first half year a market share loss in the group's consumer business led to increased share price volatility with negative effects. In the second half of the year, the share price development largely reflected influences from the challenging supply chain environment, particularly in the global automotive markets, as well as from the mentioned development in the group's

consumer business. These factors limited the upward momentum of the share price during the second half. At the same time, ams OSRAM successfully moved ahead in re-aligning and shaping its future portfolio in accordance with the company's long-term strategy, announcing and/or closing several disposal transactions as well as dissolving the OSRAM Continental joint venture. Taking into account the aforementioned market and business influences, the ams OSRAM share ended the year 17% lower compared to the beginning of the year.

ams OSRAM successfully implemented a convertible bond buyback program in 2021, repurchasing EUR 77 million of notional value for an amount of EUR 67.3 million in cash. This program reduced the gross debt position while achieving an attractive financial gain at the same time. ams OSRAM had previously decided to suspend its cash dividend policy to focus on strengthening its business in the context of the acquisition of OSRAM. To further support the ongoing integration as well as investments in future growth technologies, ams OSRAM has decided to suspend its cash dividend policy for fiscal year 2021.

At the Annual General Meeting in June 2021, the agenda items subject to a vote were approved with the exception of the agenda item on the remuneration report for 2020. ams OSRAM has updated the remuneration report for 2021, which is available on page 54 of this report, to better meet the information expectations of the various stakeholders. The Annual General Meeting 2021 also approved the name change of the group parent company and listed entity from ams AG to ams-OSRAM AG, which became effective in January 2022.

ams OSRAM continued its extensive investor relations activities last year, particularly based on its quarterly reporting and regular presentations to research analysts, institutional investors and press. Despite the continuing Covid-19 travel restrictions, ams OSRAM held investor road shows covering Europe, North America and Asia/Pacific through the year in a virtual format. International investor conferences, also held in a virtual format, were a further means to access existing shareholders and identify potential new investors in different regions. Given the combination of ams OSRAM and increased global footprint of the group, ams OSRAM saw additional interest from investors outside of Europe despite the Covid-19 related impacts. In early April 2022 ams OSRAM held a virtual Capital Market Day to update investors and analysts on its strategy, its new aligned business portfolio and strong technology position.

The "Investor" section of the company website [ams-OSRAM.com](https://www.ams-osram.com) offers a comprehensive range of financial reports, press releases, presentations, audio releases, general meeting and corporate governance information and additional data on the ams OSRAM share.

ISIN: AT0000A18XM4

Securities code: 24924656

Ticker symbol (SIX Swiss Exchange): AMS

Reuters / Bloomberg: AMS.S / AMS SW

# CORPORATE GOVERNANCE

ams-OSRAM AG (“ams OSRAM”) 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”). As of the balance sheet date, the company name was still ams AG; the company name change to ams-OSRAM AG became effective after the balance sheet date on January 18, 2022. 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 OSRAM.

In this context, ams OSRAM 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-OSRAM 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 4.3 billion. ams OSRAM’s business activities are organized into the Semiconductor and Lamps & Systems (“L&S”) segments. The “Semiconductor” segment includes semiconductor-based products and solutions such as high-performance LEDs, lasers, and optical sensors for customers in the automotive, consumer, and industrial end markets. The “Lamps & Systems” segment includes traditional lamps and lighting systems with a focus on the automotive, industrial and medical end markets.

The company management of the ams OSRAM group is carried out by the Management Board of ams-OSRAM AG 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-OSRAM AG. Further information on the segments is provided in the Notes to the Consolidated Financial Statements under item 2 (page 124 of this report).

The company has active, unlisted direct subsidiaries. There are no listed subsidiaries (direct or indirect), as the delisting of the formerly listed indirect subsidiary OSRAM Licht AG became effective at the end of September 2021 and the respective entity is no longer listed on a regulated market. The following table lists the company's direct active subsidiaries:

Company	Head office	Equity in EUR	Percentage of shares held
ams Italy S.r.l.	Milan	1,873,461	100%
ams International AG	Rapperswil	148,910,736	100%
ams R&D UK Ltd.	Launceston	495,907	100%
ams Asia Inc.	Calamba City	27,844,080	100%
ams Semiconductors India Private Ltd.	Hyderabad	708,186	100%
ams Sensors Hong Kong	Hong Kong	931	100%
AppliedSensor Sweden AB	Linköping	24,181,504	100%
CMOSIS International NV	Berchem	73,292,289	100%
ams Sensors Germany GmbH	Jena	22,401,963	100%
ams Sensors Holding Asia Pte. Ltd	Singapore	173,478,247	100%
ams Sensors Asia Pte. Ltd.	Singapore	-138,294,748	100%
ams Offer GmbH	Munich	2,582,681,195	100%
ams Sensors Taiwan Pte. Ltd.	Taiwan	669,684	100%

Additional information on all group entities is available the financial section of this Annual Report (page 190).

### 1.2 Significant Shareholders

Since January 1, 2016 ams OSRAM 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:

ams-OSRAM AG (treasury shares) - Austria	5.02%
Temasek Holdings Private Limited - Singapore	4.99%
BlackRock, Inc. - USA	4.67%
UBS Fund Management (Schweiz) AG - Switzerland	3.94%
Bestinvest Gestion, S.A. SGIIC - Spain	3.09%
Fidelity Funds SICAV - Luxembourg	3.06%
FIL Limited - Bermuda	3.00%

Information on significant shareholders or groups of shareholders filed with ams OSRAM and the Disclosure Office of SIX Exchange Regulation (SER) in accordance with article 120 FMIA can also be viewed on the Disclosure Office's publication platform at <https://www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html>

### 1.3 Cross Shareholding

No cross shareholdings exist at this time.

## 2. Capital Structure

### 2.1 Capital

As of December 31, 2021, ams-OSRAM AG 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, 2021, ams-OSRAM AG authorized capital amounted to nominally EUR 18,986,945.00 divided up into 18,986,945.00 no-par-value bearer shares with a calculated nominal value of EUR 1.00 per share.

As of December 31, 2021, ams-OSRAM AG 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.

As of December 31, 2020, ams-OSRAM AG 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-OSRAM AG 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-OSRAM AG 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-OSRAM.com/about-us/investor-relations/share-capital> Articles of Association of ams-OSRAM AG are available at <https://ams-OSRAM.com/about-us/investor-relations/corporate-governance>.

### 2.2 Authorized and Conditional Capital in particular

(The figures shown below reflect the situation at the time of authorization, unless stated otherwise.) Articles of Association of ams-OSRAM AG are available at <https://ams-OSRAM.com/about-us/investor-relations/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 around 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, 2021, no shares have been issued from the Authorized Capital 2018.

In June 2021 the Management Board was authorized by the Annual General Meeting to increase until June 1, 2026 - if required in several tranches - the share capital by up to EUR 10,544,963.00 by issuing up to 10,544,963 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 around 4% 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 2021). For the Authorized Capital 2021, subscription rights may be excluded with the approval of the Supervisory Board. As of December 31, 2021,

no shares have been issued from the Authorized Capital 2021.

#### Conditional Capital

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 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, 2021, all 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. As of December 31, 2021 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, 2021. 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, 2021, 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 OSRAM Group's shareholders' equity amounted to EUR 1,689.67 million as of December 31, 2019, EUR 3,027.15 million as of December 31, 2020 and EUR 3,149.61 million as of December 31, 2021. The majority of the increase of the Group's equity in 2021 is based on the Group's positive net result. 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, 2021 until December 31, 2021" in the financial section of this Annual Report (page 105).

### 2.4 Shares and Participation Certificates

On the reporting date, ams-OSRAM AG's 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 (USD 2017, see before under item 2.2). Consequently, the company issued a convertible bond in an aggregate nominal amount of USD 350 million with a 5-year maturity until 2022 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 (EUR 2018, see before under item 2.2). Consequently, the company issued a convertible bond in an aggregate nominal amount of EUR 600 million with a 7-year maturity until 2025 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 of the two aforementioned convertible bonds decreased to USD 320.4 million and EUR 524.4 million respectively. Due to a further buyback program in 2021, the outstanding amount of the EUR 2025 convertible

bond decreased further to EUR 447.4 million as of the reporting date.

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 the respective convertible bonds and increased the number of shares underlying to cover a potential respective 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-OSRAM.com/about-us/investor-relations/fixed-income>.

### Options Plans / Employee stock option programs 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-OSRAM AG adopted a Stock Option Plan 2011 (SOP 2011), which the Supervisory Board of ams-OSRAM 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 was determined at CHF 8.27 which was 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 have expired on June 8, 2021. The options of the Small Shareholders expired 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, 1,081,207 options were exercised as of the reporting date. The stock option plan expired in fiscal year 2021.

### 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 around 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-OSRAM AG. 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, 1,500,662 options were exercised as of the reporting date. The stock option plan expired in fiscal year 2021.

### 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 fulfillment of the above criteria. The granting of stock options under the 2014 LTIP 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, 628,402 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 original 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 at the earliest 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. 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. This corresponded to 0.78% of the Company's share capital at that 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, 219,711 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) that replaced the LTIP 2014. The LTIP 2019 became effective on September 9, 2019. Under this plan, options on shares amounting to a total of up to 7.5% of the Company's share capital at the time can be granted over a period of

five years (2019-2023), with a maximum of up to 1.5% of the share capital being granted per year. The LTIP 2019 includes three different types of options: Performance Share Units (PSUs), Restricted Share Units (RSUs) and Special Performance Share Units (SPSUs). The PSUs are dependent on the performance of the price of ams-OSRAM AG shares relative to a peer group and the achievement of certain earnings per share targets; they vest no earlier than three years after they are granted. RSUs and SPSUs vest within four years of the grant date, with one quarter of the total tranche of RSUs or SPSUs granted vesting each year. One PSU or RSU entitles the participant (members of the Managing Board, senior executives, and selected employees) to acquire one no-par value share of ams-OSRAM AG at an exercise price of EUR 1.00. The participant is entitled to acquire one no-par value share of ams-OSRAM AG at an exercise price of EUR 1.00 per share. An SPSU entitles the participant to purchase one no-par value share at a price calculated on the basis of the share price during the 60 days preceding the grant date. All options granted can be exercised within a period of ten years after granting. As part of the capital increase in April 2020, anti-dilution measures were also taken for the LTIP 2019. As a result, the exercise price for the SPSUs issued in 2019 under the LTIP 2019 was reduced to EUR 22.69 and for the RSUs and PSUs to EUR 0.68 per share, and 557,878 additional options were granted. A total of 10,052,660 stock options (including dilution measures) have thus been granted under the LTIP 2019 to date, corresponding to 3.7% of the existing share capital as of the reporting date. Of these, 39,737 options had been exercised as of the reporting date.

Additional information on stock option plans is available the financial section of this Annual Report (page 128).

### 3. Supervisory Board

As of the reporting date, the company's Supervisory Board (SB) consisted of twelve members, eight of whom were elected by the Annual General Meeting and four of whom were delegated by the works council. In 2021, the SB was expanded by three members on the basis of a corresponding resolution of the Annual General Meeting in June 2021 and a corresponding amendment to the Articles of Association. 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-osram.com/about-us/investor-relations/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

Inssofar as nothing to the contrary is mentioned below, no material activities, vested interests or cross-involvements exist regarding the members of the SB. 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 SB 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 SB has set additional independence guidelines which declare that the maximum term of a SB member is a total of 15 years (subject to the required re-elections) and that the total number of supervisory board seats held by a member in publicly listed companies is limited to a maximum of six seat, while a Chairperson function counts for two seats.

**Hans Jörg Kaltenbrunner** (Chairman), male, born in 1957, Austrian citizen, independent member. Member of the SB 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-OSRAM 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. Other SB mandates at publicly listed companies: None

**Michael Grimm** (Deputy Chairman), male, born in 1960, German citizen, independent member. Member of the SB 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. He has been a partner of WP Human Capital Group since October 2020 and founder and member of the board of WP Transformation Solutions AG since June 2021. Other SB mandates at publicly listed companies: Amadeus Fire AG, Deputy Chairman (Germany)

**Brian Matthew Krzanich**, male, born in 1960, U.S. citizen, independent member. Member of the SB 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. Other SB mandates at publicly listed companies: Electric Last Mile Solutions Inc. (USA)

**Loh Kin Wah**, male, born in 1954, Malaysian citizen, independent member. Member of the SB 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). Other SB mandates at publicly listed companies: None

**Tan Yen Yen**, female, born in 1965, Singapore citizen, independent member. Member of the SB since 2018, current term of office until 2022. Yen Yen Tan's current non-executive board roles include Director of Singapore Press Holdings (until May 2022), Director of OCBC Bank, Director of Jardine Cycle & Carriage Ltd, Director of Barry Callebaut AG, Director of InCorp Global and Chairman of Singapore Science Centre. 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. She has a degree in Computer Science from National University of Singapore and an Executive MBA degree with Helsinki School of Economics Executive Education. Other SB mandates at publicly listed companies: Singapore Press Holdings Limited (Singapore, until May 2022), OCBC Bank (Singapore), Barry Callebaut AG (Switzerland), Jardine Cycle & Carriage Limited (Singapore)

**Prof. Dr. Monika Henzinger**, female, born in 1966, Austrian and German citizen, independent member. Member of the SB 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 Science Board.  
Other SB mandates at publicly listed companies: None

**Brigitte Ederer**, female, born in 1956, Austrian citizen, independent member. Member of the SB since 2021, current term of office until 2024. After studying at the Vienna University of Economics and Business Administration, she began her political career in 1983 as a member of the Austrian Parliament. From 1992 to 2005, she was, among other positions, Minister of State for European Integration in Austria and Secretary General of the Social Democratic Party Austria, as well as City Councilor for Finance, Economics and Public Enterprises of the City of Vienna. In the period 2005 to 2013, she moved to the private sector and took on management positions at Siemens Austria (including CEO from 2005 to 2010). She then served as a member of the Managing Board of the Group’s parent company Siemens AG until 2013. From 2014 to 2018, she was Chairwoman of the Supervisory Board at Austrian Federal Railways.  
Other SB mandates at publicly listed companies: Marinomed Biotech AG (Austria), Schoeller Bleckmann Oilfield Equipment AG (Austria)

**Dr. Margarete Haase**, female, born in 1953, Austrian citizen, independent member. Member of the SB since 2021, current term of office until 2024. She began her career in 1979 in the key account business of Raiffeisenbank, followed by a management position. From 1987 to 2009, she held various global management positions in the Daimler Group in the areas of finance, strategy, controlling, corporate audit, human resources and production, including member of the Management Board of Daimler Financial Services. From 2009 until her retirement in 2018, she was a member of the Management Board and CFO of Deutz AG, a listed engine manufacturer in Germany. Until 2018, she was a member of the Supervisory Board and Chairwoman of the Audit Committee at ZF Friedrichshafen and until 2015 at ElingKlinger. She has been a member of the German Commission for the Corporate Governance Code since 2016 and Chairwoman of the employers’ association koelnmetall since 2014. She was also a member of the Supervisory Board of OSRAM Licht AG.

Other SB mandates at publicly listed companies: Fraport AG (Germany), ING Bank NV (Netherlands)

**Andreas Pein** (Employee Representative, delegated by the Works Council), male, born in 1964, Austrian citizen. Member of the SB 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 Works Council.  
Other SB mandates at publicly listed companies: None

**Sabine Radesev** (Employee Representative, delegated by the Works Council), female, born in 1974, Austrian citizen. Member of the SB 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 Radesev has been a part of the Works Council since 2018.  
Other SB mandates at publicly listed companies: None

**Günter Kneffel** (Employee Representative, delegated by the Works Council), male, born in 1968, Austrian citizen. Member of the SB from 1999 to 2017. Re-delegated since October 2020, current term of office until 2023. Chairman of the Works Council of ams-OSRAM AG 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.  
Other SB mandates at publicly listed companies: None

**Patrick Reinisch** (Employee Representative, delegated by the Works Council), male, born in 1991, Austrian citizen. Member of the SB since June 2021, term of office until 2023. He has worked continuously since joining the company in 2012 as a test operator in the backend in Premstaetten. Since June 2018, Patrick Reinisch has been involved as an employee representative on the Workers’ Council.  
Other SB mandates at publicly listed companies: None

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-OSRAM.com/about-us/investor-relations/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 SB have rules of procedures and by-laws. The SB has a Chairman and a Deputy Chairman. The SB 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 SB of ams has formed the following committees: Compensation Committee, Audit Committee, Nomination Committee, Technology Committee and Long Term Incentive Plan 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.

#### – Remuneration Committee

The Remuneration Committee is responsible for preparing the remuneration policy and negotiates as well as monitors the contractual relationship between the company and the members of the Management Board (MB). It sets the compliance standards for the management and supports the SB to pass its resolutions on the appointment and dismissal of members of the MB and is in charge of the respective documentation. The Remuneration Committee prepares the remuneration report of the MB and SB remuneration on behalf of the SB as well as other relevant parts in the context of the annual report. It sets the annual target of the short-term incentives and reviews the achievements and payouts, based on the audited financial report. The Remuneration Committee actively follows the development of the management compensation systems in comparable companies and liaises with compensation advisors, shareholders and their representatives to harmonize the remuneration system of the company with international standards and expectations. The members of this committee are Hans Jörg Kaltenbrunner (Chairman) and Michael Grimm.

#### – Audit Committee

The Audit Committee is in charge of examining the annual financial statements, the management report and the proposal on the appropriation of profits. It monitors the process to select the company’s auditor and issues its recommendation to the SB and the Annual General Meeting. It is instrumental to prepare the annual audit, supervises the process and prepares the reports to be submitted to the Annual General Meeting. The Audit Commit-

tee specifies the key areas to be examined in audit activities jointly with the auditor. In addition, the Audit Committee monitors the accounting process and makes recommendations for its improvement. It monitors the internal controls, risk management system and internal audit. Together with management it sets the annual priorities of the work of the internal audit. The members of this committee are Michael Grimm (Chairman / Financial Expert), Yen Yen Tan, Margarete Haase (since June 2021 / Financial Expert) Andreas Pein and Günter Kneffel (since June 2021).

#### – Nomination Committee

The Nomination Committee is responsible for preparing proposals to the SB to appoint executive members to the MB and strategies for succession planning. In addition, the shareholder representatives of the committee prepare proposals to the Annual General Meeting to elect new members to the SB. In certain instances, the Committee works with international recruitment consultants to find and evaluate qualified candidates. The members of this committee are Brian Krzanich (Chairman), Hans Jörg Kaltenbrunner, Andreas Pein, Brigitte Ederer (since June 2021) Monika Henzinger (since June 2021) and Patrick Reinisch (since June 2021).

#### – Technology Committee

The Technology Committee is responsible for reviewing and assessing the company’s technological strategy and evaluating the achievement of short- and long-term R&D goals and the associated economic results. It advises on important technology strategies, including R&D developments, as well as the protection of the company’s intellectual property and evaluates future trends in technology. The members of this committee are Kin Wah Loh (Chairman), Monika Henzinger, Brian Krzanich, Sabine Radesev and Günter Kneffel

#### – 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-OSRAM Group for final decision by the SB and the Annual General Meeting to the extent required by law. Furthermore, it (i) periodically commissions an external expert to review the general market conditions and advise on changes to the LTIP, (ii) decides on behalf of the SB regarding the approval and granting of long-term remuneration instruments to employees of the ams OSRAM Group and (iii) the Committee decides on and approves the annual granting of remuneration instruments to members of the Managing 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.

Committee	Chairperson	Other members
Remuneration Committee	Hans Jörg Kaltenbrunner	Michael Grimm
Audit Committee	Michael Grimm	Yen Yen Tan, Margarete Haase, Andreas Pein, Günter Kneffel
Nomination Committee	Brian Krzanich	Hans Jörg Kaltenbrunner, Andreas Pein, Brigitte Ederer, Monika Henzinger, Patrick Reinisch
Technology Committee	Kin Wah Loh	Monika Henzinger, Brian Krzanich, Sabine Radese, Günter Kneffel
LTIP-Committee	Hans Jörg Kaltenbrunner	Michael Grimm, Günter Kneffel

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

The meetings of the SB are presided over by the Chairperson and, in his or her absence, by the Deputy Chairperson. Resolutions are passed by simple majority of the votes cast. In case of equality of votes, the Chairperson'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 attends the meetings of the SB and the audit, technology and LTIP 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 Chairperson, and extensive information on each agenda item. The members of the SB can pose questions to the Management Board and request additional information via an internal communications tool in advance. In the SB meeting the Management Board provides details on the development of the business including the integration of the ams OSRAM group, human resources, on the financial performance, solvency, capital expenditures and on the progress of longer-term technical, and commercial projects. Extensive time is allocated to discussions with the MB and within the SB, without the MB. In accordance with the MB 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 resolutions which are binding for the SB only in cases where the committee has been granted such decision-making power by the SB. The SB appoints a committee member as Committee Chairperson. Committee resolutions are passed by simple majority of the votes cast. In case of equality of votes, the Committee Chairperson's vote is decisive.

In general, the SB holds five scheduled meetings a year. During 2021, the SB convened a total of nine meetings and conducted one additional strategy session. The increased number of meetings became necessary to have more time to evaluate the quarterly results of new enlarged group. In addition, the SB held a consultative conference followed by circular resolution to decide on a major investment project and its financing. Five SB meetings lasted an average of seven hours, four an average of two hours. Next to the debates on the current business

situation and pursuing its statutory responsibilities, additional important topics of the SB included the progress of the integration of ams OSRAM, in particular the delisting of the OSRAM shares, streamlining the corporate structure, certain divestments, executing the joint manufacturing footprint and keeping track of the envisaged cost-savings. In addition, the SB evaluated the result of its decisions taken three years ago and assessed its effectiveness through the annual self-evaluation process. With the exception of one, all meetings were held as video-conferences.

The Compensation Committee assembled a total of seven times with sessions lasting an average of around one hour, to evaluate and determine the targets and parameters of the annual variable management compensation, among other things. In addition, the Compensation Committee discussed and respectively prepared MB contracts and assisted the MB in setting up the group-wide profit-sharing system. The Audit Committee met five times with an average meeting duration of around two hours. In addition to its regular duties, the Audit Committee dealt in particular with the process of selecting a single auditor for all major group companies and with additional reporting requirements of the expanded group. The Nomination Committee met three times, each meeting lasting around one hour, and evaluated potential future candidates on the MB or SB in accordance with the respective long-term succession planning. The Technology Committee met five times, with meetings lasting an average of five hours. The committee's work focused mainly on the Group's VCSEL and EPI technology, the implementation of AI in manufacturing and engineering processes, the evaluation of technical projects, and the associated ROI (return on investment). The LTIP Committee met once to assess the fulfillment of the established performance criteria of the long-term compensation plans, to decide on the granting of stock options to the members of the MB, and to approve the granting of stock options to additional beneficiaries by the MB in accordance with the terms of the LTIP 2019.

In the past year, all members of the SB, with the exception of one member who was prevented from attending due to a prior commitment, attended all meetings of the SB and the committees. The Chairman and Deputy Chairman of the SB 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.

### Attendance of Supervisory Board (SB) members in meetings and committees in 2021 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%
Brigitte Ederer (since June 2021)	100%	100%
Margarete Haase (since June 2021)	83%	100%
Sabine Radese	100%	100%
Günter Kneffel	100%	100%
Andreas Pein	100%	100%
Patrick Reinisch (since June 2021)	100%	100%

### 3.6 Definition of Area of Responsibility

The Management Board of ams OSRAM acts on its own responsibility and is not subject to instructions from the shareholders or the Supervisory Board. In accordance with the Austrian Stock Corporation Act, the SB has defined a catalog of transactions and measures that require the approval of the SB. In addition to other responsibilities including succession planning and the appointment and compensation of the members of the MB, the SB monitors the management of the company by the MB. This includes discussing regular updates on the company's financial and business development within the SB as well as within the MB and approving the company's budget for the following year. The MB clears the company's strategic orientation with the SB and discusses the status of strategy implementation with the SB at regular intervals. Both the MB and the SB have rules of procedure. The SB's decisions on investments, acquisitions and other significant transactions or measures in accordance with the Rules of Procedure of the MB are another focus of the cooperation between the SB and the MB.

### 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. The principal results are subsequently evaluated by the Management Board and brought to the attention of the Supervi-

sory Board. The effectiveness of the internal control system is reviewed annually. If necessary, the internal controls are revised to eliminate any weaknesses identified. Through continuous and Group-wide audits, ams OSRAM's internal audit department ensures that Group-wide guidelines are complied with and that the reliability and functionality of the control system is given. Regular reporting to the Managing Board takes place every six months, to the Supervisory Board annually, and is supplemented by ad hoc reporting as required, so that the Managing Board and the Supervisory Board are kept fully and promptly informed about significant risks. The Managing Board of the ams OSRAM Group determines whether the risks individually or collectively pose a threat to the Company's continued existence and whether there is no substantial threat to the Company's ability to continue as a going concern. The Audit Committee of the Supervisory Board monitors the effectiveness of this system. 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. Further details on the Risk Management System are given in item 8 of the Group Management Report.

## 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.

The Management Board of the group composed of the following members in fiscal year 2021:

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 2024. 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.

The CEO is responsible for the overall company strategy, business development and performance of the ams OSRAM group and its business segments and heads the following business areas & functions: Global Sales & Marketing (GSM), Commercial, technical and organizational aspects (incl. Product R&D and Product Marketing) of the Business Units, Operations & Supply Chain Management (OSC); Human Resources (HR); Investor Relations (IR); Public Relations (PR).

Other SB mandates or MB positions at listed companies: None

**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.

The CFO heads the following business areas & functions: Global Finance incl. Accounting, Controlling, Tax and Treasury; Legal and Intellectual Property; Internal Audit incl. Risk Management and Group Sustainability Management; Information Technology; Procurement (non-Semiconductor).

Other SB mandates or MB positions at listed companies: None

**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 December 2019, 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.

The CTO heads the following business areas & functions: Corporate Quality Management (Q); Corporate Research & Development (CRD); Innovation Office; Division Research & Development; Coordination of Software Development, Corporate Social Responsibility (CSR); Compliance incl. export control and corporate data protection.

Other SB mandates or MB positions at listed companies: None

**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.

The CBO heads the following business areas & functions: Organizational Development (CD); Mergers & Acquisitions and Partnerships (M&A); Post-Merger Integration (PMI).

Other SB mandates or MB positions at listed companies: None

### 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 responsible for determining the compensation of the Company's Supervisory Board, which resolves on this annually.

The Compensation Committee, as part of the SB, 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 also determined by the Compensation Committee at the beginning of each year. The Supervisory Board is regularly informed about the work of the Compensation Committee. The targets and parameters for the stock option programs for the members of the Management Board are set by the Supervisory Board on the basis of proposals by the LTIP Committee. Detailed information on the Management Board compensation/remuneration guidelines and the respective basis is available as part of the Remuneration Report starting on page 54.

### 5.2. / 5.3 Remuneration report in keeping with Arts. 14 to 16 of the Swiss Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC)

For detailed information on the basis and amount of the Management Board's remuneration, please refer to the Remuneration Report starting on page 54.

Regarding clauses on changes of control please refer to section 7.2

Management board shareholdings and options as of Dec. 31, 2021

Name	Function	Number of shares held	Number of options held
Alexander Everke	CEO	40,000	2,671,488
Ingo Bank	CFO	0	659,630
Thomas Stockmeier	CTO	10,825	1,285,022
Mark Hamersma	CBO	43,000	918,536
Total		<b>93,825</b>	<b>5,534,676</b>

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
Total		<b>93,825</b>	<b>3,666,027</b>

For conditions, criteria, objectives and valuations of the call options for shares of ams-OSRAM AG based the respective stock options programs please refer to the Remuneration Report on page 54 or Note 4 "Expenses" of the Notes to the Consolidated Financial Statements (page 127-138 of this report). Persons related to the Management Board members held 4,750 shares and 0 options to purchase shares

of ams-OSRAM AG as of December 31, 2021 (4,750 shares and 0 options as of December 31, 2020).

Detailed information on the structure and amount of Supervisory Board compensation is available as part of the Remuneration Report starting on page 54.

Supervisory Board shareholdings and options as of Dec 31, 2021

in thousands of EUR	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
Brigitte Ederer	Member (since June 2021)	0	0
Margarete Haase	Member (since June 2021)	0	0
Patrick Reinisch	Employee representative (since June 2021)	0	0
Sabine Radesey	Employee representative	0	74
Günter Kneffel	Employee representative	0	0
Andreas Pein	Employee representative	0	340
		<b>135,000</b>	<b>414</b>

Supervisory Board shareholdings and options as of Dec 31, 2020

in thousands of EUR	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 Radesey	Employee representative (since October 2020)	0	147
Günter Kneffel	Employee representative (since October 2020)	0	0
Andreas Pein	Employee representative	0	406
		<b>135,000</b>	<b>553</b>

## 6. Shareholders' Right of Participation

### 6.1 Voting Rights and Representation Restrictions

All shareholders of ams-OSRAM AG 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-OSRAM 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" (Austria).

### 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 OSRAM 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

OSRAM 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

Generally, there are no specific entitlements of the Management Board members related to possible changes of control or comparable structural changes of the Company. However, equity-based instruments may be subject to an accelerated vesting in case of a change of control given that the conditions for key metrics under the long-term incentive plans typically materially change and measurement of target values may become impossible in such a scenario.

## 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 2, 2021. 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 0.6 million during the year under review.

### 8.3 Additional Fees

The audit firm did not charge any fees for additional consulting services during the reporting year.

### 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 2021 and attended one Supervisory Board meeting.

The auditor is monitored and evaluated by the Supervisory Board's Audit Committee at regular intervals. The Supervisory Board's proposal to the Annual General Meeting for the election of an auditor is determined on the basis of a tender process that takes into account a broad range of criteria. 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 OSRAM is committed to an open and transparent information policy towards the stakeholders. Important information on the development of business and the share price (financial news, reports, financial information, presentations and share price data) is available on the company website <https://ams-OSRAM.com> in the section "Investor" (<https://ams-OSRAM.com/about-us/investor-relations>). The financial calendar is available at <https://ams-OSRAM.com/about-us/investor-relations/investor-calendar>. The company's ad-hoc publications concerning share-price-relevant events are available at <https://ams-OSRAM.com/about-us/investor-relations/financial-news/ad-hoc>, can be subscribed via <https://ams-OSRAM.com/about-us/investor-relations/investor-contact> and are published promptly through the media in accordance with applicable regulations. ams OSRAM issues quarterly reports regarding the development of its business. The publications are made available in electronic form at <https://ams-OSRAM.com/about-us/investor-relations/financial-reports>. The Annual Report may also be made available in a printed version. In addition, ams OSRAM focuses on extensive Investor Relations activities, including in particular regular presentations to equity analysts, the press and in-depth meetings with institutional investors. Information on the Annual General Meeting is available on the Company's website at <https://ams-OSRAM.com/about-us/investor-relations/general-meeting>. For the company's contact details, refer to the publishing information at the end of the Annual Report (page 207 of this report).

## 10. Quiet periods / Blackout periods

ams OSRAM has implemented comprehensive guidelines for employees in connection with trading in ams OSRAM shares, other securities of the Company, or derivatives related thereto. In addition, ams OSRAM has established a clear set of rules specifying trading blackout periods or trading windows for the members of the executive bodies and certain groups of employees. The members of the governing bodies as well as affected employees are informed of this in writing at least quarterly and are also required to sign a corresponding one-time declaration.

Employees of the ams OSRAM Group who, by virtue of their work or function, have access to financial results or other material information that is not yet public must not, in principle, enter into transactions in ams OSRAM securities during the period from seven trading days before the end of a quarter or fiscal year until two calendar days after the publication of quarterly, half-yearly, or fiscal year results. The trading blocking periods for the aforementioned group of employees were as follows in fiscal year 2021: January 1, 2021 until incl. February 8, 2021; March 23, 2021 until incl. May 5, 2021; June 22, 2021 until incl. August 2, 2021; September 22, 2021 until incl. November 3, 2021; December 17, 2021 until incl. December 31, 2021.

For employees of the former OSRAM group, these blackout periods were not applicable until the domination and profit and loss transfer agreement (DPLTA) took effect on March 3, 2021.

Even shorter trading periods (three weeks after publication of the quarterly or fiscal year results) apply to the SB, the MB, and the extended management team of the ams OSRAM Group.

There are no exceptions to the trading blackout periods.

# REMUNERATION REPORT AMS-OSRAM AG

for the fiscal year 2021

56	Introduction
57	Principles and Objectives
59	Key remuneration elements for the Management Board
64	Remuneration of the Management Board for Fiscal Year 2021
64	Setting of targets
65	Total remuneration for Management Board members for Fiscal Year 2021
66	Long-term remuneration
69	Remuneration of the Supervisory Board
69	Principles for the remuneration of the Supervisory Board
70	Total Remuneration of the Supervisory Board

## 1. Introduction

The remuneration of the members of the Management Board and the Supervisory Board of ams-OSRAM AG is based on the remuneration policies which were adopted by the Annual General Meeting of the company on 2 June 2021.

Based on the general principles determined in these policies, the remuneration report summarizes the principles used to determine the remuneration of the members of the Management Board for fiscal year 2021 and explains the structure and amount of the remuneration paid to the members of the Supervisory Board. In addition, the remuneration of each member of the Management Board and the Supervisory Board for fiscal year 2021 is presented on an individual basis.

The remuneration report for fiscal year 2021 is based on the requirements of § 78c Austrian Stock Corporation Law, respective rules of the Suisse stock exchange and additional best practice standards for remuneration disclosure. In addition, it considers comments and recommendations received from shareholders at the Annual General Meeting on 2 June 2021 in the context of the vote on the report for fiscal year 2020. In particular, compared to last year's disclosure, the following changes in the remuneration report for fiscal year 2021 have been implemented:

- More extensive disclosure on the remuneration system, its elements and the processes which are applied in determining executive remuneration (including Peer Group information);
- More detailed explanations on the targets for the annual variable compensation for Management Board members, including a comprehensive break down of the targets set for the last fiscal year. The targets for future reporting periods will include growth, profitability and/or cash-flow figures and selective strategic targets. A more detailed publication was considered but deemed not practicable because it would exceed ams OSRAM's financial guidance practices;
- Additional details on the current stock-based long-term incentive plan (LTIP 2019), information about vesting/forfeiture of stock-based remuneration in the reporting period, and decisions of the Supervisory Board about changes to be implemented in the forthcoming new LTIP plan;
- Clarifications on the non-use of stock-based remuneration for Supervisory Board members.

## 2. Principles and Objectives

The Supervisory Board decides on the remuneration system for the Management Board by determining a respective remuneration policy to be submitted to the Annual General Meeting of ams OSRAM's shareholders for approval. This policy shall ensure 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.

To prepare decisions in this field, the Supervisory Board established a Remuneration Committee consisting of the Chairperson of the Board, his deputy and up to one further member of the Supervisory Board. This committee is responsible for the passing of resolutions regarding conclusion, amendment and termination of employment contracts with Management Board members, and especially determining their remuneration. As part of this responsibility, the committee regularly evaluates the appropriateness of the remuneration paid to members of the Management Board and of the remuneration system in general, taking account of the statutory requirements and developments in corporate governance standards and investor expectations regarding executive remuneration. An external independent consultant regularly supports the committee. On the basis of this evaluation, the committee recommends adjustments to the Management Board remuneration system or policy. It also sets the targets for the annual variable remuneration at the beginning of each fiscal year and determines target achievements after the end of the respective period.

In addition, the Supervisory Board set up a Long-term Incentive Plan Committee (LTIP Committee) which is responsible for preparing the general policy and parameters of the long-term incentive plans for final decisions of the Supervisory Board and the Annual General Meeting to the extent required by law. Furthermore, the LTIP Committee (i) periodically commissions an external expert to review the general market conditions, (ii) advises on changes to the LTIP, and (iii) decides and reviews, changes and approves the Management Board's proposal to award long-term incentives to senior managers and employees of the company.

When designing the remuneration system and setting the remuneration for the Management Board, the Supervisory Board is guided, in particular, by the following principles (as established in the remuneration policy):

### **Supporting the strategic development of ams OSRAM:**

Overall objective of the executive remuneration at ams OSRAM is to promote the business strategy and long-term development of the company in the interests of its shareholders. The remuneration is reflecting the ongoing development of the ams OSRAM group by setting ambitious targets for the Management Board and adapting them to the current business situation as well as to the dynamic requirements of the ecosystem. ams OSRAM 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 OSRAM 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 remuneration policy we therefore ensure that long-term and strategic decisions are appropriately incentivized.

**Considering the overall situation of the company:**

The Supervisory Board takes the economic situation as well as the company's success and future prospects into consideration when deciding on the structure and measurement of remuneration.

**Offering competitive conditions for managers:**

As ams OSRAM is operating in a highly competitive environment, executive remuneration should be attractive in comparison to what is offered by competitors, and thus be an incentive for best qualified executives from across the globe to join and remain with the company in the long term.

**Reflecting different experiences, skills and responsibilities of board members:**

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

**Linking remuneration strictly to performance:**

To ensure a clear focus on performance, the compensation focuses on variable elements for which performance targets are set at the beginning of each fiscal year which cannot be amended subsequently. The base-salaries of Management Board members are comparably moderate, i.e. below benchmark, and customary additional benefits like pension schemes are not

granted. Thereby, the remuneration system for the Management Board strongly emphasizes on both, the (financial) long-term performance and the sustainable strategic development of the company.

**Considering Peer Group companies, comparing vertical compensation and retaining expert advice:**

When regularly reviewing whether the remuneration is at a competitive level, the Remuneration Committee looks at the structure and level of remuneration in peer companies. To define the relevant peer group, an independent expert analyzed data of key competitors in the relevant semiconductors and optical component markets. The resulting peer group is a balanced mix of companies offering semiconductors and optical solutions and consisted in fiscal year 2021 of the following companies: Analog Devices Inc., Broadcom Inc., Cirrus Logic Inc., Elmos Inc., Infineon Technologies AG, Maxim Integrated Products Ltd., Melexis Technologies NV, NXP Semiconductors N.V., O2Micro International Inc., ON-Semiconductors Corp., Qorvo Inc., Renesas Electronic Corp., STMicroelectronics N.V., Texas Instruments Inc. and TDK Corp. This group is regularly updated based on independent expert advice. In this context, structural changes by M&A transactions, delisting etc. affecting peer companies are considered. As a result, OSRAM Licht AG, Dialog Semiconductor plc. and Cypress Semiconductor Corp. have recently been eliminated from the peer group.

Further, to prepare decisions, the Remuneration Committee considers the Management Board's remuneration relative to the remuneration of relevant parts of the ams OSRAM group workforce (vertical comparison). For this endeavor, data of Austrian, German and Suisse employees are analyzed, and this analysis is provided to the Remuneration Committee once a year.

The Remuneration Committee regularly seeks advice from external remuneration experts. In the last years, such advisors were involved in preparing the Long-Term Incentive Plan 2019 and the remuneration

policy adopted by the Annual General Meeting in June 2020. When retaining these experts, established independence requirements for remuneration consultants are strictly observed.

### 3. Key remuneration elements for the Management Board

According to the remuneration policy approved by the Annual General Meeting on 2 June 2021, the remuneration system for the Management Board generally consists of three main elements:

- Fixed base remuneration,
- Short-term variable remuneration (annual Performance Bonus) and
- Long-term remuneration based on equity incentive plans.

As to the targeted weighing of these elements, the fixed base remuneration

(together with other contributions in kind) shall account for app. 10-30% or the overall remuneration, whereas the variable components (short term variable remuneration and fair value of long-term remuneration at grant date) are targeted to reach app. 70-90% or the overall remuneration. A comparably moderate base compensation and the clear focus on variable, performance-related components shall set a strong incentive for value creation through continuous profitable growth and a dynamic strategic and technological development of the company.

#### 3.1 Fixed base remuneration

The fixed base remuneration of the members of the Management Board is a non-performance related compensation that is typically paid in 14 installments (twelve at the end of each month and two additional installments every six months as it is common practice in Austrian companies). The base remuneration reflects the professional experience and the area of

responsibility of the individual member of the Management Board. The Supervisory Board decided to establish a moderate level of base remuneration compared to international peer group companies. The chairman of the Management Board (CEO) receives a higher base salary due to his special responsibility and importance for managing the ams OSRAM group.

#### 3.2. Short-term annual variable remuneration (Performance Bonus)

The short-term annual variable remuneration (Performance Bonus) incentivizes the successful execution of the strategy broken down to annual financial and non-financial targets in each financial year. At the beginning of each fiscal year, on behalf of the Supervisory Board, its Remuneration

Committee sets clearly defined quantifiable targets for certain performance indicators. The target categories and their weighting shall ensure that the annual focus supports profitable growth, a well-balanced financial structure as well as short-term milestones for important strategic projects (e.g. M&A

activities). Further, the targets take into account key commitments to investors and are aligned with the long-term strategic development of the company.

Being convinced of the importance of sustainability for the success of the company, the Supervisory Board is determined to use ESG performance indicators as part of the annual targets for members of the Management Board. A comprehensive ESG strategy for the combined ams OSRAM group will be determined during fiscal 2022. The Supervisory Board decided to support this process by including an initial ESG-related target in the remuneration system for fiscal 2022.

### 3.3 Long-term remuneration

The long-term remuneration consists of several equity incentive plans and represents 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 OSRAM. 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.

The vesting of stock options under the respective plans 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 (for the composition of this group see above). The respective stock options generally vest

Target achievement is measured after the end of the fiscal year. The target bonus for each Management Board member amounts to one annual base remuneration. At an overall target achievement of 100% the payout is 100% of the target bonus. The Performance Bonus is not payable if target achievement is 0%. The maximum bonus payout is capped at 200% of the target bonus.

All payouts are subject to clawback provisions (see below sub 4 lit. c).

Further information is available in chapter 4.

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.

For fiscal year 2021, only stock options under the Long-Term Incentive Plan 2019 (LTIP 2019) have been awarded to members of the Management Board. This plan, which replaced LTIP 2014, became effective on 9 September 2019 and is applicable until end of 2023. There are various limitations for the grant of stock options under this scheme: Overall, the LTIP 2019 plan comprises of approximately 7.5% of the company's share capital over the course of five years (2019-2023) so that each annual tranche is limited to 1.5% of the total share capital. In addition, the total amount of outstanding options and awards under all plans that can be converted into shares may at no point in time exceed 10% of the total share capital.

LTIP 2019 includes three different types of options, of which the first two of them are applicable to Management Board members:

#### **Performance Share Units (PSUs):**

PSUs are options subject to performance conditions. The performance indicators for the PSU are the relative Total Shareholder Return and the Earnings per Share. The peer group for the relative TSR consists of key semiconductor companies (for details see above). An additional threshold is the fulfillment of the performance criteria under ams OSRAM Profit Sharing Program. PSUs will become exercisable 3 years after grant date (vesting period) if the LTIP Committee determines that the performance criteria have been met and provided that the price of the shares at the time of exercise exceed the average weighted price of the shares three months prior to the date of grant (exercise threshold). Each granted PSU entitles the participants to purchase one share of the Company at an exercise price of EUR 1.00.

#### **Special Performance Share Units (SPSUs):**

SPSUs are market value options. Over a four-year period, each year one quarter of the total tranche of SPSUs becomes exercisable. Each granted SPSU entitles the participants to purchase one share of the Company for a strike price, which results from the weighted average price of the Shares within the last sixty (60) trading days prior to the respective date of grant, converted into a Euro amount and payable for each share acquired upon the exercise of an award.

#### **Restricted Share Units (RSUs/not to be granted to Management Board members):**

RSUs are subject to the achievement of a performance hurdle in accordance with the

performance criteria under ams OSRAM Profit Sharing Program. Over a four-year period, each year one quarter of the total tranche of RSUs becomes exercisable. Each granted RSU entitles the participants to purchase one share of the Company at an exercise price of EUR 1.00.

For members of the Management Board the following maximum award limit applies: The fair value of the annual grant to the chairman of the Management Board must not exceed 750%, for all other members of the Management Board 500% of their respective annual fixed base compensation. In addition, the annual grant for all beneficiaries under the LTIP 2019 is limited to 1.5% of the share capital which may also cap the number of options to be granted to members of the Management Board.

As a standard, members of the Management Board receive 65% of their respective total grant value as PSUs and 35% as SPSUs. The vesting of PSUs, which represent the major part of options to be granted, requires fulfillment of performance-related criteria, namely Earnings per Share (EPS) exceeding the budget approved by the Supervisory Board and Total Shareholder Return (TSR being defined change to the share price plus reinvested dividends over the performance period) of ams OSRAM group relative to those of peer companies. While SPSUs do not have to meet these criteria, their value is dependent on share price increases since the date of grant. As a consequence, both instruments put a strong emphasis on long-term value creation and alignment with shareholder interests.

All granted options must be exercised within ten years after grant.

Considering comments received from shareholders and in view of the overall

development of corporate governance standards for equity-based compensation plans, the LTIP Committee of the Supervisory Board already started preparations for a new LTIP scheme for ams OSRAM. This scheme will take into account the material growth of the company since 2019 which is coming with an increased number of senior managers and a different structure of businesses. As a basis for further detailing out the new plan conditions, the Supervisory Board decided in its meeting on 3 February 2022 that instruments under the new plan shall have a minimum vesting period for at least three years. Further, for shares

### 3.4 Other elements of the remuneration system

#### a) Term and termination of the mandate

The employment contracts of the members of the Management Board are concluded for the duration of their mandate. Members of the Management Board are appointed for a period of three years by resolution of the Supervisory Board, reappointments are permitted. In accordance with section 75 (4) of the Austrian Stock Corporation Act (AktG), members of the Management Board may be dismissed from their position for good cause or may be dismissed if there is a reason for dismissal within the meaning of section 27 of the Austrian Salaried Employees Act (AngG). Consequently, the employment contract is terminated at the time of dismissal. In these cases, or in the event of resignation from office without the consent of the Supervisory Board, the Management Board member concerned is not entitled to any remuneration for termination or other form of compensation in connection with the termination of the employment relationship.

In the absence of good cause or in the event of illness or accident, whereas the Management Board member is unable to perform his duties for three months and the

resulting from exercised options a holding period of up to two years applies, ending at the fifth anniversary of the grant date. However, as an exception from this holding period, such shares may be sold earlier to cover tax and social security contributions. The performance criteria to be met under the new plan shall also comprise a relative criterion, so performance of ams OSRAM group compared to peer companies of its industry.

Further information on all existing LTIP plans is available in Note 4 to the Annual Financial Statements.

reason for the impediment is not expected to be settled within the next three months, as well as in the event of occupational disability within the meaning of Section 273 of the General Social Insurance Act (ASVG), any termination compensation in connection with the termination of the employment relationship is due. This compensation for termination is limited in total to the compensation due pro rata temporis for the remaining period of the mandate and capped at 200% of the annual remuneration of the last financial year of service. Granted long-term incentive plans that remain in existence do not stipulate a general compensation for the termination of the respective mandate but allow for good leavers to maintain parts of their instruments (depending on the individual case).

Further, within the scope of the Corporate Staff and Self-Employment Provision Act (BMSVG), ams OSRAM AG makes contributions to an employee provision fund in the statutory amount.

Generally, there are no specific entitlements of the Management Board members related to possible changes of control or compa-

nable structural changes of the Company. However, equity-based instruments may be subject to an accelerated vesting in case of a change of control given that the conditions for key metrics under the long-term incentive plans typically materially change and measurement of target values may become impossible in such a scenario.

No loans or similar commitments are granted to members of the Management Board.

#### b) Shareholding requirements

Management Board members are obliged to have a qualifying interest in shares of the company. The amount of this qualifying interest is measured by the average weighted price of the shares over a period of the previous 12 (twelve) months is 300% of the base salary for the Chairman of the Management Board and 200% of the base salary for the other members of the Management Board. Half of the qualifying interest may be held in shares obtained through equity-based compensation and half in vested options.

#### c) Claw-back provisions

Under the rules of the LTIP 2019 the LTIP Committee is entitled to cancel or claw back some or all of a participant's awards under predefined circumstances ("Claw-back"), especially in but not limited to the case the Committee

- determines that financial results of the company were materially misstated,
- forms the view that in assessing any performance conditions imposed on an award assessment was based on an error, or on inaccurate or misleading information or assumption, or

- the individual ceases to be a director or employee of an ams group member as a result of material misconduct on the part of the individual.

Such Claw-back may be applied through direct repayment or a reduction in unvested awards of future grants, or a reduction in such other payments as might otherwise be due from the company to the individual (including outstanding bonus payments). Comparable stipulations have been part of all long-term incentive plans since 2014.

#### d) Other benefits

There is no pension or early retirement scheme for members of the Management Board.

Management Board members are entitled to an upper-middle class passenger car for business and private purposes. Alternatively, board members can opt for 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-OSRAM 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.

To safeguard compliance with complex tax regulations, the company may bear the cost of tax consulting for Management Board members, especially if there are different tax legislations involved.

## 4. Remuneration of the Management Board for Fiscal Year 2021

### 4.1 Setting of targets

At its meetings on 29. April 2022, the Remuneration Committee established the amounts of short-term variable remuneration (performance bonus) on behalf of the Supervisory Board.

When setting the targets for fiscal year 2021 the Remuneration Committee specifically considered the transformation of the company in connection with the full integration of OSRAM that was expected to be implemented during this period. Therefore, the annual targets for the Management Board put a high emphasis on cash pres-

ervation and a reasonable indebtedness of the company. Consequently, the targets for fiscal year 2021 were focused on structural portfolio measures, significant cash generation and improvements in the company's financial position. This also reflected the achievement of key commitments to shareholders for fiscal year 2021 which create the basis for future profitable growth of the OSRAM group.

In detail, the following annual performance bonus targets were set for the Management Board for fiscal year 2021:

Targets and target values <sup>1</sup>	0%	100%	150%	200%	Weighting of target
Consolidated Free Cash Flow <sup>2</sup>	100.0 €	156.0 €	200.0 €	250.0 €	50%
Net debt	1,900 €	1,699 €	1,550 €	1,400 €	20%
Preservation of acquired goodwill (target amount at FY end) <sup>3</sup>	2,868 €	2,934 €	2,967 €	2,999 €	10%
Divestment transactions executed <sup>4</sup>	None	Two	Three	Four	20%

Based on the results of fiscal year 2021, the following target achievement was determined:

Targets	Figure at end of measurement period	Target achievement	Weighting of target
Consolidated Free Cash Flow <sup>2</sup>	482 €	200%	50%
Net debt	1,406 €	198%	20%
Preservation of acquired goodwill (target amount at FY end) <sup>3</sup>	2,992 €	188%	10%
Divestment transactions executed <sup>4</sup>	4	200%	20%
Overall target achievement		<b>198%</b>	

<sup>1</sup>All values in mio. €

<sup>2</sup>Excluding investments in OSRAM share purchases and proceeds from OSRAM divestments.

<sup>3</sup>Without considering new goodwill or de-consolidation effects other than goodwill impairments, FX effects to be neutralized.

<sup>4</sup>Divestments of businesses of Business Unit DI promoted with binding agreements to be signed until April 2022 latest.

### 4.2 Total remuneration for Management Board members for Fiscal Year 2021

Members of the Management Board in fiscal year 2021 received the following remuneration:

Table 1. Total remuneration accrued

In kEUR	Fixed remuneration								Variable remuneration <sup>3</sup>		Total remuneration	
	Base Salary		Other benefits <sup>1</sup>		Severance benefits <sup>2</sup>		Total		Performance Bonus		2021	2020
Name (Position)	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020		
Alexander Everke (CEO)	1,035	697	27	27	0	300	1,362	1,024	2,053	1,470	3,415	2,494
Ingo Bank (CFO) <sup>4</sup>	650	434	1,666 <sup>5</sup>	11	124	108	2,440	553	1,289	1,066	3,729	1,619
Michael Wachsler (CFO) <sup>2</sup>	-	155	-	99	-	-	-	254	-	-	-	254
Thomas Stockmeier (CTO)	600	400	10	12	0	493	610	905	1,190	840	1,800	1,745
Mark Hamersma (CBO)	600	400	29	14	0	405	629	819	1,190	840	1,819	1,659
<b>Total</b>	<b>2,855</b>	<b>2,086</b>	<b>1,732</b>	<b>64</b>	<b>124</b>	<b>1,306</b>	<b>5,041</b>	<b>3,301</b>	<b>5,722</b>	<b>4,216</b>	<b>10,763</b>	<b>7,771</b>

Table 2. Total remuneration paid

In kEUR	Fixed remuneration								Variable remuneration <sup>3</sup>		Total remuneration	
	Base Salary		Other benefits <sup>1</sup>		Severance benefits <sup>2</sup>		Total		Performance Bonus		2021	2020
Name (Position)	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020		
Alexander Everke (CEO)	1,035	698	0	0	0	0	1,062	698	1,101	1,388	2,163	2,086
Ingo Bank (CFO) <sup>4</sup>	650	433	1,645	0	0	0	2,295	433	682	0	2,977	433
Michael Wachsler (CFO) <sup>2</sup>	-	155	-	0	-	2,734	-	2,889	-	908	-	3,797
Thomas Stockmeier (CTO)	600	400	0	0	0	0	659	400	629	793	1,288	1,193
Mark Hamersma (CBO)	600	400	0	0	0	0	629	400	629	793	1,258	1,193
<b>Total</b>	<b>2,855</b>	<b>2,086</b>	<b>1,645</b>	<b>0</b>	<b>0</b>	<b>2,734</b>	<b>4,645</b>	<b>4,820</b>	<b>3,041</b>	<b>3,882</b>	<b>7,686</b>	<b>8,702</b>

<sup>1</sup>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.

<sup>2</sup>Michael Wachsler resigned from the Management Board effective 30 April 2020. As a former member of the Management Board and Chief Financial Officer, he received payouts of 3,797 million € in fiscal year 2020, thereof 2,734 million € as severance benefits. In fiscal year 2021, Mr. Wachsler received no remuneration as member of the Management Board.

<sup>3</sup>The variable compensation depicts the amounts accrued (table 1) or paid (table 2) for the respective financial period.

<sup>4</sup>Ingo Bank serves as member of the Management Board since 1 May 2020.

<sup>5</sup>Thereof € 1,645 million cash settlement of long-term incentives (OSRAM Stock Awards) which Ingo Bank received in his capacity as member of the Managing Board of OSRAM Licht AG and which were settled in cash according to a resolution of the Supervisory Board of OSRAM Licht AG.

### 4.3 Long-term remuneration

Under the LTIP 2019, Management Board members are entitled to PSUs and SPSUs to be granted in July of the year following the respective fiscal year.

In the reporting year, a total of 1,913,293 options (2020 1,552,490 options) to acquire shares in ams-OSRAM AG were granted to members of the Management Board. All of these options were granted from the LTIP 2019, thereof 1,186,243 PSUs and 727,050 SPSUs (2020: 962,546 PSUs and 589,944 SPSUs). The strike price for PSUs is EUR 1.00 (2020: EUR 1.00) and for SPSUs EUR 16.15 (2020: EUR 11.74). Please refer to Note 4 to the financial statements for the terms and valuation of the options to acquire shares in ams-OSRAM AG from the LTIP 2014, SSOP 2017 and SLTIP 2018, SSOP 2019 and LTIP 2019 and any anti-dilution measures.

In the reporting period, under LTIP 2019 195,154 stock options for current members of the Management Board vested, thereof 47,667 stock options (SPSUs) granted in 2019, and 147,487 stock options (SPSUs) granted in 2020. For PSUs under LTIP 2019, the vesting period was still running.

In addition, 294,106 stock options for current members of the Management Board of former or other LTIP programs vested in fiscal 2021 as follows:

- 44,648 options which were granted in 2018 under the LTIP 2014 plan, vested due to the achievement of the performance criteria EPS growth which was 345% (a minimum of 10% EPS growth is required for any vesting);
- 240,699 options which were granted in 2017 under SSOP 2017 vested due to time vesting;
- 8,759 options which were granted in 2018 under SLIP 2018 vested due to time vesting.

At the same time, 44,644 stock options lapsed because the relative TSR target for options under LTIP 2014 that were granted in 2018 was not met.

The directors of the Company held 93,825 shares and options to acquire 5,534,676 shares as at 31 December 2021 (93,825 shares and options to acquire 3,666,027 shares as at 31 December 2020).

Related parties of the members of the Management Board held 4,750 shares and no options to purchase shares of ams-OSRAM AG as of 31 December 2021 and 4,750 shares and no options as of 31 December 2020.

The further exercise conditions of the individual stock option plans are shown in Tables 3a and 3b.

Table 3a: 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)	LTIP 2021 (2021)
Performance period	30.06.2015 -	24.01.2017 -	30.06.2017 -	30.06.2018 -	11.10.2018 -	05.02.2019 -	30.06.2019 -	30.06.2020 -	30.06.2021 -
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	19.08.2021
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	30.06.2025
End of holding period	30.06.2025	24.01.2025	30.06.2027	30.06.2028	11.10.2028	05.02.2029	30.06.2029	30.06.2030	30.06.2031
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 -	30.06.2021 -
Strike price	0,68	18,63	0,68	0,68	29,34	9,66	0,68 – 22,69	1,00 – 11,74	1 – 16,15

Table 3b: Equity Incentive Plans – Information regarding the reported financial year 2021

Alexander Everke (CEO)	LTIP 2014 (2015)	SSOP 2017	LTIP 2014 (2017)	LTIP 2014 (2018)	SLTIP 2018	SSOP 2019	LTIP 2019 (2019)	LTIP 2019 (2020)	LTIP 2021 (2021)	Total
Stock options outstanding at 1.1	0	631.219	25.694	37.788	0	123.205	284.846	714.339	0	1.817.091
Stock options awarded	0	0	0	0	0	0	0	0	873.290	873.290
Anti Dilution measure	0	0	0	0	0	0	0	0	0	0
Stock options lost	0	0	0	-18.893	0	0	0	0	0	-18.893
Stock options expired	0	0	0	0	0	0	0	0	0	0
Stock options exercised	0	0	0	0	0	0	0	0	0	0
Stock options outstanding at 31.12.	0	631.219	25.694	18.895	0	123.205	284.846	714.339	873.290	2.671.488
Thereof exercisable at 31.12.	0	501.948	25.694	18.895	0	123.205	18.290	54.124	48.231	790.387

Table 3b: Equity Incentive Plans – Information regarding the reported financial year 2021 (continued)

Ingo Bank (CFO)	LTIP 2014 (2015)	SSOP 2017	LTIP 2014 (2017)	LTIP 2014 (2018)	SLTIP 2018	SSOP 2019	LTIP 2019 (2019)	LTIP 2019 (2020)	LTIP 2021 (2021)	Total
Stock options outstanding at 1.1	0	0	0	0	0	0	0	294.223	0	294.223
Stock options awarded	0	0	0	0	0	0	0	0	365.407	365.407
Anti Dilution measure	0	0	0	0	0	0	0	0	0	0
Stock options lost	0	0	0	0	0	0	0	0	0	0
Stock options expired	0	0	0	0	0	0	0	0	0	0
Stock options exercised	0	0	0	0	0	0	0	0	0	0
Stock options outstanding at 31.12.	0	0	0	0	0	0	0	294.223	365.407	659.630
Thereof exercisable at 31.12.	0	0	0	0	0	0	0	27.951	0	27.951

Thomas Stockmeier (CTO)	LTIP 2014 (2015)	SSOP 2017	LTIP 2014 (2017)	LTIP 2014 (2018)	SLTIP 2018	SSOP 2019	LTIP 2019 (2019)	LTIP 2019 (2020)	LTIP 2021 (2021)	Total
Stock options outstanding at 1.1	45.807	421.225	15.123	25.197	0	72.559	108.447	271.964	0	960.322
Stock options awarded	0	0	0	0	0	0	0	0	0	0
Anti Dilution measure	0	0	0	0	0	0	0	0	0	0
Stock options lost	0	0	0	-12.598	0	0	0	0	0	-12.598
Stock options expired	0	0	0	0	0	0	0	0	0	0
Stock options exercised	0	0	0	0	0	0	0	0	0	0
Stock options outstanding at 31.12.	45.807	421.225	15.123	12.599	0	72.559	108.447	271.964	337.298	947.724
Thereof exercisable at 31.12.	45.807	334.950	15.123	12.599	0	72.559	20.607	25.837	0	527.482

Table 3b: Equity Incentive Plans – Information regarding the reported financial year 2021 (continued)

Mark Hamersma (CBO)	LTIP 2014 (2015)	SSOP 2017	LTIP 2014 (2017)	LTIP 2014 (2018)	SLTIP 2018	SSOP 2019	LTIP 2019 (2019)	LTIP 2019 (2020)	LTIP 2021 (2021)	Total
Stock options outstanding at 1.1	0	135.383	18.792	12.591	26.308	20.906	108.447	271.964	0	594.391
Stock options awarded	0	0	0	0	0	0	0	0	337.298	337.298
Anti Dilution measure	0	0	0	0	0	0	0	0	0	0
Stock options lost	0	0	-13.153	0	0	0	0	0	0	0
Stock options expired	0	0	0	0	0	0	0	0	0	-13.153
Stock options exercised	0	0	0	0	0	0	0	0	0	0
Stock options outstanding at 31.12.	0	135.383	5.076	13.154	26.308	20.906	108.447	271.964	337.298	918.536
Thereof exercisable at 31.12.	0	97.653	5.076	13.154	26.308	20.906	20.607	25.837	0	584.569

## 5. Remuneration of the Supervisory Board

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

The compensation of the Supervisory Board is based on the remuneration policy for the Supervisory Board of ams OSRAM AG as approved by the Annual General meeting on 2 June 2021. The remuneration is commensurate with the performance of the company and designed to promote the long-term development and business strategy of ams OSRAM AG. Moreover, the remuneration policy takes into account the size as well as the development of the business of the ams OSRAM 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 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 OSRAM AG. In addition, it facilitates a professionally and personally balanced composition of the board, especially regarding diversity and internationality of the body.

The remuneration of the Supervisory Board generally consists of a uniform base remuneration. In view of the extended scope of activities and the higher level of responsibility, the Chairperson of the Supervisory

Board, the Deputy Chairperson, and the chairpersons of committees are granted a higher base remuneration than ordinary members of the Supervisory Board.

Supervisory Board members do not receive any form or variable or stock-based compensation for their services. 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 also resolve the granting of a special remuneration for extraordinary activities of one of its members that go beyond the general duties expected from members of the Supervisory Board.

## 5.2 Total Remuneration of the Supervisory Board

In fiscal year 2021, the remuneration of the company's Supervisory Board amounted to EUR 600 thousand (2020: EUR 658 thousand). All remunerations were or are paid directly by the company. None of the members of the Supervisory Board supplied consulting services in the year under review (2020: EUR 0). The remuneration for the Supervisory Board members presented shows the amounts actually paid during the fiscal year (as resolved by the Annual General

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 have not received any reimbursement for cash expenses for fiscal year 2020 or 2019.

No loans or similar commitments are granted to members of the Supervisory Board.

Meeting on June 2, 2021). The remuneration for fiscal year 2022 will be determined in the Annual General Meeting on June 24, 2022.

Persons related to the Supervisory Board members held 135.0000 shares and 414 options to purchase shares of ams-OSRAM AG as of December 31, 2021 (135,000 shares and 553 options as of December 31, 2020).

Table 4. Total remuneration of the Supervisory Board members

in kEUR Name (Position)	Base remuneration		Other benefits <sup>3</sup>		Total remuneration	
	2021	2020	2021	2020	2021	2020
Mag. Hans Jörg Kaltenbrunner (Chairman)	125	125	0	6	125	131
Dipl.-Kfm. Michael Grimm (Deputy Chairman)	105	105	0	2	105	107
Mag. Brigitte Ederer (Board Member since July 2, 2021)	0	0	0	0	0	0
Dr. Margarete Haase (Board Member since July 2, 2021)	0	0	0	0	0	0
Dr. Monika Henzinger (Board Member)	85	85	0	0	85	85
Brian Krzanich (Board Member) <sup>1 2</sup>	100	100	0	0	100	100
Kin Wah Loh (Board Member) <sup>1</sup>	100	100	0	0	100	100
Yen Yen Tan (Board Member)	85	85	0	0	85	85
<b>Total</b>	<b>600</b>	<b>600</b>	<b>0</b>	<b>8</b>	<b>600</b>	<b>608</b>

<sup>1</sup> Brian Krzanich (as Chairman of the Nomination Committee) and Kin Wah Loh (as Chairman of the Technology Committee) received a higher base remuneration.

<sup>2</sup> In 2019, the company concluded a consultant contract with Brian Krzanich for possible strategic advisory which was terminated effective June 30, 2020. In fiscal years 2020 and 2021, Mr. Krzanich received no compensation under this contract.

<sup>3</sup> For fiscal 2021, reimbursements of cost incurred by Supervisory Board members are no longer reported under "other benefits" because they do not constitute remuneration to Supervisory Board members.

# **FINANCIAL INFORMATION FOR FISCAL YEAR 2021**

<b>74</b>	<b>Group Management Report 2021</b>
<b>100</b>	<b>Consolidated Statement of Income</b>
<b>101</b>	<b>Consolidated Statement of Comprehensive Income</b>
<b>102</b>	<b>Consolidated Balance Sheet</b>
<b>103</b>	<b>Consolidated Statement of Cash Flows</b>
<b>105</b>	<b>Consolidated Statement of Changes in Equity</b>
<b>106</b>	<b>Notes to the Consolidated Financial Statements</b>
<b>198</b>	<b>Independent Auditor's Report</b>

# Group Management Report 2021

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

### Development of the semiconductor sector

Despite the various Covid-19 waves around the world and their corresponding impact, demand in many end-markets remained healthy in 2021. The global semiconductor market increased by 26% in 2021 to USD 556bn compared to USD 440bn in the year 2020.

The growth was driven by sensors, MOS logic & memory, analog IC and discrete semiconductors which showed growth rates above the average growth of the semiconductor market of 25%. For ams OSRAM, important end markets include the automotive market, consumer devices such as smartphones or wearables, and industrial and medical technology. Shipments in the global smartphone market increased by 3% in 2021 compared to a year-on-year decline of 7% one year ago. In the global wearable market, shipments increased by 23% (2020: 28%). Global automotive car production

showed a slight year-on-year growth of 2.5% in 2021 compared to a 16% decline in 2020. Despite shortages for ICs in the semiconductor sector, the situation for optical semiconductors improved considerably given additional demand from the build-up of inventories in the automotive and medical technology markets.

Structure and development of the segments  
The business activities of the ams OSRAM group are presented in two segments, Semiconductors and Lamps & Systems. The business segment Semiconductors comprises the group's semiconductor-related business in automotive, consumer, industrial, and medical technology market areas. The business segment Lamps & Systems comprises the group's business related to lamps and lighting systems in automotive, industrial, and medical technology market areas.<sup>1</sup>

### Semiconductors

The Semiconductors segment contributed the majority of group revenues last year from its automotive, consumer and industrial business areas. The Semiconductors automotive business is a global leader in automotive LED lighting for a wide range of exterior and interior lighting applications. This includes differentiated LED solutions

for head lamps and other front lighting, rear lighting and other exterior lighting, and interior ambient lighting. In addition, the segment's automotive business comprises interior sensing, safety systems such as ADAS, and visualization technologies. Persistent market and supply chain imbalances in the global automotive indus-

try created a highly demanding market environment through 2021. Despite this, the Semiconductors automotive business recorded a strong performance last year delivering very solid results across product areas. This performance was driven by a healthy backlog situation over the course of the year and efficient management of the automotive business' supply chains in light of the market situation. Towards year-end, the market imbalances resulted in lower OEM production volumes which, together with related supply chain volatilities, had a negative effect on the segment's automotive business.

The Semiconductors consumer business is a major supplier of sophisticated sensing and optical solutions for smartphones and additional consumer devices serving leading OEMs. The business encompasses the areas of display management, 3D applications including world-facing camera enhancement and similar functions, ultra-compact proximity sensing, spectral and bio-sensing, and additional optical applications. The segment's consumer business faced a market share loss related to its position in the mobile device market last year. This development had a noticeable negative impact on group revenues in the second half when compared to the previous year's second half and the first half of 2021. The negative market share development resulted in a lower utilization of related manu-

facturing capacity in the second half which negatively affected the consumer business' profitability despite cost mitigation measures. Effects related to this development have also continued into the current year. Moreover, the consumer business saw certain negative revenue effects caused by the supply chain imbalances in the semiconductor sector. Taking into account the abovementioned developments and related impacts the consumer business nevertheless achieved attractive overall results for full year 2021.

The Semiconductors industrial and medical technology business performed very well last year. In the segment's industrial area, the demand environment in established and emerging industrial lighting applications markets developed positively over the course of the year with a more pronounced recovery in the second half. The horticulture lighting applications market showed strong demand momentum through the second half and continuing into the current year. ams OSRAM is the leading supplier of LED components for this attractive growth market. Other industrial markets such as imaging supported the segment's performance. The Semiconductors medical technology business delivered overall healthy results driven by solid demand for medical imaging solutions such as computed tomography and digital X-ray.

### Lamps and Systems

The Lamps & Systems (L&S) segment provided the remaining contribution to total group revenues last year. The automotive business of L&S comprises automotive lamps and illumination products including traditional automotive lighting technologies. As a leader in automotive lighting

L&S serves OEMs as well as the automotive aftermarket in major geographic regions. Similar to the Semiconductors automotive business, the L&S automotive business was also negatively impacted by last year's developments in the global automotive market including the continued market and

<sup>1</sup> Quellen: WSTS, OMDIA, IDC.

supply chain imbalances as well as reduced OEM production volumes. The L&S automotive business recorded a solid performance last year despite these effects. The OEM-related business saw solid demand across product lines against the backdrop of the strained supply chain situation. Demand in the automotive aftermarket showed robust momentum in the seasonally important second half helping to drive overall results for the L&S segment. The other areas of the L&S business comprise a range of lighting products for various industrial, building-related and medical applications. These areas delivered overall solid results as demand in a number of industrial and other markets recovered over the course of last year. Other markets, in particular related to entertainment, remained heavily impacted by Covid-19 and the resulting decrease in demand for most of the year. Towards year-end these subdued markets started to show increasing signs of recovery.

ams OSRAM is implementing a strategic re-alignment of its business portfolio as announced. This includes the announced disposal of several businesses in the L&S segment which belonged to the former OSRAM Digital (DI) division. As part of this portfolio re-alignment two L&S business units were disposed of last year, Digital Systems North America for electronic lighting components such as drivers and ballast and Connected

Building Applications for building automation. Both sale transactions were concluded in the third quarter. In a further portfolio re-alignment step the joint venture between OSRAM and Continental AG for automotive lighting systems, which ams OSRAM had designated as non-strategic, was dissolved in the fourth quarter 2021 as planned. Both partners received their respective business activities back, as well as the assets created during the existence of the joint venture. The activities contributed by Continental AG were deconsolidated. A sale is being examined for the business activities remaining at ams OSRAM.

In its operations, ams OSRAM was able to ensure high production volumes across its global manufacturing network despite operational challenges and changing restrictions due to Covid-19. The health and safety of its employees is a clear priority for ams OSRAM and the group implemented a wide range of protective and risk-reduction measures globally which also helped to mitigate the impact of the pandemic and thereby supported the company's business performance. At the same time, the group's robust operational infrastructure was a key factor enabling ams OSRAM to successfully manage the very demanding market and supply chain environment throughout the past year.

## 2. Business Results

With regard to the following analysis of business performance, please note that, in fiscal year 2021, OSRAM Licht AG and its subsidiaries are included for the full fiscal year but, in fiscal year 2020, are included only for the second half of the year from

the date of consolidation. This means that the results and the cash flows in the statement of cash flows for fiscal year 2021 can be compared with those for 2020 only to a limited extent.

### 2.1 Revenue

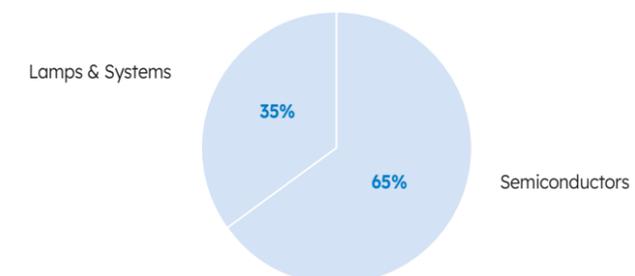
In fiscal year 2021, consolidated revenue rose by 44% to EUR 5,038 million, compared with EUR 3,504 million in 2020. This increase was primarily due to the fact that OSRAM was consolidated for the full twelve months for the first time in fiscal year 2021, but only for six months from the date of initial consolidation in the previous year. The increase in revenue was partly offset by portfolio effects of EUR 86 million in connection with the disposal of companies, i.e. revenue that the sold OSRAM business units had contributed in the second half of 2020 was not repeated in 2021. This related

to the disposal of Digital Systems (DS) in North America and of Connected Business Applications (CBA) as well as to the winding up of OSRAM Continental.

The Semiconductors segment contributed EUR 3,279 million (2020: EUR 2,605 million) to consolidated revenue, which equates to a share of 65% (2020: 74%). The Lamps & Systems (L&S) segment contributed EUR 1,760 million (2020: EUR 900 million) to consolidated revenue, which equates to a share of 35% (2020: 26%).

Revenue breakdown by segment

in millions of EUR	2021	% of revenues	2020	% of revenues	Change in %
Semiconductors	3,279	65%	2,605	74%	+26%
Lamps & Systems	1,760	35%	900	26%	+96%
	<b>5,038</b>		<b>3,504</b>		

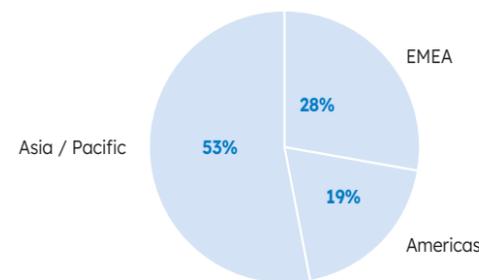


The breakdown of revenue by region does not reflect the demand situation in the Company's target markets because revenue is assigned to a region on the basis of the location of the invoice recipient.

Revenue in the North and South America region increased significantly year on year, in particular due to the revenue of the OSRAM companies being included for a full fiscal year for the first time.

#### Revenue breakdown by region

in millions of EUR	2021	% of revenues	2020	% of revenues	Change in %
EMEA	1,413	28%	765	22%	85%
Americas	962	19%	521	15%	85%
Asia / Pacific	2,663	53%	2,218	63%	20%
	<b>5,038</b>		<b>3,504</b>		



## 2.2 Earnings

Gross profit increased to €1,440 million in fiscal year 2021, compared with €1,035 million in the previous year.

Adjusted for acquisition-related expense, transformation costs, and expense for share-based compensation, the gross profit margin for the full fiscal year 2021 increased to 34%, compared with 33% in the previous year. The unadjusted gross profit margin, reported in accordance with IFRS, fell to 29%, compared with 30% in the previous year. The biggest drag on this item was impairment of EUR 151 million on property, plant, and equipment in connection with the loss of market share for certain consumer applications.

Expressed as a percentage of revenue, spending on research and development increased from 12% in the previous year to 13%. The absolute amount rose from EUR 423 million in the previous year to EUR 642 million, primarily due to the effect of consolidating OSRAM. Selling, general and administrative expenses therefore increased too, from EUR 527 million in the previous year to EUR 745 million. Expressed as a percentage of revenue, they were on a par with the previous year at 15%. The long-term target for selling, general and administrative expenses going forward is 7-9% of revenue.

The operating result (EBIT), adjusted for acquisition-related expense, transformation costs, expense for share-based compensation, and the result from investments in associates and from the sale of a business, increased by EUR 39 million year on year to EUR 502 million. Unadjusted EBIT rose by EUR 59 million to EUR 197 million. In fiscal year 2021, there were one-off effects recognized as an expense that were up by EUR 172 million year on year. Conversely, there were positive one-off effects totaling EUR 191 million arising from income on the winding up of OSRAM Continental, the increased valuation of LeddarTech Inc., and the sale-and-leaseback transaction relating to a property in Berlin. The one-off effects recognized as an expense in fiscal year 2021 included impairment of EUR 151 million on property, plant, and equipment in connection with the loss of market share for certain consumer applications.

The net financial result improved from a net expense of EUR 217 million in the previous year to a net expense of EUR 198 million. The prior-year figure had included one-off transaction costs of EUR 114 million in connection with the funding of the

acquisition of OSRAM. In 2021, there were higher interest expenses resulting from the increased average debt for the year and from currency translation effects caused, in particular, by the appreciation of the U.S. dollar against the euro.

The income tax expense increased from EUR 10 million in the previous year to EUR 31 million in fiscal year 2021. The current tax expense of EUR 48 million mainly resulted from foreign companies that were profitable due to the global transfer pricing system. There were countervailing deferred taxes with a total net effect of EUR 17 million that included, in particular, income of EUR 25 million from the reversal of deferred tax liabilities resulting from acquisitions. In 2021, the net result improved to EUR -32 million, compared with EUR -87 million in the previous year. As described above, this was mainly due to one-off income. There were also cost synergies, but these were partly offset by higher one-off restructuring and transformation expenses. The return on equity improved to -1% (2020: -3%); the return on revenue also improved to -1% (2020: -3%).

in millions of EUR	2021	2020	Change in %
Gross profit on revenues	1,440	1,035	+39%
Gross margin (IFRS)	29%	30%	
Gross margin (adjusted)	34%	33%	
EBITDA (IFRS)	957	718	+33%
Operating result (EBIT, IFRS)	197	138	+43%
EBIT margin (IFRS)	4%	4%	
Operating result (EBIT, adjusted)	502	463	+9%
EBIT margin (adjusted)	10%	13%	
Financial result	-198	-218	+9%
Result before tax	-1	-80	+99%
Net result	-32	-87	+63%
Return on equity	-1%	-3%	
Return on revenues	-1%	-3%	

The gross profit margin (adjusted) is based on gross profit adjusted for acquisition-related expense, transformation costs, and expense for share-based compensation.

The operating result (EBIT, adjusted) and the EBIT margin (adjusted) are additionally adjusted for the result from investments in associates and from the sale of a business,

### 2.3 Assets and Financial Position

The balance sheet has a high ratio of non-current assets to total assets, which is common in the semiconductor industry. At the same time, the intangible assets reflect the significant acquisitions carried out in recent years. At 58%, the proportion of total assets accounted for by property, plant, and equipment and by intangible assets was virtually unchanged year on year (December 31, 2020: 60%).

Capital expenditure on non-current assets (CAPEX), which amounted to EUR 310 million, was below the sum of EUR 760 million for depreciation, amortization, and impairment and equated to 6% of revenue (2020: 5%). The ratio of non-current assets to equity increased to around 56% at the end of fiscal year 2021, compared with 51% as of December 31, 2020. Non-current assets included deferred tax assets of EUR 182 million (December 31, 2020: EUR 165 million).

Inventories rose from EUR 858 million as of December 31, 2020 to EUR 938 million. The rise was primarily due to the fact that inventories were increased for certain areas of production in the fourth quarter of 2021 and, to a large extent, have already been turned into finished goods. This was a precautionary measure taken to maintain the Company's ability to supply its customers in the event of a shortage of raw materials or restrictions resulting from potential

which is included in the operating result (EBIT, IFRS).

The acquisition-related expense includes depreciation and amortization of purchase price allocated assets as well as integration, carve-out and acquisition-related costs.

effects of the COVID-19 pandemic. Trade receivables increased to EUR 688 million as of December 31, 2021 (December 31, 2020: EUR 621 million).

Assets classified as held for sale amounted to EUR 134 million and included the assets of Fluence Bioengineering, Inc. The assets classified as held for sale as of December 31, 2020, which stood at EUR 48 million, had related to assets of OSRAM Continental, which was sold to Continental at the start of October 2021.

The decrease in property, plant, and equipment to EUR 1,606 million (December 31, 2020: EUR 1,938 million) primarily resulted from the derecognition of property, plant, and equipment in connection with the disposal of areas of business and from impairment of EUR 151 million in connection with the loss of market share for certain consumer applications.

The rise in the financial investments line item to EUR 147 million (December 31, 2020: EUR 25 million) was largely attributable, in an amount of EUR 123 million, to the reclassification of LeddarTech Inc. from an equity-accounted investment to an equity investment measured at fair value in accordance with IFRS 9. ams OSRAM lost its significant influence over LeddarTech Inc. because it did not take up all of the

available shares relative to its existing shareholding when the company carried out a capital increase.

Financial liabilities declined by EUR 177 million to EUR 3,126 million, primarily due to the repayment of bank loans of EUR 166 million, the repayment of promissory notes of EUR 117 million, and the buyback of convertible bonds with a carrying amount of EUR 73 million. This was partly offset by the taking out of bank loans of EUR 97 million and by the effects of translating financial liabilities denominated in U.S. dollars, whose carrying amount increased due to the appreciation of the U.S. dollar against the euro. The EUR 266 million decrease in cash and cash equivalents caused net debt to rise slightly, from EUR 1,707 million as of December 31, 2020 to EUR 1,795 million as of December 31, 2021. The Group's equity increased by EUR 122 million despite the negative result after tax. This was due

to other comprehensive income totaling EUR 319 million that arose, in particular, on currency translation from U.S. dollars to euros in respect of foreign subsidiaries. The purchase of shares in OSRAM Licht AG reduced equity by EUR 58 million, while the obligation to pay future guaranteed compensation payments to OSRAM Licht AG's minority shareholders reduced equity by EUR 162 million.

Liabilities associated with assets classified as held for sale amounted to EUR 40 million and included the liabilities of Fluence Bioengineering, Inc. The corresponding liabilities as of December 31, 2020, which stood at EUR 127 million, had related to liabilities of OSRAM Continental.

For information on financial instruments and changes in equity, please refer to the disclosures in the notes to the consolidated financial statements.

Assets in millions of EUR	2021	2020	Equity and liabilities	2021	2020
Inventories	938	858	Financial liabilities	3,126	3,303
Trade receivables	688	621	Trade liabilities	710	545
Other current assets	1,656	1,833	Other liabilities	2,103	2,483
Fixed assets	6,180	6,486	Provisions	556	605
Deferred tax asset	182	165	Shareholders' equity	3,150	3,027
<b>Total assets</b>	<b>9,644</b>	<b>9,963</b>	<b>Total equity and liabilities</b>	<b>9,644</b>	<b>9,963</b>

As a result of the increase in equity and simultaneous decrease in financial liabilities, the debt to equity ratio fell to 99%,

compared with 109% a year earlier. At the same time, the equity ratio rose to 33% (2020: 30%).

	2021	2020
Equity ratio	33%	30%
Debt to equity ratio	99%	109%
Equity to fixed assets ratio	56%	51%
Net debt	1,795	1,707

These performance indicators are derived directly from the consolidated financial statements.

## 2.4 Cash Flow

Cash flows from operating activities increased to EUR 792 million in 2021, compared with EUR 707 million in 2020. This rise was only partly due to the improvement in earnings as the figure for fiscal year 2021 contained significant non-cash income, primarily a sum of EUR 97 million resulting from the increased valuation of LeddarTech Inc. The figure for fiscal year 2021 also included net gains of EUR 70 million on sales of business activities and other non-current assets, whose impact on cash flow is shown in investing activities. There was a countervailing effect from the EUR 180 million increase in depreciation, amortization, and impairment, which is included in the statement of cash flows in the reconciliation from the result after tax to cash flows from operating activities. The main reason for the year-on-year increase in cash flows from operating activities was the decrease in working capital of EUR 57 million; in 2020, working capital had increased by EUR 30 million.

Cash flows from investing activities amounted to EUR -560 million (2020: EUR -1,495 million), including EUR -310 million for intangible assets and property, plant, and equipment (2020: EUR -177 million) and EUR -524 million for acquisitions (2020: EUR -920 million).

The acquisitions in fiscal year 2021 included cash payments totaling EUR 452 million to increase the number of OSRAM Licht AG shares held (2020: EUR 1,958 million less acquired cash and cash equivalents of EUR 614 million). Further cash payments included EUR 72 million for the acquisition of 50% of the shares in OSRAM CONTINENTAL GmbH in connection with the unwinding of OSRAM Continental. The net cash provided by the sale of business activities amounted to EUR 277 million (2020: EUR 41 million). A significant sum within this figure, EUR 144 million, related to the sale of companies to Continental.

Free cash flow came to EUR 482 million (2020: EUR 531 million). The Company's available liquidity decreased by EUR 266 million to EUR 1,331 million as of December 31, 2021.

Cash flows from financing activities amounted to EUR -534 million in the reporting year (2020: EUR 1,951 million). The prior-year figure had been heavily influenced by the corporate action taken to fund the acquisition of OSRAM, which had involved a net cash inflow of EUR 1,649 million from the capital increase and a net cash inflow of EUR 1,992 million from the issue of bonds and a convertible bond. In fiscal year 2021, however, the repayment of bank loans and

promissory notes, which were only partly refinanced by taking out new loans, led to a net cash outflow of EUR 190 million. Fur-

thermore, convertible bonds with a nominal value of EUR 77 million were repurchased at a purchase price of EUR 67 million.

in millions of EUR	2021	2020	Change in %
Operating cash flow	792	709	+12%
Cash flow from investing activities	-560	-1,495	-63%
Free Cash Flow	482	531	-9%
Cash flow from financing activities	-534	1,951	-127%
Effects of changes in foreign exchange rates on cash and cash equivalents	33	-55	-160%
Cash and cash equivalents	1,331	1,597	-17%

Free cash flow comprises the cash flows from the operating activities of continuing operations less cash payments for the purchase of intangible assets and property, plant, and equipment. The definition of this performance indicator has changed

compared with the previous year. In 2020, free cash flow had comprised cash flows from operating activities and cash flows from investing activities. The prior-year figure has been adjusted to reflect the new definition.

### 3. Research and Development

Our development sites are globally positioned, with LED development in Germany and Malaysia, VCSEL technology in the US and Singapore, package development in Singapore, Malaysia and China, micro-optics in Switzerland, the development of conversion solutions, optical coatings and filter solutions, image and color sensor technology in the US, Germany and Austria, and IC design development in India, the US, Italy, Austria and Switzerland. This gives ams OSRAM a strategic advantage by providing us with access to both leading expertise and a global production network.

ams OSRAM's position as a technological leader in the development and production of high-quality sensing and lighting technologies for use in products such as mobile devices, automotive lighting and medical technology is based on intensive research and development activities. To secure and strengthen our leading position, we invest significantly in research and development (R&D) on a continuing basis. Research and development expenses in the past fiscal year amounted to EUR 642 million, or 13% of revenues, compared to EUR 423 million (12% of revenues) in 2020.

Our research and development activities enabled ams OSRAM's growth in recent years and form the basis of an extensive product and design pipeline for the years to come. The average number of employees in research and development was 3,445 in 2021 (2020: 3,732).

ams OSRAM's R&D activities mainly comprise optical technologies for applications in the sensing, lighting and visualization segments. Our broad technology portfolio addresses the consumer, automotive, industrial, and medical technology end

markets. In addition, the development of software and algorithms and the integration of machine learning and artificial intelligence has become an integral part of our R&D activities. The combination of individual hardware components into modules and systems with differentiating software solutions represents an important element of product development at ams OSRAM, and is a pillar of our development processes for end-to-end solutions.

The following innovative product developments based on ams OSRAM's R&D activities provide a good overview of our broad product portfolio. Our LED product portfolio has been expanded to include innovations for automotive lighting such as the brightest LED available on the market for use in the low and high beams of vehicles. In the visualization segment, our latest LED generation enables additional brightness and image quality for LED-based projectors thanks to optimized chip and package technology. ams OSRAM has also introduced the first ultraviolet C-band (UV-C) LEDs to the market, which facilitate new possibilities for disinfecting air, surfaces and water. Measuring one square millimeter, NanEyeM is the smallest camera module available on the market with a fully digital output for medical endoscopes. The attractively priced module enables single-use applications in high volumes.

Close strategic coordination between our business units, strategy department and CTO takes place on an ongoing basis and determines our strategic decisions regarding technology and product development. We attach great importance to stimulating, promoting and coordinating a continuous innovation process.

As part of our approach to working with strategic partners, we collaborate globally with leading research institutes, universities and other companies. Collaboration takes place, for example, through research programs such as those funded by the European Commission as well as local funding programs around the world.

ams OSRAM's venture capital entity Fluxunit continued with the activities it had begun in previous years. Fluxunit makes targeted investments in young start-ups that can meaningfully complement our business activities in the long term. Its investment portfolio currently consists of 11 companies developing products in various fields where ams OSRAM is active, as well

as two additional investments in venture capital fund companies.

The creation, maintenance, enforcement and use of patents, trademarks and other intellectual property rights is an important aspect of our strategy to differentiate ourselves in the marketplace and to protect our R&D investments and generate a return on them. Our global patent portfolio comprises around 15,000 patents and patent applications, corresponding to approximately 5,800 patent families. During the year under review, we continued to develop our patent strategy, taking into account the interplay of business, technology and market aspects, while focusing on future value creation.

### 4. Purchasing and Manufacturing

The procurement situation was challenging in fiscal year 2021 in view of the supply bottlenecks affecting the entire semiconductor industry, as well as ams OSRAM. Our initiatives focused on bundling the purchasing of ams and OSRAM allowed us to successfully realize the synergy potentials resulting from the combination of our businesses. Despite the overall cost savings achieved, however, cost increases for some key materials, goods and services due to the global chip shortage, rising raw material prices and energy supply bottlenecks in China have also had a lasting effect on ams OSRAM.

The ams OSRAM Group has 23 production sites worldwide excluding the Fluence production site, which is reported as an asset held for sale on the balance sheet as of December 31, 2021. Production sites are located in Premstätten (Austria), Regensburg

and Herbrechtingen (both in Germany), Antwerp (Belgium), Nové Zámky (Slovakia), Treviso (Italy), Hillsboro (New Hampshire, USA), Singapore, Wuxi (China), Penang and Kulim (both in Malaysia), Calamba City (in the Philippines), and elsewhere.

One of our most important investments in production in 2021 was a pilot line for micro LEDs built at our Regensburg site to enable new types of display generations. Capacity utilization at our plants in Regensburg, Wuxi, Penang and Kulim increased due to positive market development and increased demand in the automotive end customer market as a whole, as well as for LEDs for various lighting applications. In contrast, capacity utilization at our Singapore plants was lower than in the previous fiscal year due to a loss in market share for certain consumer applications.

## 5. Employees

Our employees are the basis of our long-term business success and they create the added value we want to offer our customers. It is important to us to offer our employees a secure job with good working conditions and prospects, to contribute to their development, and to pay them fairly. Furthermore, as a globally active company, the diversity of our employees is a major concern for us. As of December 31, 2021, ams OSRAM Group had 24,499 employees (2020: 29,753). The average number of employees for the year was 26,130 (2020: 30,031), based on FTEs (full-time equivalents).

At ams OSRAM, we are aware of our responsibility as an important employer in the regions where we operate. Accordingly, we continued to offer comprehensive internal and external training and development opportunities for all of our employee groups during the past year, in addition to providing training positions for apprentices.

We seek to retain our employees by offering a long-term compensation concept.

A profit-sharing program for all ams OSRAM employees adds an attractive direct component to our existing stock option plans and employee compensation programs. Our profit sharing program embodies the belief that our employees are the most important factor in the success of our company by rewarding the joint contribution of all of our employees to ams OSRAM's success.

Due to the development of earnings in the previous fiscal year, a profit-sharing bonus was paid to employees in the amount of EUR 19 million in 2021 (2020: EUR 21 million). The amount of the bonus is determined on the basis of adjusted earnings after tax.

In addition, active internal corporate and employee communication, as well as a long-standing company tradition of regular employee events, promote employee identification with our company. Such events include, for example, town hall meetings or webcasts given by our Management Board and other management representatives.

## 6. Environmental Management

As an industrial company, we consume natural resources and create greenhouse gas emissions at our production facilities. In order to meet our environmental responsibilities, we have committed to conserving resources through environmental management, as well as to developing innovative and energy-efficient products. As part of our environmental reporting, we collect data on energy consumption, greenhouse gas emissions, water abstraction, and waste generation.

The ways in which we implement environmental management and address other aspects of sustainability are described in a separate sustainability report that can be found at: <https://ams-OSRAM.com/sustainability-reporting>. In addition to describing our organizational structure, responsibilities, guidelines and processes, the report also explains the specific goals, measures and results relating to all topics of importance to ams OSRAM.

## 7. Subsidiaries and Investments

As parent company of the ams OSRAM Group, ams-OSRAM AG has 117 subsidiaries in 49 countries, in addition to holding direct or indirect interests in 33 companies.

As of December 31, 2021, ams-OSRAM AG held 79.91% (2020: 70.72%) of the outstanding shares in OSRAM Licht AG. OSRAM Licht AG directly or indirectly holds 100% of the shares in all fully consolidated OSRAM companies with the exception of OSRAM

China Lighting Ltd., in which it only holds 90% of the shares.

Significant associates and other investments:

As of December 31, 2021, significant associates in terms of value that are accounted for using the equity method particularly included the following:

Name of holding	Country of incorporation	Ownership interest
Jinan Smart Sensing Sensor Co, Ltd.	China	49.00%
Sciosense Holding BV	Netherlands	45.22%
Bolb Inc.	USA	20.38%

The investment in Bolb Inc., a manufacturer of high-efficiency ultraviolet C-band (UV-C) light-emitting LEDs, was acquired in fiscal year 2021. By investing in the Californian company, ams OSRAM is further expanding its technological know-how for disinfection applications using UV-C lighting. Future research collaboration between our two

companies is expected to accelerate the industrialization of highly efficient, high-performance UV-C LEDs.

In 2019, ams acquired 49.0% of Jinan Smart Sensing Sensor Co. Ltd., Shanghai (China). In 2020, a further 45.22% of Sciosense Holding B.V. in the Netherlands was

acquired. Sciosense Holding B.V. is a direct subsidiary of Jinan Smart Sensing Sensor Co. Ltd., which is a holding company for a provider of environmental sensors and high performance flow sensing systems.

As of December 31, 2021, significant investments in terms of value that are accounted for at fair value particularly included the following:

Name of holding	Country of incorporation	Ownership interest
LeddarTech Inc.	Canada	19.20%
HLJ Technologies Co, Ltd.	Taiwan	12.50%
Recogni, Inc.	USA	5.33%

## 8. Risk Management

### Main features of the accounting-related internal control system

The internal control system, which has been adapted in the course of integration into the ams OSRAM Group, is being implemented as part of the harmonization of processes. We are also continuously refining our internal control system in order to meet all requirements.

The overarching goal of our accounting-related internal control system is to ensure the correctness of financial reporting in the annual and consolidated financial statements. The system consists of preventive and detective controls, which ensure that group-wide standards for accounting, valuation, and account assignment are continuously updated and maintained, transactions can be completely recorded, and that group-internal transactions are appropriately eliminated. It also establishes processes for the separation of functions and for observing the principle of dual control when preparing the financial statements, as well as individual access authorizations for accounting-related IT systems.

The effectiveness of the internal control system is reviewed on an annual basis. Internal controls are revised if necessary to

eliminate any detected areas of weakness. The internal audit function of ams OSRAM uses continuous and group-wide audits to ensure compliance with group-wide guidelines as well as the reliability and functionality of our control system.

The Audit Committee of the Supervisory Board oversees the accounting process and the effectiveness of the control system. It is also responsible for auditing the documents for the individual financial statements of ams-OSRAM AG and the consolidated financial statements, and it discusses the individual financial statements of ams-OSRAM AG, the consolidated financial statements, and the combined management report with the Management Board and the auditor.

### Enterprise Risk Management (ERM) System

In the context of its global activities, the ams OSRAM Group is subject to a number of risks that are inseparably associated with business activity.

In order to identify, assess, and control risks, ams OSRAM practices systematic risk management for the early detection of risks that could endanger the continued existence of the ams OSRAM Group or the

achievement of our strategic, operational, financial, and compliance objectives, and to initiate risk-limiting measures as necessary. We are continuously refining our risk management system in order to meet changing internal and external requirements.

The central office for risk management coordinates the risk management process and risk reporting. Responsibility for the identification, assessment, reporting, and management of significant risks is borne by management at the level of the central units and the business units.

Semiannual meetings are held with management to assess significant identified risks. In these meetings, the reported risks are qualitatively assessed based upon their effects on our business activity and their probability of occurrence. Our assessments follow the net principle, in which we assess risks in light of previously initiated effective actions.

Non-financial risks are also included in the ERM process and are qualitatively assessed in a uniform manner using the aforemen-

### Strategic Risks

#### Competition for the introduction of new technologies

The ams OSRAM Group operates in a high-tech industry with a strong focus on technologically advanced applications, marked by short product life cycles and constant innovation. There is a risk that disruptive technologies could quickly become market-ready. Competitors could also introduce alternative products or technologies that are more cost-effective, of higher quality, possess greater functionality, or are more competitive for other reasons. There is also the risk that changes in market and customer requirements are not or cannot be

tioned method. If this assessment shows significant risks for the Group, the risks are reported as part of the subsequent risk reporting.

The regular report is presented to the Management Board on a semiannual basis and to the Supervisory Board on an annual basis. It is supplemented by an ad hoc report if needed to ensure that the Management Board and Supervisory Board receive complete and timely information about significant risks. The Management Board of the ams OSRAM Group determines whether the risks, either individually or as a whole, represent an existential threat and verify that there is no substantial danger to the going concern. The Audit Committee of the Supervisory Board monitors the effectiveness of this system.

The following section provides a description of the significant strategic and operational risks for the ams OSRAM Group, which could have particularly negative effects overall on our business activity as well as net assets, financial position, and results of operations.

considered early enough and to a sufficient extent. We must therefore develop innovative and differentiated technologies for products that can be manufactured competitively in terms of technology and cost for the right applications and markets, and get them market-ready in a timely manner.

The future success of ams OSRAM also depends upon whether its internally developed intellectual property can be sufficiently protected and profitably utilized. Failure to do so may endanger the future growth and competitiveness of the entire Group. It may lead to a rapid decline in market share

in the affected areas of business or failure to achieve growth objectives. Investments in research and development could not be recouped through revenues, which would reduce the profitability of the entire Group.

We counter these risks with specific measures. Potential new fields of technology are monitored, and the results of these observations are considered in our strategic planning. Technological expertise that will be necessary in the future is incorporated into the technology roadmap for the respective business segments. The technology roadmap is an integral part of medium and long-term strategic planning. We also have a team in the Strategy division that performs market analyses and reviews areas of technology as well as research and development plans on a regular basis, so that they can be focused more sharply if needed. In addition, we are working to optimize the efficiency of our operational product development processes.

#### **Macroeconomic effects and geopolitical conflicts**

The macroeconomic trend in fiscal years 2020 and 2021 was strongly influenced by the effects of the COVID-19 pandemic. Despite a worldwide economic recovery, the future trend in the global economy still depends largely upon the rate of infection. The rate of infection continues to be volatile, primarily due to the emergence of variants of the coronavirus that are more contagious than the wild-type strain. This may result in repeated interruptions of global value chains, with negative consequences for the further growth of the global economy.

These disruptions of supply chains caused by the pandemic are leading to goods shortages and thus significant price

increases, primarily for energy and raw materials. Energy prices are also heating up due to the smoldering conflict between Russia and Ukraine. To stem the rising inflation caused by these factors, central banks around the world could be forced to pursue a less expansive fiscal policy in future and to increase interest rates, which could in turn slow down global economic growth. In addition, trade and tariff disputes as well as trade restrictions, such as those between the US and China, which are aimed in part at key companies in the high-tech sector supported by the Chinese state, could impair global trade and thus global economic growth. Another economic downturn, above all in our relevant sales markets, may mean that we fail to achieve planned revenues and profitability.

To offset the aforementioned effects, we conduct regular reviews of our value chains, i.e., our global and regional presence and our processes. In this way, we strive to achieve cost savings and operational improvements that allow us to avoid tariffs as well as to compensate for market-driven reductions in selling prices for certain product groups, price increases for energy and raw materials, and higher wages. In order to develop and adapt effective response strategies, we continuously monitor early warning indicators. We also regularly negotiate selling prices with our customers and adjust them as needed.

#### **Risk of failure to achieve strategic objectives in connection with the OSRAM merger**

The merger of ams and OSRAM is a transformative event for the combined company, which requires significant initiatives for integration and restructuring. These activities entail the risk of overcommitting resources (particularly management

capacities and employees), which could temporarily impair our operational performance and innovative capacity. The loss of key employees (brain drain) due to changes in the company or uncertainty could also have negative effects.

There could also be delays in the timely implementation of approved measures, which could have negative effects on achieving the planned synergies. Possible planned sales of business segments may not occur within the expected timeline or may not produce the expected income.

A dedicated integration and project management team, supported by external consultants, should minimize this risk. Planned savings from program actions are recorded in a central reporting tool, and their implementation is continuously tracked.

#### **Competitive environment**

Competitive pressure in the semiconductor industry is generally high due to a large number of current competitors and new market participants. Because of the continuing shortage of semiconductors, a worldwide expansion of production capacities is currently being promoted and subsidized. One result of this may be that producers of LED components and sensor products will have to increasingly differentiate themselves by price in order to fully utilize their production capacity. This price competition could influence the achievement of our objectives in terms of market shares and profit margins.

We therefore regularly review additional productivity enhancement and cost reduction measures, with a focus on targeted research and development expenditures to differentiate our products through technological advances and thereby ensure the profitable utilization of existing capacities.

#### **Volatile and cyclical market developments**

End-market demand for technologically advanced consumer products that use semiconductor-based technologies, such as sensors, optical solutions, or LEDs, are subject to rapid technological change and thus relatively short product life cycles. This can have negative effects on the demand for ams OSRAM components. We therefore continuously look for ways to exploit new areas of application for our technologies in consumer electronics and other fields, such as medical applications.

The merger with OSRAM reduced the share of consumer electronics relative to total revenues. The automotive business has longer cycles. Even though the volume of automotive manufacturing in 2019 will not be achieved over the medium term, following the slight recovery in automotive manufacturing in 2021 we continue to assume that there will be positive growth in 2022. There is a risk that this positive trend will be reversed or interrupted by the pandemic.

An increasingly dynamic market or market volatility in both the automotive field and in consumer electronics may cause our customers to adjust their order quantities over the short term. For ams OSRAM, this would mean firstly a cost risk due to fluctuations in capacity utilization in our own production and excess inventory, and secondly the risk of supply difficulties due to capacity bottlenecks. Our forecasts for the growth of our own business are therefore subject to a certain degree of uncertainty.

For this reason, we are continuously monitoring relevant market indicators and implementing appropriate measures for short-term adjustment of inventory and production capacities.

## Operational Risks

### Business interruption risk

The continuous optimization and focusing of our production environment increase the dependence on individual production locations. Thus, there is a risk that disruptions in our plants or external influences could result in an inability to produce or deliver products in the planned scope. That is why, in addition to insuring against damage to equipment and buildings, we maintain appropriate insurance to protect against risks arising from business interruption. We also conduct preventive maintenance and have defined emergency plans for critical areas to ensure the availability and quality of our products. Fire and disaster protection for significant locations is also continually reviewed and improved. The risk of supply bottlenecks is reduced where possible by diversifying our supplier base and closely monitoring critical vendors and materials. Similarly, the progress of construction projects could delay our investments in expansion. We have countered this by establishing an appropriate project risk management process.

We currently assess the business interruption risk as high in connection with the further course of the COVID-19 pandemic. We are therefore strongly focused on preventing COVID-19 infections in our own operations so that we can maintain the ability of ams OSRAM to supply its products. The existing health protection measures remain in effect without change and are continuously adapted based upon current circumstances. In addition, we reserve the right to review the COVID-19 safety measures of the general contractors for our construction projects. A new round of production interruptions caused by the pandemic could nevertheless have a negative effect on our

delivery capacity. There could also be delays in our ongoing construction projects.

### Customer concentration

If a disproportionately high percentage of the total revenue and profit of the ams OSRAM Group is earned from individual customers, we could become dependent on the individual customers' business success or market share and thus upon their demand for our products. If these customers cannot be contractually committed to minimum order quantities, the ams OSRAM Group may suffer a loss of revenue if customer order quantities are reduced, or if orders are delayed or canceled.

The merger with OSRAM reduced the percentage of consumer electronics relative to total revenue. A loss of projects or a reduction in business activity with key accounts could nevertheless still lead to losses in revenue and insufficient utilization of customer-specific production capacities. We are therefore striving to further diversify our customer portfolio in order to reduce the effects of volatile market developments.

### Material shortages

A faster market recovery than expected from the effects of the pandemic, above all in China, and increasing digitization could lead to a disproportionate increase in customer demand and a serious global shortage of electronic intermediate products. This situation may be further exacerbated by continued disruptions in the global supply chain. Any delay or failure to fulfill customer orders could lead to a loss of revenue for ams OSRAM as well as claims by customers for contractual liability or even loss of the customer. Our customers may also experience production stoppages

due to lack of materials, which could reduce demand for ams OSRAM components. We counter these risks by continuously tracking incoming customer orders as well as trends in the procurement market, and by monitoring our suppliers' performance.

Over the course of the year, material shortages have led to significant increases in raw material prices. The resulting price increases by our suppliers could negatively affect our profitability if they cannot be fully passed on to our customers.

This tense situation with the availability of materials and equipment could also have negative effects on current construction projects, which could lead to delays in the progress of construction and price increases. We are countering this risk by ordering materials and equipment as soon as possible, with long delivery times.

### Dependence on suppliers

To avoid dependence on individual suppliers for critical materials, we generally vet a second source in addition to the preferred vendor. This is not always possible or economically practical, however. Moreover, certain production services in the semiconductor field can be outsourced only to a limited number of wafer producers.

If one or more of these sole suppliers fails to fulfill its supply obligations, this could impair our delivery capacity and result in loss of revenue. We also face the risk of price increases by suppliers.

Obtaining information on and regularly monitoring the financial situation of suppliers is a fixed component of our supplier risk management process. Dedicated employees coordinate our collaboration with important production service providers. We

also maintain a forward-looking inventory and procurement management process and conclude long-term delivery agreements where possible.

Because several semiconductor production plants are currently under construction in Asia, there is a shortage of construction companies and experts in this region, which could lead to delays in the progress of our current construction activities. Independent risk management is established.

### Cyber risks and IT risks

The increasing digitization of our business processes makes the reliability and security of our system infrastructure extremely important. Regulatory requirements for the protection, integrity, and availability of data are also on the rise.

There has been an evident increase in cyberattacks worldwide, and external attacks on our IT systems are therefore probable. Such attacks could result in the theft of business information, intellectual property, and personal data. A lack of risk awareness on the part of employees and improper handling of our IT systems could also make external attacks easier, or could lead to situations in which data are lost or can be recovered only at significant expense. Malfunctions in the IT systems could also cause significant interruptions of our production and supply chain, which would entail loss of revenue.

To counter these risks, we have transferred IT systems and applications to sufficiently secure cloud solutions, and we conduct independent tests at regular intervals to determine the vulnerability of our IT systems. In terms of information security, we operate in accordance with the ISO 27001 standard. We also conduct training for our

employees and have a contract with an emergency response service provider in the event of a serious cyberattack.

A data protection management system that builds on globally applicable “binding corporate rules” ensures company-wide standards for handling personal data. This includes training for all employees and the implementation of uniform technical and organizational measures, particularly when data are being processed by external service providers.

#### **Quality Risk**

Meeting market and customer-specific requirements for our products is particularly important for our business success. The increasing complexity of product and manufacturing processes and shorter development cycles increase the risk of possible

#### **Financial Risks**

The ams OSRAM Group is subject to a variety of financial risks. The relevant risks include liquidity risk, interest-rate risk, foreign currency risk, and credit risk. Changes in credit ratings, currency exchange rates, interest rates, and the general capital market situation can influence both our operational business and our investment and financing activities. Market price fluctuations can lead to significant volatility in profits and payment flows.

Financial risk management is conducted by the central Treasury department based upon guidelines approved by the company’s Management Board and Supervisory Board. The Treasury department assesses and secures against financial risks in close collaboration with the operational business areas, also using financial derivatives.

quality issues. Products manufactured by ams OSRAM are integrated into complex electronic systems. Errors or functional defects in products produced by ams OSRAM could directly or indirectly compromise the property, health, or life of third persons, and could therefore lead to recalls from our customers and negative effects on our reputation.

We counter this risk through group-wide quality processes, which are audited internally at regular intervals based upon established standards (such as ISO 14001, ISO 13485, ISO 9001, and IATF 16949) and audited externally by our customers, and are also certified by external companies. In the event of quality defects and product safety incidents, we have established an effective reporting system to ensure a timely response.

#### **Liquidity Risk**

The liquidity risk is that ams OSRAM will be incapable of meeting its financial obligations when they come due. Debt financing undertaken in conjunction with the acquisition of OSRAM has increased the need for financing as well as expectations with respect to future strong financial performance. A long-term liquidity plan and business plan are helping to support the future financial success of the ams OSRAM Group. The company has sufficient liquid assets, as well as a substantial amount in approved long-term credit lines that have not been utilized. A financing structure that has been diversified in terms of financial instruments and maturity profile also provides a sufficient margin. Several financing agreements contain arrangements customary for the market, under which the ratio of net financing debt to adjusted EBITDA

(pursuant to the respective definition) must not exceed 4.0:1. The resulting risk of calls for early repayment or blocks on utilization of credit is intensively analyzed in the context of short and long-term business and financial planning.

#### **Interest-Rate Risk**

Interest-rate risks could arise for ams OSRAM primarily through increased financing costs due to a rise in interest rates, while falling interest rates lead to lower interest income from financial investments. This risk of changes in interest rates is countered by the fact that under liabilities, more than 95% of the financial liabilities have fixed interest rates. Under assets, risks of changes in interest rates exist primarily due to short-term time deposits, which are linked to the market interest rate. Having opposing items under assets and liabilities naturally reduces overall exposure.

#### **Foreign Currency Risk**

As a global company, we conduct our transactions in a number of different currencies. This results in risks caused by fluctuations in foreign currency exchange rates, both in our operational business as well as in financial reporting from currency conversion into the group reporting currency.

Based upon our corporate structure, these result primarily from fluctuations of the euro vis-à-vis the US dollar and can have a negative effect on our profit, equity, and cash flow. In order to hedge currency risks from our operational business and financial positions, we monitor all transaction risks and conversion risks. Depending upon the respective risk situation, we also use financial derivatives to hedge net risks from balance sheet items and risks from scheduled transactions.

#### **Credit Risk**

Credit risks arise when a customer or a counterparty to a financial instrument is incapable of fulfilling its payment obligations. Pursuant to our treasury and risk management policy, financial investments and transactions with derivative financial instruments are conducted only with financial institutions having a high level of creditworthiness, and are widely diversified. Individual credit limits for customers and financial institutions are issued based upon external and internal data and are continuously monitored. There was no disproportionate concentration of credit risks as of the balance sheet date.

## Legal and Compliance Risks

As a global company, the ams OSRAM Group with its subsidiaries is subject to a variety of legal and compliance risks. These include the risk of litigation and the risk of noncompliance with regulatory requirements. ams OSRAM may therefore be confronted with various court proceedings, claims, and official investigations. These could result in the company incurring costs, e.g., for damages, recalls, fines, or other financial detriments, as well as reputational damage.

We are subject to a variety of governmental regulations worldwide, e.g., anticorruption and anti-money laundering laws, as well as laws to ensure data protection, environmental protection, product safety, and labor conditions. Failure to comply with the relevant regulations may under certain circumstances result in significant fines and reputational risks. To prevent this to the extent possible and to anticipate future regulatory changes in a timely manner, we monitor global changes in the legal landscape through central departments that support the country-specific implementation of appropriate processes and controls. In order to avoid and, if necessary, to identify compliance-related events in a timely manner, ams OSRAM has established a comprehensive group-wide compliance management system.

Like us, many of our competitors, suppliers, and customers also protect their technology through patents or other proprietary rights. The enforcement of claims by other parties based upon an alleged infringement of proprietary rights could lead to significant costs in the form of court costs, damages, and/or license fees. Such claims could also hinder the business of ams

OSRAM. We reduce our risk by maintaining and, if necessary, enforcing a strong IP portfolio. We also monitor the external IP environment. If necessary, we also acquire licenses to ensure our freedom of action.

If economically practical, we also purchase insurance to cover a portion of the risks. Note 18 'Provisions' of the Notes to the Consolidated Financial Statements provides an overview of significant legal disputes.

### Overall estimate of risks

During the past fiscal year, the risk situation of the ams OSRAM Group continued to be subject to the effects of the COVID-19 pandemic, and was characterized by material shortages and supply bottlenecks. The risks associated with the overall business environment could have a serious effect on the business of ams OSRAM and could frequently require new operational actions as well as adjustments of its strategy. It remains to be seen how extensive and long-lasting the effects of the COVID-19 pandemic will be for our business.

Taking into account the respective probability of occurrence and the potential effects, the risks enumerated in this report do not endanger the continuity of the company's business, either individually or in their entirety. Given the balance sheet structure and the current business prospects, the Management Board does not expect any substantial threat to the going concern. This assessment is supported by our financing structure, see Note 19 'Interest-bearing Loans' of the Notes to the Consolidated Financial Statements.

## 9. Events After the Balance Sheet Date

The renaming of the highest-level Group company from ams AG to ams-OSRAM AG became effective when it was entered

in the commercial register on January 18, 2022.

## 10. Outlook

In the current year significant uncertainties continue related to the development of the global economy, private consumption and worldwide industrial production including automotive production. These uncertainties reflect the ongoing impact of the Covid-19 pandemic and a more volatile macro-economic environment with unclear effect on major economies and regions. ams OSRAM is therefore subject to potential continued end market volatility, customer performance that may be difficult to anticipate, and potential unforeseen changes in demand trends, supply chain performance and semiconductor industry dynamics. At the same time, ams OSRAM is confident about its market position and sees itself well placed to serve customer needs in important markets. This view is based on the expected introduction of new solutions for illumination, visualization and sensing applications, expected high volume shipments to a global customer base, and planned production ramps of various design-wins.

With effective control of OSRAM on the basis of the domination and profit and loss transfer agreement between the companies ams OSRAM will continue the integration of OSRAM in the current year on the basis of planned programs and activities. As a consequence, ams OSRAM expects to record further considerable expenses for 2022 from implementing integration-related measures based on current information.

Looking ahead, ams OSRAM expects the planned full integration of both companies to drive significant mid and longer-term business advantages and positive financial effects for the group. On the basis of a current assessment of semiconductor and end market dynamics and the global macro-economic environment ams OSRAM expects its business to show positive development overall in 2022. However, should global semiconductor demand and the macro-economic environment develop unfavorably in 2022 and/or the US-Dollar show notable weakness, ams OSRAM would experience a meaningful impact on the development of its business and earnings.

ams OSRAM pursues a global leadership position in optical solutions as its strategic focus which is supported by the continuing successful integration of OSRAM. For this growth strategy the mid-term priorities for ams OSRAM are expanding the group's business with key accounts globally and driving higher penetration of its worldwide markets and customer base. ams OSRAM will leverage its industry-leading portfolio of light emission, optics and sensing technologies to drive innovation in its focus areas and create customer-driven solutions for new applications. Enabled by these solutions, ams OSRAM expects to benefit from a diversified range of growth opportunities in the automotive, consumer, industrial and medical technology end markets.

## 11. Other Information

For information on equity, treasury shares, and equity investments, please refer to the notes to the consolidated financial statements.

Premstaetten, February 23, 2022

ams-OSRAM AG, Premstaetten



Alexander Everke  
Chairman of the  
Management Board  
CEO



Ingo Bank  
Member of the  
Management Board  
CFO



Thomas Stockmeier  
Member of the  
Management Board  
CTO



Mark Hamersma  
Member of the  
Management Board  
CBO

## Group Consolidated Statement of Income

for the fiscal year ending December 31, 2021, including prior period

in EUR million	Note	2021	2020
Revenues	Note 2	5,038	3,504
Cost of sales		-3,598	-2,469
<b>Gross profit</b>		<b>1,440</b>	<b>1,035</b>
Research and development expenses		-642	-423
Selling, general and administrative expenses		-745	-527
Other operating income	Note 3	228	73
Other operating expenses	Note 4	-51	-16
Result from investments accounted for using the equity method, net	Note 14	-33	-5
<b>Result from operations</b>		<b>197</b>	<b>138</b>
Financial income	Note 5	66	24
Financial expenses	Note 5	-264	-242
<b>Net financial result</b>		<b>-198</b>	<b>-217</b>
<b>Result before income taxes (continuing operations)</b>		<b>-1</b>	<b>-80</b>
Income taxes	Note 6	-31	-10
<b>Net result (continuing operations)</b>		<b>-32</b>	<b>-90</b>
Result from discontinued operations, net of tax		0	3
<b>Net result</b>		<b>-32</b>	<b>-87</b>
Attributable to:			
Non-controlling interests		-1	-75
Shareholders of ams-OSRAM AG		-31	-13
Basic earnings per share (in EUR)	Note 24	-0.12	-0.06
Diluted earnings per share (in EUR)	Note 24	-0.12	-0.14
Basic earnings per share (in EUR) (continuing operations)	Note 24	-0.12	-0.07
Diluted earnings per share (in EUR) (continuing operations)	Note 24	-0.12	-0.15

## Group Consolidated Statement of Comprehensive Income

for the fiscal year ending December 31, 2021, including prior period

in EUR million	Note	2021	2020
<b>Net result</b>		<b>-32</b>	<b>-87</b>
Remeasurements of defined benefit plans	Note 22	62	1
Fair value measurement of equity instruments (FVOCI)	Note 22	0	-79
<b>Items that will not be reclassified to profit or loss</b>		<b>63</b>	<b>-78</b>
Currency translation differences	Note 22	278	-220
Fair value measurement of debt instruments (FVOCI)	Note 22	-1	0
Derivative financial instruments for hedging purposes	Note 22	-21	7
<b>Items that may be reclassified subsequently to profit or loss</b>		<b>257</b>	<b>-213</b>
<b>Other comprehensive income (loss), net of tax</b>		<b>319</b>	<b>-291</b>
<b>Total comprehensive income (loss)</b>		<b>287</b>	<b>-377</b>
Attributable to:			
Non-controlling interests		1	-122
Shareholders of ams-OSRAM AG		286	-256

## Group Consolidated Balance Sheet

for the fiscal year ending December 31, 2021, including prior period

in EUR million		December 31,	December 31,
	Note	2021	2020
<b>ASSETS</b>			
Cash and cash equivalents	Note 7	1,331	1,597
Financial investments short-term		6	19
Trade receivables	Note 8	688	621
Inventories	Note 9	938	858
Other current receivables and assets	Note 10	185	169
Assets held for sale	Note 27	134	48
<b>Total current assets</b>		<b>3,282</b>	<b>3,312</b>
Property, plant, and equipment	Note 11	1,606	1,938
Intangible assets	Note 12	3,989	4,051
Right-of-Use assets	Note 13	260	289
Investments in associates	Note 14	34	75
Deferred tax assets	Note 15	182	165
Other non-current assets	Note 16	143	108
Financial investments long-term	Note 16	147	25
<b>Total non-current assets</b>		<b>6,362</b>	<b>6,652</b>
<b>Total assets</b>		<b>9,644</b>	<b>9,963</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Short-term interest-bearing loans and borrowings	Note 19	480	237
Trade payables		710	545
Income tax payable		85	104
Current provisions	Note 18	328	342
Other current liabilities	Note 17	1,359	1,696
Liabilities associated with assets held for sale	Note 27	40	127
<b>Total current liabilities</b>		<b>3,001</b>	<b>3,052</b>
Interest-bearing loans and borrowings	Note 19	2,646	3,066
Employee benefits	Note 21	181	218
Deferred tax liabilities	Note 15	205	227
Provisions	Note 18	48	44
Other liabilities	Note 17	413	328
<b>Total non-current liabilities</b>		<b>3,493</b>	<b>3,884</b>
<b>Equity</b>			
Issued capital		274	274
Additional paid-in capital		1,997	2,176
Treasury shares		-122	-127
Other components of equity		115	-161
Retained earnings		877	925
<b>Total equity attributable to shareholders of ams-OSRAM AG</b>		<b>3,142</b>	<b>3,088</b>
Non-controlling interests		8	-61
<b>Total equity</b>	Note 22	<b>3,150</b>	<b>3,027</b>
<b>Total liabilities and equity</b>		<b>9,644</b>	<b>9,963</b>

## Group Consolidated Statement of Cash Flows

for the fiscal year ending December 31, 2021, including prior period

in EUR million	Note	2021	2020
<b>Operating activities</b>			
Net result		-32	-87
Reconciliation between net result and cash flows from operating activities			
Result from discontinued operations, net of tax		0	-3
Amortization, depreciation, and impairment	Note 11, 12, 13	760	580
Expenses from stock option plans (acc. to IFRS 2)		42	67
Income taxes		31	10
Net financial result		198	218
(Gains) losses on sales and disposals of businesses, intangible assets, and property, plant, and equipment, net		-70	0
Result from sale of financial assets		3	0
(Gains) losses on associated companies	Note 14	7	5
Other non-cash (income) expenses		-96	3
Changes in current assets and current liabilities			
Changes in inventories		-134	61
Changes in trade receivables		-38	66
Changes in other current assets		-23	-15
Changes in trade payables		123	-130
Changes in short-term provisions		-20	28
Changes in other current liabilities		147	-39
Changes in other assets and other liabilities		-27	-44
Income taxes paid		-84	-16
Dividends received		0	0
Interest received		3	5
<b>Cash flows from operating activities (continuing operations)</b>		<b>792</b>	<b>709</b>
Cash flows from operating activities discontinued operations		0	-2
<b>Cash flows operating activities</b>		<b>792</b>	<b>707</b>
<b>Investing activities</b>			
Additions to intangible assets and property, plant, and equipment	Note 11, 12	-310	-177
Acquisition of subsidiaries, net of cash and cash equivalents acquired	Note 1 (e) (ii)	-524	-920
Purchases of investments*		-17	-442
Proceeds from sales of intangible assets and property, plant, and equipment		14	3
Proceeds from sales of businesses, net of cash and cash equivalents disposed	Note 27	277	41
<b>Cash flows from investing activities (continuing operations)</b>		<b>-560</b>	<b>-1,495</b>
Cash flows from investing activities discontinued operations		0	0
<b>Cash flows from investing activities</b>		<b>-560</b>	<b>-1,495</b>

\*In the previous year, EUR -68 million of the total amount had related to further purchases of OSRAM shares after the acquisition date. In fiscal year 2021, the purchases of OSRAM shares, amounting to EUR -452 million, were reported solely under acquisition of subsidiaries, net of cash and cash equivalents acquired.

## Group Consolidated Statement of Changes in Equity

for the fiscal year ending December 31, 2021, including prior period

in EUR million	Note	2021	2020
<b>Financing activities</b>			
Payments from capital increases from subsidiaries with non-controlling interest		13	4
Acquisition of treasury shares	Note 24	-1	-128
Sale of treasury shares	Note 24	6	141
Proceeds from issue of senior notes	Note 26	0	1,992
Proceeds from loans	Note 19	97	302
Repayment of loans	Note 19	-287	-1,768
Buyback of convertible bonds		-67	0
Repayment of lease liabilities	Note 26	-75	-38
Repayment of shareholder loan to Continental		-81	0
Interest paid		-137	-42
Transaction costs from loans and borrowing		0	-159
Dividends paid		-1	-2
Proceeds from capital increase	Note 22	0	1,649
<b>Cash flows from financing activities (continuing operations)</b>		<b>-534</b>	<b>1,951</b>
Cash flows from financing activities discontinued operations		0	0
<b>Cash flows from financing activities</b>		<b>-534</b>	<b>1,951</b>
Change in cash and cash equivalents		-269	1,108
Effects of changes in foreign exchange rates on cash and cash equivalents		33	-55
Cash and cash equivalents at the beginning of the period		1,609	500
<b>Cash and cash equivalents at the end of the period</b>		<b>1,339</b>	<b>1,609</b>
Deducted by cash and cash equivalents for discontinued operation and assets held for sale at end of period		8	12
<b>Cash and cash equivalents at the end of the period (continuing operations)</b>		<b>1,331</b>	<b>1,597</b>

in EUR million	Issued capital	Additional paid-in capital	Treasury Shares	Other components of equity	Retained earnings	Total equity attributable to shareholders of OSRAM AG	Non-controlling interests	Total Equity
<b>Balance as of January 1, 2020</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		-13	-13	-75	-87
Other comprehensive income (loss), net of tax	0	0	0	-171	-73	-244	-46	-290
<b>Total comprehensive income (loss)</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		57				57	0	57
Optionright convertible bond		151				151	0	151
Capital increase	190	1,395				1,584	0	1,584
Purchase of treasury shares			-128			-128	0	-128
Sale of treasury shares		6	135			141	0	141
Initial consolidation of non-controlling interests						0	1,232	1,232
Acquisition of non-controlling interests						0	-68	-68
Non-controlling interests - Put option	0	-152	0	0	0	-152	-1,104	-1,256
Balance as of December 31, 2020	274	2,176	-127	-161	925	3,088	-61	3,027
Net result					-31	-31	-1	-32
Other comprehensive income (loss), net of tax				276	41	317	2	319
<b>Total comprehensive income (loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>276</b>	<b>9</b>	<b>286</b>	<b>1</b>	<b>287</b>
Share based payments (Note 4)		41			0	41		41
Dividends paid					0	0	-1	-1
Sale of treasury shares			4		0	4		4
Acquisition of non-controlling interests		-58			0	-58		-58
Non-controlling interests - annual compensation (Note 1. (e) (ii))		-162				-162		-162
Changes due to portfolio transactions (Note 27)					-57	-57	57	0
Other Changes					-1	-1	13	11
<b>Balance as of December 31, 2021</b>	<b>274</b>	<b>1,997</b>	<b>-122</b>	<b>115</b>	<b>877</b>	<b>3,142</b>	<b>8</b>	<b>3,150</b>

# Notes to the Consolidated Financial Statements

## 1. Significant Accounting Policies

### (a) Reporting Entity

ams-OSRAM AG<sup>1</sup> ('the Company') is a stock corporation under Austrian law and is headquartered in 8141 Premstaetten, Austria. The Company is a worldwide leader in the design, manufacture, and sale of high-performance LED solutions for automotive and industrial applications and of optical sensor solutions for the consumer, automotive, industrial, and medical technology end markets. As a result, the Company is a leading provider of optical technologies and solutions for sensors, lighting, and visualization. These technologies and solutions may also contain relevant packaging and software. The IFRS consolidated financial statements as of December 31, 2021 encompass the highest-level parent company ams-OSRAM AG and its subsidiaries (together referred to as 'ams OSRAM Group', 'the Group', or 'ams OSRAM').

### (b) Statement of Compliance

The consolidated financial statements were prepared in accordance with all International Financial Reporting Standards of the International Accounting Standards Board (IASB) and related interpretations of the International Financial Reporting Interpretations Committee that were required

The Management Board completed the IFRS consolidated financial statements as of December 31, 2021 on February 23, 2022 and released them to the Supervisory Board for adoption.

Despite the ongoing effects of the COVID-19 pandemic on the global economy in 2021, the Group performed well. In particular, this was thanks to robust demand in the semiconductor market and the recovery of the automotive market. In addition, the Group implemented a crisis management plan to ensure the continued operation of all business units with the aim of securing future business potential. The going concern principle is therefore satisfied, and the consolidated financial statements have been prepared on this basis.

to be applied in 2021. Furthermore, these financial statements comply with all applicable International Financial Reporting Standards for fiscal year 2021, as adopted by the European Union, and the additional requirements pursuant to § 245a of the Austrian Commercial Code (UGB).

### (c) Changes to Material Accounting Policies

The standards and interpretations issued by the IASB that were required to be applied for the first time in 2021 (Interest-Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) did not require any adjustment to the

accounting policies applied and therefore have no impact on these financial statements. We do not expect the amendments and interpretations already introduced to have any material impact on future financial statements.

### (d) Basis of Presentation

The consolidated financial statements have been prepared in millions of euros (EUR million), rounded to the nearest million. The use of automated calculation systems may give rise to rounding differences in the totals of rounded amounts and percentages. All individual assets are measured on the basis of historical cost with the exception of the following material line items:

- Certain financial assets and financial liabilities: fair value
- Derivative financial instruments: fair value
- Employee benefits: present value of the defined benefit obligation
- Stock option plans (share-based payments): fair value
- Non-current provisions: present value of expected future cash outflows

The ams OSRAM Group has adjusted the prior-year figures on the consolidated balance sheet and reclassified strategic equity investments of EUR 8 million from investments in associates to financial

investments. It also reclassified other non-current assets of EUR 20 million from financial investments to non-current assets in order to facilitate analysis and present the information in a more readily comprehensible manner.

The ams OSRAM Group also adjusted the presentation of the consolidated statement of cash flows as of December 31, 2021 (including the comparative periods for the previous year), primarily with regard to the following points, as we believe this provides a better understanding of our financial position. The presentation of cash flows from operating activities now starts with the net result instead of the result before income taxes. Under the change in current assets and liabilities, additional current asset items are shown separately in order to present the inflows and outflows more clearly. Furthermore, interest received is now shown under cash flows from operating activities instead of under cash flows from investing activities.

<sup>1</sup> ams AG has operated under the name ams-OSRAM AG since January 18, 2022; see note 34. Events After the Balance Sheet Date.

## (e) Basis of Consolidation

### (i) Subsidiaries

Subsidiaries are all companies that are under the control of ams-OSRAM AG. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement in a company and has the ability to use its power over the company to affect those returns. The financial information of subsidiaries is included in full in the consolidated financial statements from the date that control commences until it ends.

Comments on the local financial statements of subsidiaries: A local audit of OSRAM Ltd., Reading, UK, was not carried out. The shareholder agreed to this exemption in accordance with section 479A of the UK Companies Act 2006. The exemptions pursuant to §264 (3) of the German Commercial Code (HGB) were exercised for the following German companies for the periods indicated below. The period October 1, 2021 to December 31, 2021 constituted a short fiscal year for some companies.

Company	Period October 1, 2021 to December 31, 2021	Period October 1, 2020 to September 30, 2021	Period January 1, 2021 to December 31, 2021	Period January 1, 2020 to December 31, 2020
ams Sensors Germany GmbH			Yes	Yes
ams Offer GmbH			Yes	
OSRAM GmbH	Yes	Yes		
OSRAM Beteiligungen GmbH	Yes	Yes		
OSRAM Beteiligungsverwaltung GmbH	Yes	Yes		
ams-OSRAM International GmbH <sup>2</sup>	Yes	Yes		
OSRAM SL GmbH	Yes	Yes		
OSRAM SBT GmbH	Yes	Yes		
OSRAM OLED GmbH	Yes	Yes		
Fluxunit GmbH	Yes	Yes		

### (ii) Business Combinations

The Group uses the acquisition method to recognize business combinations at the time that it obtains control. The consideration transferred upon acquisition and the net assets acquired are generally measured at fair value. If the fair value of the consideration transferred exceeds the fair value of the net assets acquired, the difference is

recognized as goodwill. If the fair value of the net assets acquired is higher than the fair value of the consideration transferred, the relevant figures are reviewed and the difference recognized as income. Acquisition-related costs are expensed immediately. Contingent consideration is measured at fair value. Adjustments in subsequent periods are recognized in profit or loss.

### Acquisition of OSRAM

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

The acquisition was carried out by purchasing shares in several stages. In 2019, just under 20% of the shares were acquired on the stock market in an amount of around EUR 777 million. In 2020, further shares were purchased in the following transactions:

- Purchase of around 5% of the shares on the stock market in an amount of EUR 180 million
- Purchase of around 5% of the shares from an individual investor in an amount of EUR 191 million
- Purchase of around 39% of the shares as part of the 2019 takeover offer in an amount of EUR 1,514 million

Until the date on which control was acquired, these shares were measured at fair value, with any changes in fair value being recognized in other comprehensive income.

As of December 31, 2021, ams-OSRAM AG held around 80% of the shares in OSRAM. In 2021, a further 2% of the shares were acquired on the stock market in an amount of EUR 89 million and a further 7% as part of the delisting offer in an amount of EUR 363 million. The delisting offer was published on May 21, 2021 and ended on June 18, 2021. The offered price of EUR 52.30 was accepted in respect of 6,935,319 shares and settled on June 30, 2021.

A domination and profit and loss transfer agreement was entered into by OSRAM and ams Offer GmbH ('ams') on September

22, 2020, amended on November 2, 2020, approved by the Extraordinary General Meeting of OSRAM Licht AG on November 3, 2020, and entered in the commercial register on March 3, 2021. On the basis of this agreement, there is a time-limited obligation to acquire the OSRAM shares of any outside OSRAM shareholder, upon request by such shareholder, in return for a cash settlement of EUR 45.54 per OSRAM share (plus interest of 5 percentage points above the applicable benchmark figure, as approved by the OSRAM Extraordinary General Meeting on November 3, 2020). The shares held by these shareholders are therefore recognized in other liabilities rather than in non-controlling interests. In addition, the non-controlling shareholders – provided they have not exercised their right to sell the shares – will be granted a guaranteed compensation payment of EUR 2.57 (gross) or EUR 2.24 (net) per year from fiscal year 2021 (reduced pro rata in short fiscal years).

In principle, the obligation to acquire OSRAM shares ends two months after the day on which the entry in the commercial register of the existence of the domination and profit and loss transfer agreement was announced (see note 17. Other Liabilities). Owing to legal objections relating to the domination and profit and loss transfer agreement brought by 71 non-controlling shareholders up to the end of July 2021, ams OSRAM has an obligation to acquire OSRAM shares at the specified price and to pay the guaranteed annual compensation payment until the proceedings have ended. Experience shows that such proceedings last four to five years. A liability in respect of the annual compensation payment has therefore been recognized through equity and is included in other liabilities (see note 17. Other Liabilities) in an amount of EUR 165 million.

<sup>2</sup> OSRAM Opto Semiconductors GmbH has operated under the name ams-OSRAM International GmbH since February 10, 2022.

The following table provides an overview of the assets acquired and liabilities assumed and of the purchase price allocation, which was finalized within a one-year adjustment

period, (affecting goodwill, customer relationships, property, plant, and equipment, and deferred taxes) as of the date on which control was obtained (July 9, 2020):

In EUR million	July, 2020
Cash and cash equivalents	614
Trade receivables	360
Inventories	757
Financial investments	35
Investments in associates	42
Other assets	194
Deferred tax assets	184
Right-of-Use Assets	199
Property, plant, and equipment	1,016
Intangible assets	3,143
Customer base	295
Trademarks	252
Technology	150
Goodwill	2,446
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	173
<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 synergies expected from the merger with ams. Customer relationships mainly comprise the sales network and market knowledge. Trademarks mainly relate to the OSRAM brand. Technology reflects the value of existing technology and technology under development of the acquiree.

The provisional purchase price allocation from fiscal year 2020 was reviewed and adjusted during the one-year adjustment period. This resulted in an increase of EUR 105 million for goodwill, an increase of EUR 7 million for customer relationships, an increase of EUR 17 million for deferred tax assets, a reduction of EUR 127 million for property, plant, and equipment, and a reduction of EUR 2 million for deferred tax liabilities.

The following measurement methods were used to determine the fair value of the

assets acquired and liabilities assumed in the context of business combinations:

Assets acquired	Measurement method
Property, Plant, and Equipment	Market comparison method and cost method – The measurement model looks at fair values for similar assets where available and, if applicable, at depreciated replacement cost. Depreciated replacement cost reflects adjustments for physical deterioration as well as for functional and economic obsolescence.
Trademarks and technology	Relief from royalty (RFR) – Under this method, free cash flow is estimated on the basis of a royalty rate. This equates to the amount that a licensee would have had to pay to the owner of an intangible asset to be able to use it or would have saved if it had owned the intangible asset. The royalty rate is expressed as a percentage of revenue.
Customer relationships	Multi-period excess earnings (MEEM) – Measurement based on residual profit. A margin is applied to the revenue generated by the relevant customer relationship in order to calculate the notional profit. From this, the contributory asset charge rate (supporting assets to which no direct revenue or cash flow can be allocated) is deducted in order to calculate the free cash flow that is relevant to measurement. This forms the basis for measurement.
Other assets and investments in associates	Discounted cash flow method (WACC approach) – The fair value of the equity investment in the associate LeddarTech Inc. was determined by discounting the projected free cash flows using the weighted average cost of capital.
Goodwill	Full goodwill method – The non-controlling interest is measured at fair value in accordance with IFRS 3.
Deferred Taxes	Deferred taxes were calculated in accordance with IAS 12, taking the tax regimes in the relevant jurisdictions into consideration along with the ams accounting policies derived from these regimes.

### (iii) Transactions Eliminated upon Consolidation

Intra-group balances and transactions, and any unrealized intra-group profit from intra-group transactions, are eliminated when the consolidated financial statements are prepared.

### (iv) Loss of Control

If the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary and any related non-controlling interests or 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.

Transactions involving the loss of control in entities or business operations in fiscal year 2021 are disclosed in note 27. Disposals of Business Activities and Property, Plant, and Equipment; Assets and Liabilities Classified as Held for Sale.

### (v) Investments in Associates

Equity investments are accounted for using the equity method if the Company has a significant influence over the investee (associate) but does not have control or joint control.

Under the equity method, investments in associates are initially recognized at cost, including transaction costs. Subsequent to initial recognition, the Group's share of the

profit or loss of associates is included in the consolidated financial statements until it ceases to have significant influence. An impairment loss is recognized if there are objective indications of impairment and

## (f) Foreign Currency

### (i) Foreign Currency Transactions

Transactions in foreign currencies are translated at the average exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies as of the balance sheet date are translated at the exchange rate of the European Central Bank (ECB) applicable on that date. Gains and losses arising on the translation of foreign currencies are recognized in profit or loss.

### (ii) Foreign Operations

The functional currency of the parent company is the euro (EUR). The functional currency of the subsidiaries is the relevant national currency or the US dollar (USD). The assets and liabilities of subsidiaries located outside the eurozone, including any goodwill arising upon acquisition, are translated at the average exchange rate on the balance sheet date; income and

## (g) Property, Plant, and Equipment

### (i) Recognition and Measurement

Property, plant, and equipment is measured at cost less accumulated depreciation and impairment losses and net of government grants. The cost of internally generated property, plant, and equipment includes the cost of materials, direct labor, the directly attributable proportion of production overheads, and borrowing costs for qualifying assets.

the recoverable amount of the investment is lower than the carrying amount. Impairment losses are recognized in profit or loss. If the recoverable amount subsequently improves, the impairment loss is reversed.

expenses are translated into euros at the average rate for the fiscal year. Translation differences are recognized in other comprehensive income under equity. In the event of loss of control, the cumulative amount for currency translation recognized up to this point is reclassified to profit or loss.

### (iii) Net Investment in a Foreign Operation

If the repayment of receivables from, or liabilities to, a foreign subsidiary is neither planned nor likely to occur in the foreseeable future, the resulting foreign currency gains and losses are recognized in other comprehensive income under equity.

In the event of loss of control, the relevant cumulative amount for currency translation recognized up to this point is reclassified to profit or loss.

### (ii) Depreciation

Depreciation of property, plant, and equipment is recognized in profit or loss on a straight-line basis over the estimated useful life of the assets. Land is not depreciated. If the cost of certain components of an item of property, plant, and equipment is significant in relation to the total cost of the item, these components are accounted for and depreciated separately. Residual values and useful lives are reviewed annually and, if expectations differ from previous estimates, adjusted accordingly.

Carrying amounts are based on the following useful lives:

Buildings	10 – 50 years
Technical machinery and equipment	2 – 15 years
Other non-current assets	3 – 10 years

Due to application of the cost-of-sales method, depreciation charges are included in all operating expense items.

### (iii) Asset Restoration Obligation

For some rented buildings, there is an obligation to return the building to the lessor in a certain condition at the end of the lease term (asset restoration obligation). The projected costs of such restoration are

## (h) Intangible Assets

### (i) Intangible Assets Acquired by the Group

Intangible assets acquired by the Group are measured at cost less amortization and impairment losses. The goodwill and trademarks arising in connection with business combinations is measured at cost less accumulated impairment losses.

### (ii) Amortization

Amortization of intangible assets – with the exception of assets with an indefinite useful life and goodwill – is recognized in profit or loss on a straight-line basis over the estimated useful life of the assets. The following useful lives are assumed:

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

recognized as part of the cost of property, plant, and equipment and as a provision for the asset restoration obligation.

The provision for the asset restoration obligation 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 unwinding of the discount on the provision due to the passage of time is recognized as a financial expense. Changes in the estimated expenditure result in an adjustment of the amount recognized as part of the cost.

Due to application of the cost-of-sales method, amortization charges are included in all operating expense items. All intangible assets – with the exception of non-amortizable intangible assets, such as goodwill and trademarks – have a finite useful life.

### (iii) Research and Development

Expenditure on research activities carried out with the expectation of gaining new scientific or technical knowledge is expensed as incurred under research and development expenses.

Development expenditure is capitalized only if the development expenses can be measured reliably, the product or process has a high degree of technical and commercial feasibility, 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 development expenditure is recognized in profit or loss as incurred. Capitalized development expenditure is measured at cost less accumulated amortization

### (i) Assets under Leases/Rental Agreements

Individual Group companies are parties to leases/rental agreements for land and buildings, technical equipment, and vehicles. When the Group enters into a rental agreement or lease, it recognizes a lease liability and, at the same time, a right-of-use asset for the leased asset. The lease liability corresponds to the present value of the future lease payments for the term of the lease, taking into account the exercise of extension and cancellation options. The discount rate applied is determined on the commencement date, taking into account the risks specific to the asset, the Group's incremental borrowing rates, and the lease term.

### (j) Impairment of Non-Financial Assets

At each balance sheet date, non-financial assets – including right-of-use assets 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 acquisition.

If there is any indication of impairment, we determine the expected recoverable amount of the asset or cash-generating unit. The recoverable amount of intangible assets that are not yet available for use,

and accumulated impairment losses. In fiscal year 2021, development expenses of EUR 55 million (2020: EUR 48 million) were recognized as an addition to intangible assets.

On the commencement date, the right-of-use asset is measured in the amount of the lease liability, adjusted for deferred lease payments. The right-of-use asset is subsequently depreciated over the expected term of the lease. The payment of the lease installments is divided into a reduction of the lease liability and an interest portion recognized under financial expenses.

The Group uses exemptions for short-term leases (lease term of less than one year) and for low-value leased assets (value of less than USD 5,000 or EUR 4,500).

intangible assets with indefinite useful lives, and goodwill 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. If either of these amounts exceeds the carrying amount, it is not necessary to determine both amounts. These values are generally determined using the discounted cash flow method. In this process, the projected cash flows from 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 and, in justified exceptional cases, more detailed planning. Cash flows beyond the planning period are extrapolated using individual growth rates. Important assumptions for the determination of present values include future growth rates and the weighted average cost of capital. These assumptions take into account inflation and market growth expectations as well as

### (k) Financial Instruments

#### (i) Recognition and Initial Measurement

Trade receivables and bonds issued are recognized from the date on which they arise. Purchases and sales of financial assets, including derivative financial instruments, are initially recognized on the settlement/value date.

Financial assets and financial liabilities are measured at fair value upon initial recognition. In the case of items not measured at FVTPL, transactions costs that are directly attributable to the purchase or issuance are added or deducted.

#### (ii) Classification and Subsequent Measurement

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

- At amortized cost
- FVOCI debt instruments (investments in debt instruments measured at fair value, with changes recognized in other comprehensive income)
- FVOCI equity instruments (equity investments measured at fair value, with changes recognized in other comprehensive income)

macroeconomic data and industry-specific trends.

#### (ii) Subsequent Reversal of an Impairment Loss

Impairment losses on assets may subsequently be reversed if the recoverable amount increases again. An impairment loss on goodwill is not reversed. Impairment losses are reversed only to the original carrying amount of the asset or cash-generating unit, adjusted for depreciation or amortization.

- FVTPL equity instruments (measured at fair value, with changes recognized in profit or loss)

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

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 in order to collect the contractual cash flows
- The contractual terms of the financial asset give rise to cash flows on specified dates that represent only repayments of principal and interest payments on the principal amount outstanding

A debt instrument is measured at FVOCI if both of the following conditions are met:

- It is held as part of a business model whose objective is to both hold financial assets in order to collect the contractual cash flows and sell financial assets
- Its contractual terms give rise to cash flows on specified dates that represent only repayments of principal and interest payments on the principal amount outstanding

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 Group's classification of an equity instrument as FVTPL or FVOCI is based on an individual assessment of the individual transaction. FVOCI is generally chosen for transactions of particular strategic significance.

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

For the financial assets allocated to the individual classes, the following rules apply to subsequent measurement and to the recognition of gains and losses:

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

Financial liabilities are classified and measured at amortized cost or at fair value through profit or loss (FVTPL). The financial liabilities in the FVTPL category are exclusively derivatives. Any resulting net gains or losses, including interest expenses, are recognized in profit or loss. All other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign currency translation differences are recognized

in profit or loss. Gains or losses arising on derecognition are also recognized in profit or loss.

### (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 in which all material risks and rewards incidental

to ownership of the financial asset are also transferred. A financial asset is also derecognized if the Group neither transfers nor retains all material risks and rewards incidental to ownership and does not retain control over the transferred asset.

The Group derecognizes a financial liability if the contractual obligations have been met, have been cancelled, or have expired. The Group also derecognizes a financial liability if its contractual terms 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 at fair value based on the adjusted conditions. When derecognizing a financial liability, the Group recognizes the difference between the carrying amount of the repaid liability and the consideration paid in profit or loss.

### (iv) Loss Allowances for Financial Assets

The Group recognizes loss allowances for expected credit losses (ECL) in respect of the following financial assets:

- Financial assets measured at amortized cost
- Debt instruments measured at FVOCI

The amount of the loss allowance is equal to the credit losses expected over the remaining term of the financial asset, with the exception of the following assets, for which the loss allowances are measured using the twelve-month expected credit losses:

- Bonds with a low default risk as of the balance sheet date
- Other bonds and bank deposits, where the default risk has not significantly increased since initial recognition

Loss allowances for trade receivables are always measured at the lifetime 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 previously traded on an active market is no longer traded on an active market, it is probable that insolvency and restructuring proceedings will be initiated against the debtor, 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 initiated against the debtor or if there are other significant reductions in the debtor's ability to pay.

The expected credit losses are generally measured in the amount of the present value of the probability-weighted estimates of defaults, discounted using the effective interest rate of the financial asset. Expected credit losses in respect of loans and advances to banks and cash and cash equivalents are measured with reference to publicly available credit ratings. Expected credit losses in respect of trade receivables are measured using an impairment matrix based on empirical values.

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.

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

The Group used derivative financial instruments in the fiscal year in order to reduce financial risks from foreign currency items and from operational financing and investing activities. In addition, the conversion options for the convertible bonds issued in U.S. dollars – such options not being classified as equity – and the right to repay funding ahead of schedule constitute a derivative financial instrument.

Derivatives are measured at fair value upon initial recognition and subsequently. Any resulting changes are generally recognized in profit or loss as part of the net financial result.

If they meet certain criteria qualifying them as a hedging instrument, derivative financial instruments are included in hedge accounting. The Group 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 the consolidated statement of income. Amounts accumulated in equity are reclassified to the consolidated statement of income in the same period in which the relevant hedged items are recognized in the consolidated statement of income or if the underlying hedged item is no longer expected to materialize.

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.

### (m) Inventories

Raw materials and supplies are recognized at the lower of cost on the basis of average values or the FIFO method and the net realizable value (for certain inventories, this is measured at the replacement price). Work in progress and finished goods are measured at the lower of cost and 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 expenses still to be incurred.

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, cost comprises the direct cost of materials and production, the directly attributable proportion of material and production overheads, and production-related depreciation. Fixed cost items are allocated on the basis of the average capacity utilization of the production facilities.

### (n) Equity

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

Costs that are directly attributable to the issue or repurchase of shares are deducted directly from equity, taking tax effects into account. When shares are repurchased, the amount paid, including the directly attributable transaction costs, are deducted from equity as treasury shares. If treasury shares are later sold or reissued, the proceeds – including any difference in relation to the carrying amount – are recognized directly in equity.

In the case of investments over which ams OSRAM Group has control but does not own 100% of the shares, non-controlling interests are presented separately on the consolidated balance sheet within equity. This does not apply to non-controlling interests where ams OSRAM has an obligation

to purchase the shares at a specified price. This is currently the case for the shares in OSRAM Licht AG not held by ams OSRAM (see note 1. (e) (ii) Business Combinations). Changes in the parent company's ownership interest in a subsidiary that do not result in a loss of control are equity transactions. Any difference between the change in the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity (additional paid-in capital).

If the conversion options of issued convertible bonds meet the requirements of a financial instrument with characteristics of equity, they are recognized as part of additional paid-in capital. The amount recognized corresponds to the fair value of the conversion option at the time of issue of the convertible bond.

### (o) Assets Classified as Held for Sale

Non-current assets, or disposal groups containing assets and liabilities, are classified as held for sale if it is highly likely that their carrying amount will be recovered principally through their sale or distribution rather than through continuing use. These assets or disposal groups are measured at the lower of their carrying amount and their fair value less costs of disposal. Impairment losses recognized when they are first

classified as held for sale are recognized in profit or loss, as are any subsequent reversals of the impairment losses. As soon as they are classified as held for sale, intangible assets are no longer amortized, property, plant, and equipment is no longer depreciated, and investments in associates are no longer accounted for using the equity method

## (p) Employee Benefits

### (i) Defined Benefit Plans

Obligations under defined benefit plans are measured by a qualified actuary at every balance sheet date using the projected unit credit method. If the benefit entitlements are not covered by external assets (plan assets), the present value of the defined benefit obligation (DBO) is recognized in employee benefits. If the benefit entitlements are covered by plan assets, the fair value of the plan assets is netted with the DBO. Taking into account any restrictions resulting from an asset ceiling, a net defined benefit liability is recognized in employee benefits and a net defined benefit asset is recognized in other non-current assets (see note 16. Other Non-Current Assets and Financial Investments).

The Group determines the net interest expenses on the net defined benefit liability by applying the discount rate that was specified at the start of the annual reporting period for the measurement of the defined benefit obligation. These net interest expenses and the increase in the entitlement during the reporting period (service cost), which is also determined at the start of the reporting period, are recognized in profit or loss. This also applies to any gain or loss resulting from changes to benefits or from plan curtailment or settlement.

Remeasurements of the net defined benefit liability are recognized in other comprehensive income. Remeasurement comprises actuarial gains and losses, the return on plan assets (excluding interest), and the effects of any asset ceiling (excluding interest).

The discount rate assumptions 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, market yields on government bonds are used. The assumptions regarding discounting, salary increases, and employee turnover that are used to calculate the benefit entitlements vary from country to country depending on its economic situation. Life expectancy is calculated according to country-specific mortality tables. Remeasurements of the net 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.

### (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 obligation to provide further benefits to employees. Payments for defined contribution amounts are recognized as an expense in profit or loss.

### (iii) Other Long-term Employee Benefits

Employees in Austria (under collective agreements) and in Germany (under company agreements) are eligible for long-service bonuses. These bonuses vary between one and three monthly salaries, depending on how long the employee has worked for the Company. The amount recognized as a liability for this remuneration is measured using the projected unit credit method. Actuarial assumptions are identical to those applied to defined benefit plans. Actuarial gains and losses are recognized in profit or loss.

### (iv) Stock Option Plans

ams OSRAM has introduced several stock option plans for employees and executives, under which a defined number of options to purchase ams OSRAM shares are issued to the employees and executives, subject to the specified terms and conditions being met.

The options granted are measured at fair value at the grant date. The determined value of the options is expensed over the vesting period until the options become vested. The amount recognized as an expense is adjusted if expectations regarding the settlement of service conditions and independent performance conditions change in such a way that the amount ultimately recognized as an expense is based on those options that satisfy the relevant service

## (q) Provisions

A provision is recognized on the balance sheet when ams OSRAM 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 recognized at the discounted present value of the projected cash flows using a pre-tax discount 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 customer asserts a warranty claim. 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 expe-

conditions and independent performance conditions at the end of the vesting period. The fair value of option plans based on market conditions is determined on the grant date, taking these conditions into account; adjustments to reflect differences between expected and actual results are not recognized.

The options are measured on the basis of option pricing models. The interpretation of the market information needed to determine fair values requires senior management to make judgments. Expected volatility was extrapolated from historical prices for ams OSRAM shares (source: Bloomberg). This can result in a difference between the disclosed values and the values subsequently realized on the market.

rience, that warranty 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 the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. To determine the cost of meeting its obligations under the contract, the Company applies the costs incurred in connection with the contract and the directly attributable costs of fulfilling the contract.

### (iii) Restructuring

Provisions for restructuring measures are recognized when a detailed, formal restructuring plan has been prepared and communicated to the affected parties. Termination benefits are recognized as an expense and

a liability when the Company has demonstrably committed itself to providing them, whether as part of restructuring measures

or because a valid expectation has otherwise been created.

#### (r) Trade Payables and Other Liabilities

Trade payables and other liabilities are recognized at amortized cost.

#### (s) Revenue from Contracts with Customers

ams OSRAM generates most of its revenue 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), revenue is recognized when the customers obtain control over these products. This is generally when the risks and rewards are transferred to the customers in accordance with the applicable terms of delivery (Incoterms). The transaction price for revenue includes both fixed and variable price components. ams OSRAM 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 one specific customer and therefore have no alternative use for ams OSRAM, the products are generally manufactured on the basis of advance information and orders from the customer, often based on existing framework agreements. In this

context, control passes to the customer if an unconditional order exists and ams OSRAM is entitled to compensation for the costs incurred, including an appropriate margin, in the event that the customer withdraws from the contract. In this case, revenue is recognized in accordance with the stage of completion from when this circumstance exists. In accordance with the contractual agreements, invoices are generally issued upon delivery of the products. ams OSRAM issues partial invoices in the event of lengthy production periods. Work already performed under a contract with a 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 products and the fact that binding orders are often placed by customers at relatively short notice, there were no material circumstances as of January 1 and December 31, 2021 where revenue would have had to be recognized before the invoice or partial invoice was issued.

#### (t) Government Grants

Government grants are recognized when there is a high level of assurance that the conditions attached to the grants will be complied with and that the grants will actually be received. Grants for the purchase or production of non-current assets

are generally recognized as a reduction of the cost of the assets concerned and reduce future depreciation and amortization. Grants related to expenses, such as COVID-19 grants under short-time work schemes, are recognized in profit or loss

in the corresponding expense item as the subsidized expenses are incurred. Grants relating to both expense items and the purchase or production of non-current 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.

#### (u) Net Financial Result

The net financial result includes payments for interest on loans, interest expenses from leases, interest income on investments and dividends, exchange-rate gains and losses, gains and losses on derivative financial instruments, and gains/losses arising from adjustments to contingent consideration liabilities.

Interest income is recognized in profit or loss as it accrues, taking into account the asset's effective interest. Dividend income is recognized in profit or loss on the date on which the dividend is decided upon.

All interest expenses and other expenses in connection with loans are recognized in profit or loss using the effective interest method. The interest expense portion of lease liabilities is recognized in the net financial result, also using the effective interest method.

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

#### (v) Income Taxes

The income tax expense comprises current and deferred taxes. It is recognized in profit or loss, with the exception of income tax on transactions recognized in other comprehensive income and income tax that relates to acquisitions or equity transactions.

##### (i) Current Taxes

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

consolidated financial statements and the amounts used for tax purposes, and for loss carryforwards in existence as of the balance sheet date. Deferred tax assets and liabilities for temporary differences relating to investments in subsidiaries are recognized only if it is probable that these differences will reverse in the foreseeable future. The amount of deferred taxes recognized is based on the expected realization or settlement of the carrying amounts of the assets and liabilities as of the balance sheet date.

##### (ii) Deferred Taxes

Deferred taxes are determined using the balance sheet liability method for all temporary differences between the carrying amounts of assets and liabilities in the IFRS

Deferred taxes are measured at the currently applicable tax rates. If different tax rates have already been defined for future periods, these new tax rates are used. The new tax rates set in Austria (23% for 2023 and 23% from 2024) were only defined in

January 2022 and have therefore not yet been applied. ams OSRAM does not expect the changes to these tax rates to have a material impact on the IFRS consolidated financial statements.

A deferred tax asset is recognized only when it is probable, based on current tax planning, that future taxable profits will be available within a foreseeable period that can be used against the as-yet unused tax losses and as-yet unused tax credits. Deferred taxes are offset if they apply to the same taxable entity.

## 2. Segment Reporting and Revenue

Segment information is presented on the basis of the internal reporting structure for the segments 'Semiconductors' and 'Lamps & Systems' and determined in accordance with the IFRS accounting policies.

The internal reporting structure, and thus the segment information, was restructured in 2021 due to the merger of the activities of ams and OSRAM.

The Semiconductors segment comprises the historical business of ams and the historical business of OSRAM Opto Semiconductors (OS). It focuses on semiconductor-based products and solutions (including

### (iii) Tax Risks

Future changes in tax laws and regulations, as well as their interpretation, and other changes in tax systems could materially affect our existing tax assets and liabilities, as well as our deferred tax assets and liabilities, and thus result in a higher expense for direct and indirect taxes, and in higher tax payments. In addition, uncertainty in the tax environment of some regions could limit our ability to enforce our rights. If the aforementioned information is available as of the balance sheet date, a provision is recognized for this tax risk if necessary.

LEDs) for the automotive, consumer, industrial, and medical technology markets. The Lamps & Systems segment comprises the historical business of OSRAM Automotive (AM) and OSRAM Digital (DI). It includes lamps and lighting systems, with a focus on the automotive and industrial end markets. The comparative prior-year figures have been adjusted to reflect the new structure.

The segment indicator result from operations comprises gross profit, research and development expenses, administrative and selling expenses, other operating income and expenses, and the result from investments in associates.

### Business Segments

for the fiscal year ending December 31, 2021, including prior period

in EUR million	Semiconductors		Lamps & Systems		Total	
	2021	2020	2021	2020	2021	2020
Consolidated revenues	3,279	2,605	1,760	900	5,038	3,504
Research and development	519	342	123	81	642	423
Depreciation, Amortization and Impairment	675	468	85	112	760	580
Result from operations	65	275	132	-137	197	138

### Revenue by Primary Geographical Segment

for the fiscal year ending December 31, 2021, including prior period

The presentation of the geographical regions is broken down into the following three regions: EMEA (Europe, Middle East, and Africa), Americas (North and South

America), and Asia-Pacific. Revenue is allocated to these regions on the basis of the geographical location of the customer (billing address).

in EUR million	Semiconductors		Lamps & Systems		Total	
	2021	2020	2021	2020	2021	2020
EMEA	751	460	663	306	1,413	765
Americas	288	137	675	384	962	521
Asia / Pacific	2,241	2,008	422	210	2,663	2,218
Total	3,279	2,605	1,760	900	5,038	3,504

### Segment Assets

for the fiscal year ending December 31, 2021, including prior period

Segment assets include only those assets that are directly attributable to the segment, such as segment-specific property, plant, and equipment, non-tangible assets, and right-of-use assets under leases.

With regard to the figures reported as of December 31, 2020 in the 2020 annual report, the purchase price allocation for

non-current assets from the acquisition of former companies had not yet been finalized and had therefore not been allocated to the individual segments. Allocation to the local units took place in 2021. Moreover, central costs have been allocated to the segments since the start of fiscal year 2021. The comparative prior-year figures have been adjusted accordingly.

in EUR million	Semiconductors		Lamps & Systems		Total	
	2021	2020	2021	2020	2021	2020
Segment assets	4,960	5,172	896	1,106	5,856	6,278
<b>Reconciliation to consolidated financial statements</b>						
Cash and cash equivalents					1,331	1,597
Inventories					938	858
Trade receivables					688	621
Deferred taxes					182	165
Financial investments					153	44
Assets held for sale					134	48
Investments in associates					34	75
Other unallocated assets					328	278
<b>Total assets (continuing operations)</b>					<b>9,644</b>	<b>9,963</b>

### Non-current Assets by Regions

in EUR million	2021	2020
EMEA	2,767	2,829
Americas	862	962
Asia / Pacific	2,227	2,488
<b>Total</b>	<b>5,856</b>	<b>6,279</b>
thereof Austria	389	380
thereof Germany	1,929	1,987

The highest amount of revenue came from a customer in the Semiconductors segment

and accounted for more than 20% of revenue (2020: more than 30%).

### 3. Other Operating Income

in EUR million	Fiscal Year	
	2021	2020
Gains from reclassification of investments due to capital measures	97	0
Gains from disposal of businesses	94	0
Compensation payments	14	11
Gains on grants	6	6
Insurance refunds	0	24
Gains on sales of patents	0	11
Gains on reversal of allowances for bad debts	0	5
Other	17	18
<b>Other operating income</b>	<b>228</b>	<b>73</b>

Income from the reclassification of equity investments, which amounted to EUR 97 million, arose as a result of the loss of significant influence over LeddarTech Inc. and the resulting change in its accounting treatment (see note 14. Investments in Associates). Gains on sales of business activities resulted from the separation of

the business of OSRAM Continental in an amount of EUR 70 million and from the sale of land and buildings in Berlin in an amount of EUR 24 million (see note 27. Disposals of Business Activities and Property, Plant, and Equipment; Assets and Liabilities Classified as Held for Sale).

### 4. Expenses

#### Other Operating Expenses

in EUR million	Fiscal Year	
	2021	2020
Losses from disposal of businesses	25	0
Allowances for bad debts	13	0
Impairments on Goodwill, on assets held for sale	11	10
Losses on sales of property, plant, and equipment and intangibles	3	2
Other	0	4
<b>Other operating expenses</b>	<b>51</b>	<b>16</b>

The loss on sales of business activities, which amounted to EUR 25 million, resulted from the disposal of Connected Building Applications (CBA) in an amount of EUR 21 million and from the disposal of Digital Sys-

tems (DS) in North America in an amount of EUR 4 million (see note 27. Disposals of Business Activities and Property, Plant, and Equipment; Assets and Liabilities Classified as Held for Sale).

The impairment losses on goodwill and on assets classified as held for sale, which amounted to EUR 11 million, related to the goodwill for the remaining Digital CGU in an amount of EUR 7 million and to impairment losses on the intangible assets of the CBA business unit (see notes Intangible Assets 12 and 27. Disposals of Business

Activities and Property, Plant, and Equipment; Assets and Liabilities Classified as Held for Sale).

Impairment losses on receivables, which amounted to EUR 13 million, were largely due to impairment that materialized (see note 8. Trade Receivables).

### Personnel Costs

in EUR million	Fiscal Year	
	2021	2020
Wages and salaries	1,058	973
Personnel expenses for share-based payment	59	63
Statutory social welfare contributions and expenses for optional support	151	74
Expenses relating to pension plans and employee benefits	39	49
<b>Personnel costs</b>	<b>1,308</b>	<b>1,160</b>

In 2020, personnel costs had included the personnel costs that arose from July 2020

onward when the OSRAM business was included in the consolidation.

### Number of Employees by Function

in FTE	Fiscal Year	
	2021	2020
Production and service	18,423	21,665
Research and development	3,445	3,732
Administration and selling	4,262	4,634
<b>Employees</b>	<b>26,130</b>	<b>30,031</b>

### Share-based Payment

The Group uses stock options to remunerate the members of the Management Board and selected groups of managers under various performance-related share-based remuneration plans. Key information on the individual plans is provided below:

#### Stock Option Plan 2011

In connection with the acquisition of TAOS, the Company has committed to granting options to certain employees of TAOS

under a new stock option plan. As far as legally possible, these options (and the new plans) are to correspond to the options (and the related plans) that were granted to these employees under the Equity Incentive Plan 2000 and other existing rights to stock options of TAOS prior to incorporation into the ams Group. To fulfill this obligation, the Management Board of ams-OSRAM AG adopted a new stock option plan (SOP 2011), which the Company's Supervisory Board approved on July 9, 2011.

Each option granted entitles the employee to purchase one no-par-value share in 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 proportion of TAOS shares ('Small Shareholders') were granted immediately exercisable options for shares of the Company as remuneration for TAOS shares that they held prior to the transaction (vested options). The option exercise price for these options is CHF 8.27, which corresponds to the average market price of the shares of the Company on the SIX Swiss Exchange on the 30 days following the date of grant of the options, i.e. CHF 8.27.

The term of the unvested options remains unchanged compared to the original TAOS plan, which means that the options 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 changed to EUR 3.86 per share on average and a further 6,734 options were allocated.

The stock option plan expired in fiscal year 2021.

The change in the options in fiscal years 2021 and 2020 was as follows:

SOP 2011	2021		2020	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	16,986	3.86	35,210	2.83
granted during the period	0	-	6,734	-
forfeited during the period	0	-	0	-
exercised during the period	16,986	3.86	24,958	3.86
expired during the period	0	-	3,727	-
outstanding at December 31	0	-	16,986	3.86
exercisable at December 31	0	-	16,986	3.86
not yet granted	0	-	0	-
weighted average share price at the date of exercise (in EUR)	16.54		20.38	
range of exercise prices (in EUR)	0.49 - 5.30		0.49 - 5.30	
remaining contractual life	from Sept. 3, 2017 to July 12, 2021		from Sept. 3, 2017 to July 12, 2021	

### Stock Option Plan 2013

The Supervisory Board and Management Board adopted a stock option plan (SOP 2013) on August 28, 2013.

SOP 2013 comprises a maximum of 2,000,000 options, of which (i) up to 1,575,000 options may be issued to employees and executives and (ii) up to 235,000 options may be issued to the Chief Executive Officer and up to 190,000 options to the Chief Financial Officer. This corresponds to around 2.8% of the share capital of the Company at that time. Each option granted entitles the participant to purchase one no-par-value share in ams-OSRAM AG. The available options were granted on a one-off basis in 2013 following the adoption of a resolution by the SOP committee. All options granted can only be exercised up to June 30, 2021. The exercise price for new shares corresponds to the average market price in the last three months prior to the stock options being granted.

Regarding the earliest date of exercise for 50% of the granted options, 33% of these options can be exercised on each of the first, second, and third anniversaries of the grant date.

The earliest date for exercising the other 50% of the granted options is the third anniversary of the grant date, subject to the following criteria being satisfied:

(i) In the period 2013–2015, the benchmark growth of the market (revenue growth of the analog semiconductor market as published by WSTS) has to be exceeded and gross margins must remain stable (not lower than in 2012; adjusted for extraordinary effects relating to the positive long-term performance of the Company, e.g. acquisition costs and financing costs). If this is not achieved over the entire period, but is achieved in an individual calendar year, one-third of the options are exercisable pro rata for that individual year.

(ii) In the period 2013–2015, earnings per share must increase. If this is not achieved over the entire period, but is achieved in an individual calendar year, one-third of the options are exercisable pro rata for that individual year.

Options that revert back to the Company can be issued again under the terms and conditions of SOP 2013 up to the end of the plan term.

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 a further 95,005 options were allocated.

The stock option plan expired in fiscal year 2021.

The change in the options in fiscal years 2021 and 2020 was as follows:

SOP 2013	2021		2020	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	275,374	8.02	198,370	11.86
granted during the period	0	-	95,005	-
forfeited during the period	0	-	0	-
exercised during the period	248,406	8.02	18,001	11.86
expired during the period	26,968	-	0	-
outstanding at December 31	0	-	275,374	11.86
exercisable at December 31	0	-	275,374	11.86
not yet granted	0	-	0	-
weighted average share price at the date of exercise (in EUR)	17.18		17.98	
range of exercise prices (in EUR)	8.02		8.02	
remaining contractual life	Until June 30, 2021		Until June 30, 2021	

### Long-Term Incentive Plan 2014

The Supervisory Board and Management Board adopted a long-term incentive plan (LTIP 2014) on October 17, 2014.

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

This corresponded to around 7% of the share capital of the Company at that time. Each option granted entitles the participant to purchase one no-par-value share in ams-OSRAM AG at an exercise price of EUR 1. The available options were granted for the first time in 2014 following the adoption of a resolution by the LTIP committee. All options granted can only be exercised up to ten years from allocation. The exercise price for new shares is EUR 1.

Exercise of the options is subject to the following criteria being satisfied:

- Approval by the Annual General Meeting
- 50% of the options are subject to the criterion that earnings per share increases over a period of three years compared to the earnings per share in the year before the options were allocated.
- 50% of the options are subject to a comparison of total shareholder return over a period of three years with that of a defined peer group of companies.

The earliest date for exercising the options is three years after allocation and the LTIP committee's decision that the criteria have been satisfied. The LTIP 2014 expired in 2019 and no more options will be allocated.

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 a further 549,324 options were allocated.

The change in the options in fiscal years 2021 and 2020 was as follows:

LTIP 2014	2021		2020	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	1,308,691	0.68	1,179,626	1.00
granted during the period	0	-	549,324	0.68
forfeited during the period	0	-	0	-
exercised during the period	116,272	0.68	48,862	0.68
expired during the period	314,803	-	371,397	-
outstanding at December 31	877,616	0.68	1,308,691	0.68
exercisable at December 31	877,616	0.68	717,853	0.68
not yet granted	0	-	0	-
weighted average share price at the date of exercise (in EUR)	17.90		17.52	
range of exercise prices (in EUR)	0.68		0.68	
remaining contractual life	Until June 30, 2028		Until June 30, 2028	

#### Special Stock Option Plan 2017

The Supervisory Board and Management Board adopted a special stock option plan (SSOP 2017) on June 9, 2017. SSOP 2017 came into effect on January 24, 2017.

SSOP 2017 comprises a maximum of 2,400,000 options. This corresponds to 3% of the share capital of the Company at that time. Each option granted entitles the participant to purchase one no-par-value share in ams-OSRAM AG at an exercise price of EUR 27.56. The available options were granted on a one-off basis in 2017 following the adoption of a resolution by

the LTIP committee. All options granted can be exercised up to June 30, 2027: 17% of the options can be exercised after one year, another 17% after two years, another 17% after three years, another 17% after four years, and another 17% after five years, while the remaining 15% of the options can be exercised six years after allocation.

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 a further 915,406 options were allocated.

The change in the options in fiscal years 2021 and 2020 was as follows:

SSOP 2017	2021		2020	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	2,817,823	18.63	1,958,040	27.56
granted during the period	0	-	915,406	18.63
forfeited during the period	0	-	0	-
exercised during the period	0	-	0	-
expired during the period	4,734	-	55,623	-
outstanding at December 31	2,813,089	18.63	2,817,823	18.63
exercisable at December 31	1,784,663	18.63	1,235,877	18.63
not yet granted	38,000	-	38,000	-
weighted average share price at the date of exercise (in EUR)	-		-	
range of exercise prices (in EUR)	18.63		18.63	
remaining contractual life	Until June 30, 2027		Until June 30, 2027	

#### Special Long-Term Incentive Plan 2018

In 2018, the Supervisory Board and Management Board adopted a special long-term incentive plan (SLTIP 2018) that took economic effect on October 11, 2018.

SLTIP 2018 comprises a maximum of 350,000 options. This corresponds to 0.5% of the share capital of the Company at that time. Each option granted entitles the participant to purchase one no-par-value share in ams-OSRAM AG at an exercise price of EUR 43.41. The available options were granted on a one-off basis in 2018 following

the adoption of a resolution by the LTIP committee. All options granted can only be exercised up to October 11, 2028.

A third of the options can be exercised after one year, another third after two years, and the remaining third three years after allocation.

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 a further 143,909 options were allocated.

The change in the options in fiscal years 2021 and 2020 was as follows:

SLTIP 2018	2021		2020	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	432,584	29.34	306,270	43.41
granted during the period	0	-	143,909	29.34
forfeited during the period	0	-	0	-
exercised during the period	0	-	0	-
expired during the period	11,374	-	17,595	-
outstanding at December 31	421,210	29.34	432,584	29.34
exercisable at December 31	421,210	29.34	294,216	29.34
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		29.34	
remaining contractual life	Until October 11, 2028		Until October 11, 2028	

#### Special Stock Option Plan 2019

In 2019, the Supervisory Board and Management Board adopted a special stock option plan (SSOP 2019) that took economic effect on February 5, 2019. The plan is a replacement for the expired options in the 2016 allotment under LTIP 2014.

SSOP 2019 comprises a maximum of 660,510 options. This corresponds to 0.78% of the share capital of the Company at that time. Each option granted entitles the participant to purchase one no-par-value share in ams-OSRAM AG at an exercise price of EUR 20.63. The available options were granted on a one-off basis in 2019 following the adoption of a resolution by the LTIP

committee. All options granted can only be exercised up to February 5, 2029.

The options can be exercised either after a period of three years beginning on February 5, 2019 or as soon as the ams OSRAM share price exceeds CHF 30 on ten consecutive days, but no earlier than August 5, 2019. The plan therefore became exercisable in 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 a further 263,722 options were allocated.

The change in the options in fiscal years 2021 and 2020 was as follows:

SSOP 2019	2021		2020	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	791,236	13.94	554,830	20.63
granted during the period	0	-	263,722	13.94
forfeited during the period	0	-	0	-
exercised during the period	116,385	13.94	26,356	13.94
expired during the period	0	0	960	-
outstanding at December 31	674,851	13.94	791,236	13.94
exercisable at December 31	674,851	13.94	791,236	13.94
not yet granted	0	-	0	-
weighted average share price at the date of exercise (in EUR)	20,21		19,96	
range of exercise prices (in EUR)	13.94		13.94	
remaining contractual life	Until February 5, 2029		Until February 5, 2029	

#### Long-Term Incentive Plan 2019

The Supervisory Board and Management Board adopted a new long-term incentive plan (LTIP 2019) on June 30, 2019 that replaced LTIP 2014. The allocation in 2021 took economic effect on August 19, 2021.

The maximum allocation under LTIP 2019 in 2019 is 1,266,297 options. 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 five years. Three different types of option were granted: PSUs, RSUs, and SPSUs (performance share units, restricted share units, and special performance share units). The PSUs depend on the performance of the share price of ams-OSRAM AG compared to a defined peer group and the achievement of a certain level of earnings per share. They become exercisable after three years. The RSUs and SPSUs become exercisable within the next four years. Each year, a quarter

of the total tranche of RSUs and SPSUs becomes exercisable.

Each PSU and RSU granted entitles the participant to purchase one no-par-value share in ams-OSRAM AG at an exercise price of EUR 1.00. Each SPSU granted entitles the participant to purchase one no-par-value share at an exercise price of up to EUR 22.69. All options granted can only be exercised up to ten years from allocation.

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 stock options issued so far was reduced to EUR 4.76 per share and a further 557,878 options were allocated.

In fiscal year 2021, 4,114,339 stock options were granted under LTIP 2019 (2020: 4,672,024).

The following parameters were used to determine the option value for one, two, and three years:

#### Valuation of Option Allocation (Weighted Average) for the 2021 Allocation

		PSU	RSU	SPSU
Share price at grant	in EUR	16.27	16.27	16.27
Lifetime	in years	10	10	10
Risk-free investment rate	in %	0.25	0.25	0.25
Dividend yield	in %	0.097	0.097	0.097
Expected volatility	in %	56.12	56.12	56.12
Value per option right	in EUR	15.31	15.33	10.06

The change in the options in fiscal years 2021 and 2020 was as follows:

LTIP 2019	2021		2020	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	5,735,339	3.27	1,238,674	6.67
granted during the period	4,114,339	4.73	4,672,024	3.27
forfeited during the period	0	-	0	-
exercised during the period	32,865	0.68	6,872	3.27
expired during the period	178,095	0.68	168,487	-
outstanding at December 31	9,638,718	8.55	5,735,339	3.27
exercisable at December 31	254,554	-	0	-
not yet granted	0	-	0	-
weighted average share price at the date of exercise (in EUR)	17.16		17.52	
range of exercise prices (in EUR)	0.68 - 22.69		0.68 - 22.69	
remaining contractual life	Until June 30, 2030		Until June 30, 2030	

#### Anti-Dilution Measures in Respect of the 2020 Capital Increase

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

For accounting purposes, the fair value of the options immediately before and after the capital increase was determined on the basis of a Black-Scholes model. The resulting increase in value was recognized directly in personnel costs for the options that were already exercisable and distributed over the remaining term for the options that were not yet exercisable.

The main parameters for the measurement of the options are shown in the following table. The remaining term 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 capital increase	After 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
SLTIP 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

Until fiscal year 2020, OSRAM granted stock awards as a form of long-term remuneration that is settled with OSRAM Licht AG shares (OSRAM Stock Awards). The beneficiaries included the members of the Managing Board of OSRAM Licht AG and senior managers in the OSRAM Licht Group.

Following the adoption of a resolution by the Managing Board on May 29, 2020, the senior managers' stock awards were settled in cash when the domination and profit and loss transfer agreement with ams Offer GmbH came into effect on March 3, 2021. The same applied to the stock awards of the Managing Board of OSRAM Licht AG when the Supervisory Board adopted its resolution on November 5, 2020. The cash settlement for stock awards where the domination and profit and loss transfer

agreement took effect before the end of the vesting period was the cash settlement amount specified in the domination and profit and loss transfer agreement of EUR 45.54 per stock award. The fair value at the time of award averaged EUR 41.24. This cash settlement became due for payment at the time that the domination and profit and loss transfer agreement came into effect. No stock awards were granted to the Managing Board of OSRAM Licht AG or to the senior managers of the OSRAM Licht Group in fiscal year 2021.

A pre-tax expense of EUR 6 million had arisen in the prior-year period owing to the change in fair value resulting from recognizing the stock awards as settled in cash. As of December 31, 2021, the liability for these awards amounted to EUR 0 million.

The change in the options in fiscal year 2021 was as follows:

#### OSRAM Stock Awards

In EUR million	OSA 2016-2020 2021	
	Stock Awards	Weighted average exercise price (in EUR)
Outstanding at January 1	371,527	41.24
Granted during the period	-	
Forfeited during the period	-	
Exercised during the period	370,513	41.24
Expired during the period	1,014	38.89
Outstanding at December 31	-	-
Exercisable at December 31	-	-
Not yet granted		
Weighted average share price at the date of exercise (in EUR)	45.54	
Range of exercise prices (in EUR)	-	
Remaining contractual life	Expired on March 31, 2021	

#### 5. Net Financial Result

in EUR million	Fiscal Year	
	2021	2020
Income from derivatives	32	8
Change in the fair value of contingent purchase price liabilities	15	1
Valuation of option regarding the ability to repay bonds before maturity	5	0
Income from the buyback of convertible bonds	5	0
Interest income	5	5
Exchange differences	0	8
Other financial income	3	1
<b>Financial income</b>	<b>66</b>	<b>24</b>
Interest expenses	-179	-113
Exchange differences	-70	-14
Valuation of option right from US convertible bond	-1	0
Transaction related financing expenses	0	-114
Other financial expense	-14	-1
<b>Financial expense</b>	<b>-264</b>	<b>-242</b>
<b>Net financial result</b>	<b>-198</b>	<b>-217</b>

#### 6. Income Taxes

in EUR million	Fiscal Year	
	2021	2020
Current tax expense, net, fiscal year	-71	-13
Current tax expense, net, prior fiscal years	24	13
<b>Current taxes</b>	<b>-48</b>	<b>0</b>
Deferred tax expense/benefit, net, from changes in temporary differences	18	-10
Deferred tax expense, net, others	-1	0
<b>Deferred taxes</b>	<b>17</b>	<b>-10</b>
<b>Income taxes</b>	<b>-31</b>	<b>-10</b>

## Reconciliation to Actual Income Tax Expense

in EUR million	Fiscal Year	
	2021	2020
Result before income taxes (continuing operations)	-1	-80
Group tax rate	25%	25%
<b>Expected income tax benefit, net</b>	<b>0</b>	<b>20</b>
Increase/decrease in income taxes resulting from:		
Non-deductible losses and expenses	-56	-94
Tax-free income	112	100
Taxes for prior years	8	13
Change in realizability of deferred tax assets and tax credits	-101	-105
Foreign tax rate differential	3	52
Change in tax rates	1	0
Other, net	3	2
<b>Actual income taxes in the Consolidated Statement of Income</b>	<b>-31</b>	<b>-10</b>

## Income taxes

in EUR million	Fiscal Year	
	2021	2020
Income taxes	-31	-10
Taxes in other comprehensive income	4	4

Deferred tax assets are recognized for all temporary differences and loss carryforwards only to the extent that it is probable that future taxable profit will be available within a foreseeable period against which they can be utilized. Therefore, no deferred tax assets were recognized for tax loss carryforwards and interest carryforwards of EUR 1,068 million (2020: EUR 773 million), for temporary differences of EUR 1,195 million (2020: EUR 1,271 million), and tax credits of EUR 76 million (2020: EUR 73 million).

Deferred tax liabilities are recognized for differences between the carrying amount of

an equity investment for tax purposes and the share of net assets in the IFRS consolidated financial statements in respect of subsidiaries (particularly arising from retained profits) if these differences are expected to be subject to taxation and there is an intention to realize them in the foreseeable future (e.g. by distributing a dividend).

As of December 31, 2021, no deferred tax liabilities had been recognized for differences in respect of subsidiaries of EUR 3,064 million (2020: EUR 2,957 million).

## 7. Cash and Cash Equivalents

in EUR million	December 31,	
	2021	2020
Bank deposits	1,330	1,598
Cash on hand	1	0
Valuation allowance	0	-1
<b>Cash and cash equivalents</b>	<b>1,331</b>	<b>1,597</b>

## 8. Trade Receivables

### Overview of Receivables

in EUR million	December 31,	
	2021	2020
Gross carrying amount of receivables	712	637
Valuation allowance	-24	-17
Net carrying amount of receivables	688	621

The change in loss allowances for receivables was as follows:

### Loss Allowances

in EUR million	Total	Expected impairment losses	Impairment losses on credit impaired receivables
<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>
<b>Balance as of January 1, 2021</b>	<b>-17</b>	<b>-8</b>	<b>-9</b>
Reclassification in assets held for sale	3	3	0
Derecognition of receivables	3	0	3
Change in value allowances recorded in the income statement in the current period	-13	-1	-11
<b>Balance as of December 31, 2021</b>	<b>-24</b>	<b>-6</b>	<b>-18</b>

The expected loss rates were derived from historical information and future expectations.

For some of the trade receivables measured at amortized cost, with a gross carrying amount of EUR 325 million, the expected loss allowances are calculated on the basis of customers' individual credit ratings, which are then used to determine

portfolio-specific default rates. Based on credit ratings provided by external agencies, the customers are grouped in risk categories with low, moderate, and higher credit risk.

#### Gross Carrying Amount of Trade Receivables Measured Based on Ratings

in EUR million	December 31,	
	2021	2020
Risk class 1: low risk	58	96
Risk class 2: moderate risk	191	171
Risk class 3: higher risk	61	25
Risk class 4: insolvent	5	6
Customers without individual rating	9	6
<b>Total</b>	<b>325</b>	<b>304</b>

The expected loss allowances for the remaining trade receivables measured at amortized cost, with a gross carrying amount of EUR 187 million, are calculated on the basis of default rates derived from historical empirical values and estimated according to how far past due they are.

Trade receivables included receivables with a carrying amount of EUR 200 million (2020: EUR 147 million) that are measured at fair value. These are receivables from

customers that are sold on a case-by-case basis to a factoring company in connection with customers' supply-chain financing programs. In addition, receivables are sold via ams OSRAM's own factoring program and derecognized. Some of the risk of late payment by the customer (late payment risk) is retained. As of December 31, 2021, the volume of receivables sold under this program amounted to EUR 66 million (2020: EUR 48 million).

#### Trade Receivables by Region

in EUR million	December 31,	
	2021	2020
EMEA	244	170
Americas	265	219
Asia / Pacific	179	232
<b>Trade receivables</b>	<b>688</b>	<b>621</b>

## 9. Inventories

in EUR million	December 31,	
	2021	2020
Raw materials and supplies	233	255
Work in progress	324	265
Finished goods and merchandise	362	324
Advances to suppliers	18	4
Contract assets	0	8
<b>Inventories</b>	<b>938</b>	<b>858</b>

As of December 31, 2021, EUR 47 million (2020: EUR 43 million) related to spare parts and tools, which are reported under raw materials and supplies. Cumulative

loss allowances for inventories stood at EUR 210 million as of December 31, 2021 (2020: EUR 196 million).

## 10. Other Current Receivables and Assets

in EUR million	December 31,	
	2021	2020
Accrual for financial transaction costs	6	12
Debit balances of trade accounts payable	2	2
Other	34	49
<b>Financial current receivables and assets</b>	<b>41</b>	<b>62</b>
Tax receivables	80	41
Prepaid expenses	29	22
Receivables from government grants	11	7
Other	23	38
<b>Non-financial current receivables and assets</b>	<b>143</b>	<b>108</b>
<b>Other current receivables and assets</b>	<b>185</b>	<b>169</b>

As of December 31, 2021, other financial current receivables and assets included a receivable of EUR 12 million in connection with the sale of the North American Digital Systems business to Acuity Brands. As

of December 31, 2020, this line item had included a receivable of EUR 24 million resulting from insurance compensation that was paid to ams OSRAM in fiscal year 2021.

## 11. Property, Plant, and Equipment<sup>1 2</sup>

In EUR million	Gross carrying amount as of January 1, 2021	Translation differences	Additions through business combinations <sup>3</sup>	Additions	Reclassifications	Retirements	Reclassification in assets held for sale	Gross carrying amount as of December 31, 2021	Accumulated depreciation and impairment	Net book value as of December 31, 2021	Depreciation and impairment during fiscal year 2021
Land and buildings	849	27	-1	72	2	-69	7	886	-483	403	-63
Technical machinery and equipment	4,121	162	-112	80	442	-299	-2	4,391	-3,424	968	-414
Furniture and office equipment	628	14	-14	12	-376	-44	5	224	-206	18	-37
Advances to suppliers and assets under construction	92	3	0	241	-68	-43	0	225	-7	218	0
<b>Property, plant, and equipment</b>	<b>5,690</b>	<b>205</b>	<b>-127</b>	<b>404</b>	<b>0</b>	<b>-456</b>	<b>9</b>	<b>5,726</b>	<b>-4,120</b>	<b>1,606</b>	<b>-514</b>

	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 depreciation and impairment	Net book value as of December 31, 2020	Depreciation and impairment during fiscal year 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>

As of December 31, 2021, commitments to purchase Property, Plant, and Equipment amounted to EUR 142 million (2020: EUR 64 million).

Following a review of their useful lives, an impairment loss was recognized in the second quarter for certain production

facilities due to the loss of market share in the semiconductor consumer business. This impairment loss constitutes a non-recurring non-cash effect of EUR 151 million that was recognized in Technical machinery and equipment.

<sup>1</sup> The disclosure of some assets within the ams OSRAM Group was changed in calendar year 2021. Tools and testing equipment are reported under technical machinery and equipment. Clean rooms are reported consistently across the Group under land and buildings.

<sup>2</sup> In calendar year 2021, spare parts were reclassified from technical machinery and equipment to inventories in an amount of EUR 6 million.

<sup>3</sup> The purchase price allocation was adjusted during the adjustment period (see note 1. (e) (ii) Business Combinations).

## 12. Intangible Assets<sup>1</sup>

in EUR million	Gross carrying amount as of January 1, 2021	Translation differences	Additions through business combinations <sup>2</sup>	Additions	Retirements	Reclassification in assets held for sale	Gross carrying amount as of December 31, 2021	Accumulated amortization and impairment	Net book value as of December 31, 2021	Amortization and impairment during fiscal year 2021
Goodwill	3,009	43	105	0	-30	-46	3,081	-7	3,074	-7
Customer base	654	6	7	2	0	0	668	-315	353	-80
Technology	326	3	0	0	0	-8	321	-172	149	-48
Trademarks	262	0	0	0	-3	-17	242	-3	240	-2
Capitalized development costs	298	9	0	55	-44	0	317	-190	128	-31
Patents, licenses, and other rights	239	0	0	15	-44	1	211	-165	47	-13
<b>Intangible assets</b>	<b>4,789</b>	<b>61</b>	<b>112</b>	<b>72</b>	<b>-121</b>	<b>-70</b>	<b>4,841</b>	<b>-852</b>	<b>3,989</b>	<b>-181</b>

	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 year 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>

For the purposes of testing for impairment, goodwill and trademarks with an indefinite useful life are assigned to the cash-generating units (CGUs) as described below. The Management Board has decided to restructure the impairment testing of this business in view of the larger volume of business

as a result of combining the activities of ams and OSRAM. Monthly reporting to the Management Board and the review of the figures will now be carried out at business unit level. The business units constitute the groups of cash-generating units for the consolidated ams OSRAM Group.

<sup>1</sup> Impairment of goodwill is described in note 4. Expenses.

<sup>2</sup> The purchase price allocation was adjusted during the adjustment period (see note 1. (e) (ii) Business Combinations).

## Goodwill and Trademarks

in EUR million	2021	
CGU	Goodwill	Trademarks
<b>Semiconductors</b>		
Advanced Optical Sensors (AOS)	324	0
Image Sensor Solutions (ISS)	386	0
Opto Semiconductors (OS)	1,971	109
<b>Lamps &amp; Systems</b>		
Automotive (AM)	354	58
Digital (DI)	39	68
<b>Total</b>	<b>3,074</b>	<b>235</b>

## Goodwill and Trademarks

in EUR million	2020	
CGU	Goodwill	Trademarks
<b>Consumer</b>		
Integrated Optical Solutions	172	0
Optical Components	291	0
Accessory & Wearable Solutions (former Audio und Color & Spectral Sensors)	29	0
Sensing Moduls & Solutions	45	0
<b>Non-Consumer</b>		
CMOS Imaging Sensors	131	0
<b>OSRAM</b>		
OSRAM	2,331	252
<b>Total</b>	<b>2,998</b>	<b>252</b>

The Advanced Optical Sensors (AOS) CGU comprises the former Integrated Optical Solutions and Accessory & Wearable Solutions CGUs plus parts of the Optical Components CGU.

The Image Sensor Solutions (ISS) CGU comprises the former Sensing Modules & Solutions and CMOS Imaging Sensors CGUs plus parts of the Optical Components CGU.

In 2020, the goodwill recognized in connection with the acquisition of OSRAM and

the trademarks had been monitored at the level of the entire OSRAM business because the domination and profit and loss transfer agreement with the Group had not yet been entered in the commercial register and was therefore not legally effective. The OSRAM business is now monitored and presented in accordance with the OSRAM Group's old structure, comprising the Opto Semiconductors (OS), Automotive (AM), and Digital (DI) CGUs. For details of the OSRAM purchase price allocation, see note 1. (e) (ii) Business Combinations.

As part of the restructuring of the AOS and ISS CGUs, an impairment test pursuant to IAS 36 was carried out during the year on the basis of the old CGU structure. This did not identify any need for impairment.

In addition, the ISS CGU was tested for impairment owing to the loss of market share in the semiconductor consumer business as of June 30, 2021. This did not identify any need for impairment of the goodwill. This impairment testing identified the impairment of customer-specific technical machinery and equipment (see note 11. Property, Plant, and Equipment).

All CGUs were tested for impairment as of September 30, 2021. This identified the need for impairment in the Digital CGU. Under the portfolio strategy (see note 27. Disposals of Business Activities and Property, Plant, and Equipment; Assets and Liabilities Classified as Held for Sale), parts of the Digital CGU had already been sold or reclassified to assets and liabilities classified as held for sale pursuant to IFRS 5. An impairment loss of EUR 7 million for goodwill had to be recognized for the part of the CGU remaining with ams OSRAM. This is presented in note 4. Expenses.

The recoverable amount was determined on the basis of the value in use. The value in use was calculated using the discounted cash flow method. The key assumptions used for the impairment test were the expected unit sales and EBITDA margins in the detailed planning phase that are used as the basis for the business planning, the terminal value growth rates, and the discount rates. The calculation was based on a planning period up to 2026; the positive cash flow for the subsequent planning period is regarded as sustainable and serves as the basis for calculating the present value for perpetuity. To extrapolate the cash flows in perpetuity, CGU-specific growth rates of between 1.1% and 1.3% were assumed. The discount rate was determined on the basis of CGU-specific weighted average costs of capital (WACC).

In 2020, the recoverable amount had been determined using the multiplier method but is now determined using the discounted cash flow method due to the maturity of the business models.

The main assumptions for determining the recoverable amount were as follows:

#### Valuation Parameters (Pre-tax Discount Rate)

	2021	
CGU	Terminal value growth rate in %	Discount rate in %
<b>Semiconductors</b>		
Advanced Optical Sensors (AOS)	1.1%	11.4%
Image Sensor Solutions (ISS)	1.1%	11.8%
Opto Semiconductors (OS)	1.1%	11.5%
<b>Lamps &amp; Systems</b>		
Automotive (AM)	1.3%	12.8%
Digital (DI)	1.3%	10.6%

#### Valuation Parameters

	2020	
CGU	Multiple	Discount rate in %
<b>Consumer</b>		
Integrated Optical Solutions	19.7	12.9%
Optical Components	17.2	12.8%
Accessory & Wearable Solutions (former Audio and Color & Spectral Sensors)	13.8	11.6%
Sensing Moduls & Solutions	14.5	12.8%
<b>Non-Consumer</b>		
CMOS Imaging Sensors	11.1	11.5%
<b>OSRAM</b>		
OSRAM	8.1	9.4%

An increase in the discount rate (after tax) of around 1.0 percentage point or a decrease in the long-term EBITDA margin of around 1.0 percentage point would lead to an impairment of the goodwill of AM. The recoverable amount exceeds AM's carrying amount by around EUR 70 million.

An increase in the discount rate (after tax) of around 1.5 percentage points or a decrease in the long-term EBITDA margin

of around 3.5 percentage points would lead to an impairment of the goodwill of OS. The recoverable amount exceeds the carrying amount by around EUR 400 million.

Any increase in the discount rate or decrease in the EBITDA margin would lead to a further impairment of the goodwill of DI. Due to the impairment loss recognized, the recoverable amount is equal to DI's carrying amount.

### 13. Right-of-use Assets

in EUR million	Gross carrying amount as of January 1, 2021	Translation differences	Additions through business combinations	Additions	Reclassifications	Retirements	Reclassification in assets held for sale	Gross carrying amount as of December 31, 2021	Accumulated amortization and impairment	Net book value as of December 31, 2021	Amortization and impairment during fiscal year 2021
Land and buildings	320	8	0	43	0	-31	2	341	-107	234	-52
Technical machinery and equipment	33	1	0	0	0	-1	0	33	-13	20	-6
Furniture and office equipment	14	10	0	5	0	-17	0	12	-6	5	-4
<b>Right-of-use assets</b>	<b>367</b>	<b>19</b>	<b>0</b>	<b>48</b>	<b>0</b>	<b>-49</b>	<b>2</b>	<b>387</b>	<b>-126</b>	<b>260</b>	<b>-62</b>

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 year 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>

#### Expenses Related to Lessee Accounting

in EUR million	Fiscal Year	
	2021	2020
Interest expenses	9	6
Expenses for short-term or low-value leases	10	5
Variable lease payments	0	1
<b>Expenses related to lessee accounting</b>	<b>19</b>	<b>12</b>

As part of a sale-and-leaseback transaction, the Company sold a property in Berlin and then rented part of it back in fiscal year 2021. This transaction caused right-of-use assets to increase by EUR 22 million.

In September 2021, ams OSRAM terminated a lease for a building in North America, which reduced right-of-use assets by EUR 21 million. In June 2021, ams OSRAM estimated that an extension option on a building in Singapore would not be exercised. This reduced right-of-use assets by EUR 7 million.

### 14. Investments in Associates

Result from Investments in Associates

in EUR million	Fiscal Year	
	2021	2020
Share of profit (loss), net	-12	-5
Reversals of impairments/impairments, net	-21	0
Gains (losses) on sales, net	0	0
<b>Result from investments accounted for using the equity method, net</b>	<b>-33</b>	<b>-5</b>
Currency translation differences	0	-4
<b>Result from investments accounted for using the equity method</b>	<b>-33</b>	<b>-9</b>

## Summary of Financial Information for Associates

Sciosense Holding BV		
in EUR million (if not otherwise indicated)	2021	2020 <sup>1</sup>
Reporting date	September 30, 2021	September 30, 2020
Interest in income (loss)	45.22%	45.22%
Current assets	33	55
Non-current assets	82	85
Current liabilities	10	40
Non-current liabilities	3	0
<b>Net assets (100%)</b>	<b>102</b>	<b>101</b>
Group's share of net assets	46	46
Group's share of net result	-3	-7
Impairments	-21	0
Currency translation differences	-3	1
<b>Carrying amount of interest in the entity</b>	<b>19</b>	<b>40</b>
Revenue	30	24
Net result	-6	-7
Other comprehensive income (loss)	0	0
<b>Total comprehensive income (loss)</b>	<b>-3</b>	<b>-7</b>
Dividends received	0	0

The investment in Sciosense Holding B.V. (Netherlands) was acquired in 2020 through Jinan Smart Sensing Sensor Co., Ltd., Ji'nan (China), in which ams OSRAM holds a 49% stake. As of December 31, 2021, ams OSRAM's stake in Sciosense Holding B.V. was 45.22%. Sciosense Holding B.V. is the parent company of the operating units, which offer environmental, flow, and pressure sensing solutions.

In 2021, an impairment test was carried out in accordance with an updated business plan which resulted in an impairment loss of EUR 21 million being recognized on the investment in the associate.

In November 2021, a capital increase was carried out at LeddarTech Inc., Quebec, (Canada), as a result of which significant

influence was lost and the company ceased to be accounted for using the equity method.

Until the discontinuation of the equity method, the share of loss of the associate amounted to EUR 7 million (2020: EUR 6 million). The remaining investment is reported as a financial investment, for which a profit of EUR 97 million was recognized in other operating income arising primarily as a result of remeasuring the remaining shareholding (see note 3. Other Operating Income).

Other investments in associates account for only an immaterial share of the total carrying amount of investments in associates and of the total result from associates.

<sup>1</sup> Prior-year figures were adjusted to enhance comparability of net assets of Sciosense Holding BV regardless of the shareholding relationships within the ams OSRAM Group

## 15. Deferred Tax Assets and Deferred Tax Liabilities

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

### Deferred Tax Assets and Deferred Tax Liabilities

in EUR million	2021			2020		
	Net	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities
Intangible assets and property, plant and equipment	-128	144	-237	-222	91	-314
Other non-current assets	6		6	-5	0	-5
Other current receivables and assets	79	87	-9	50	65	-15
Inventories	40	40	-0	28	28	0
Interest-bearing loans and borrowings	-60		-60	-65	0	-65
Employee benefits	13	27	-14	73	82	-8
Current provisions	11	11	-0	33	35	-2
Liabilities	2	4	-1	46	47	-1
Tax loss and credit carryforwards	17	17	-	32	32	0
Other	-4	-0	-3	-31	-22	-9
<b>Deferred taxes</b>	<b>-24</b>	<b>330</b>	<b>-354</b>	<b>-62</b>	<b>358</b>	<b>-420</b>
Netting	-	-149	149	0	-193	193
<b>Item in the statement of financial position</b>	<b>-24</b>	<b>182</b>	<b>-205</b>	<b>-62</b>	<b>165</b>	<b>-227</b>

The loss carryforwards recognized as deferred tax assets mainly relate to ams-OSRAM AG. Tax loss carryforwards can be carried forward indefinitely in Austria and can be offset against a maximum of 75%

of the current taxable profit. ams OSRAM assumes that there will be sufficient positive taxable income available from future business activities to recover these deferred tax assets.

## 16. Other Non-Current Assets and Financial Investments

In EUR million	December 31,	
	2021	2020
LeddarTech Inc.	123	0
HLJ Technologies	5	16
Other financial investments	19	9
<b>Financial investments</b>	<b>147</b>	<b>25</b>
<b>Other financial non-current assets</b>	<b>41</b>	<b>44</b>
Overfunding of pension plans	73	29
Deferred compensation assets	11	10
Accruals and prepaid expenses	2	4
Other	17	22
<b>Non-current non-financial assets</b>	<b>103</b>	<b>64</b>
<b>Other non-current assets and financial investments</b>	<b>290</b>	<b>133</b>

Non-current financial investments relate to strategic equity investments that do not give rise to significant influence or control. The main change was the reclassification of LeddarTech Inc. from an equity investment in an associate to an equity investment measured at fair value in accordance with IFRS 9. ams OSRAM lost its significant influence over LeddarTech Inc. because it did not take up all of the available shares relative to its existing shareholding when

the company carried out a capital increase (see note 4. Expenses).

Other financial non-current assets include the positive fair value of the option to repay bonds early amounting to EUR 25 million (2020: EUR 21 million) and credit lines granted to 7Sensing Software of EUR 2 million (2020: EUR 3 million). The early repayment option allows the Group to repay the senior notes ahead of schedule (by 2023).

## 17. Other Liabilities

in EUR million	current		non-current	
	2021	2020	2021	2020
Obligation to acquire the non-controlling interests in OSRAM Licht AG	862	1,256	0	0
Lease liabilities	62	56	208	234
Obligation from dividends guaranteed to shareholders of OSRAM Licht AG	53	0	112	0
Refund liabilities against customers	69	50	0	0
Accrued interests and financial transaction costs	38	43	0	0
Derivative financial instruments	13	7	0	1
Credit balances on trade accounts receivable	7	5	0	0
Contingent purchase price liabilities	2	18	0	2
Other	16	24	0	0
<b>Financial liabilities</b>	<b>1,121</b>	<b>1,458</b>	<b>320</b>	<b>236</b>
Employee related liabilities	93	86	39	39
Liabilities from precious metal lending transactions	55	51	0	0
Accrued vacation days	36	38	0	0
Accrued expenses	11	12	0	0
Other	42	50	54	53
<b>Non-financial liabilities</b>	<b>237</b>	<b>238</b>	<b>93</b>	<b>92</b>
<b>Other liabilities</b>	<b>1,359</b>	<b>1,696</b>	<b>413</b>	<b>328</b>

For further information on the liabilities arising in connection with the domination and profit and loss transfer agreement

between OSRAM Licht AG and ams Offer GmbH, please refer to note 1. (e) (ii) Business Combinations.

The following table provides a summary of the changes in the contingent purchase price liabilities:

### Contingent Purchase Price Liabilities

in EUR million	current	
	2021	2020
<b>Balance at the beginning of the fiscal year</b>	<b>19</b>	<b>6</b>
Additions due to business combinations	0	26
Revaluation/reversal	-15	-2
Usage	-2	-11
<b>Balance at the end of the fiscal year</b>	<b>2</b>	<b>19</b>

The contingent purchase price liabilities as of December 31, 2021 result from the acquisition of Incus Laboratories. The amount of the contingent purchase price payments depends primarily on the revenue and gross margins achieved in the years following the acquisition.

The change in the contingent purchase price obligations resulting from acquisitions was predominantly attributable to the reversal in profit or loss of the liabilities for the companies Fluence Bioengineering, Inc. (EUR 9 million) and Vixar Inc. (EUR 6 mil-

lion) and a payment for the acquisition of KeyLemon S.A. (EUR 2 million).

The conversion right for the convertible bond issued in U.S. dollars is recognized in other liabilities. The fair value amounted to EUR 44 million at the time of issue. Valuation of the option takes account of the conversion premium, the term to maturity, the change in the share price, and the most recent dividend paid per share. The value of the option stood at EUR 1 million as of December 31, 2021 (2020: EUR 1 million).

The future cash payments for non-current financial liabilities are as follows:

#### Future Payments

in EUR million	0 - 1 year	2 - 5 years	More than 5 years
Lease liabilities	71	160	76
Contingent purchase price liabilities	2	0	0
Obligation to acquire the non-controlling interests in OSRAM Licht AG	862	0	0
Obligation from dividends guaranteed to shareholders of OSRAM Licht AG	53	112	0

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

the non-controlling minority shareholders exercise their right to sell their shares to ams OSRAM (see note 1. (e) (ii) Business Combinations).

## 18. Provisions

in EUR million	Warranties	Order related losses and risks	Other personnel	Other	Total
<b>Balance at the beginning of the fiscal year</b>	<b>25</b>	<b>22</b>	<b>179</b>	<b>159</b>	<b>386</b>
Reclassifications	7	10	-	-17	-
Additions	3	58	159	53	273
Usage	-6	-64	-135	-42	-246
Reversals	-2	-10	-1	-27	-40
Translation differences	1	0	6	3	10
Other changes	-4	-	-3	-1	-8
<b>Balance at the end of the fiscal year</b>	<b>25</b>	<b>15</b>	<b>206</b>	<b>130</b>	<b>376</b>
therein non-current	7	-	-	41	48

#### Warranties

Provisions for warranties are recognized for warranty claims asserted by customers.

#### EBV Elektronik SAS v. ams-OSRAM International GmbH (formerly: OSRAM Opto Semiconductors GmbH)

On January 20, 2016, ams-OSRAM International GmbH (AOI) was joined in the case pending before the commercial court in Nanterre (France), between EBV Elektronik SAS (EBV) and Société Provence D'Electronique et Cabelage (SPEC) by means of an action in warranty. SPEC is suing EBV for damages relating to the supply of allegedly faulty AOI LEDs in SPEC passenger information boards. EBV brought AOI into the action in order to seek recourse from AOI as the supplier of the allegedly defective products. Following the clarification of preliminary procedural issues, the commercial court in Nanterre was declared as the court competent to hear the case. In its pronouncement of the judgment/ruling on February 26, 2020, the commercial court ordered that technical and financial expert proceedings shall take place. These proceedings are pending since May 2020.

In accordance with IAS 37.92, no further information will be disclosed in respect of the above matters as ams OSRAM believes that such disclosure could seriously prejudice the outcome of the litigation in question.

ams OSRAM was named as a defendant in various legal disputes and proceedings in connection with its business activities. Some of the legal actions include claims for indeterminate amounts of damages and/or punitive damages claims. In light of the number of legal disputes and other proceedings in which ams OSRAM is involved, there is a possibility that some of these proceedings could result in decisions against ams OSRAM that may have a considerable effect on ams OSRAM's net assets, financial position, and results of operations. In these cases, a provision is only recognized to the extent that ams OSRAM assumes that it is probable that the legal dispute will result in a future payment obligation.

### Onerous Contracts

Provisions for onerous contracts related to contracts with customers concerning the development of certain products where the expected revenue is lower than the necessary costs.

### Other Personnel Provisions

Provisions for other personnel costs primarily related to variable salary components and to employee bonuses due within twelve months of the balance sheet date.

### Other Provisions

The most significant amounts within other provisions related to one-off restructuring measures of EUR 29 million (2020: EUR 54 million), asset restoration obligations of EUR 21 million (2020: EUR 15 million). The remaining items in other provisions essentially consist of provisions for outstanding invoices and various other provisions. Non-current provisions mainly related to asset restoration obligations.

## 19. Interest-bearing Loans

### Interest-Bearing Loans and Borrowings

in EUR million	current		non-current	
	2021	2020	2021	2020
Bank loans	173	150	236	337
Promissory notes	31	117	120	151
Convertible bond	276	-12	1,043	1,344
Bonds	0	-18	1,247	1,233
<b>Interest-bearing loans and borrowings</b>	<b>480</b>	<b>237</b>	<b>2,646</b>	<b>3,066</b>

### Repayments, Interest Rates and Terms

In EUR million 2021	Effective interest rate	Carrying amount	Expected cash flow	0 – 1 year	2 – 5 years	more than 5 years
<b>Bank loans (R&amp;D loan)</b>						
EUR – fixed rate	0,88%	45	46	9	33	3
<b>Other bank loans</b>						
EUR – fixed rate	1,76%	300	309	104	204	0
EUR – floating rate	1,51%	64	64	64	0	0
<b>Promissory note</b>						
EUR – fixed rate	1,68%	103	107	11	96	0
EUR – floating rate	1,68%	49	49	22	27	0
<b>Convertible bond</b>						
USD – fixed rate	1,47%	276	285	285	0	0
EUR – fixed rate (600 EUR million)	2,11%	418	447	0	447	0
EUR – fixed rate (760 EUR million)	5,42%	625	857	16	65	775
<b>Bonds</b>						
USD – fixed rate	7,33%	398	500	28	471	0
EUR – fixed rate	6,25%	848	1,035	52	983	0
<b>Interest-bearing loans and borrowings</b>		<b>3,126</b>	<b>3,699</b>	<b>593</b>	<b>2,328</b>	<b>778</b>

2020	Effective interest rate	Carrying amount	Expected cash flow	0 – 1 year	2 – 5 years	more than 5 years
<b>Bank loans (R&amp;D loan)</b>						
EUR – fixed rate	0,88%	54	55	12	34	10
<b>Other bank loans</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 (600 EUR million)	2,11%	481	524	0	524	0
EUR – fixed rate (760 EUR 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>Interest-bearing loans and borrowings</b>		<b>3,300</b>	<b>4,067</b>	<b>373</b>	<b>2,880</b>	<b>811</b>

On September 25, 2017, ams-OSRAM AG issued a convertible bond with a nominal amount of USD 350 million. The term is five years. The holders of the convertible bond have the right to convert the bond into a total of 3,273,858 ordinary shares at any time (conversion price: USD 65.8845 per share). No bonds had been converted by December 31, 2021.

The conversion right for the convertible bond issued in U.S. dollars is recognized in other liabilities. The fair value of the option was USD 44 million at the time of issue and EUR 1 million as of December 31, 2021 (2020: EUR 1 million). Valuation of the option takes account of the conversion premium, the term to maturity, the change in the share price, and the most recent dividend paid per share.

On February 26, 2018, ams-OSRAM AG issued a convertible bond with a nominal amount of EUR 600 million. The term of the bond is seven years. The holders of the convertible bond have the right to convert the bond into a total of 4,410,412 ordinary shares at any time (conversion price: EUR 83.8392 per share). This option constituted equity in the amount of its fair value of EUR 82 million at the time of issue and is not measured subsequently. No bonds had been converted by December 31, 2021.

On March 22, 2021, the ams OSRAM Group announced a repurchase program for this convertible bond, under which all outstand-

ing convertible bonds can be repurchased with a total volume of up to EUR 100 million. The repurchase program started on April 8, 2021. By the time that the program ended on December 30, 2021, convertible bonds with a total nominal value of EUR 77 million had been repurchased at a purchase price of EUR 67 million. This resulted in financial income of EUR 5 million and reduced the liabilities on the balance sheet by EUR 73 million.

In July 2020, ams-OSRAM AG issued bonds that were split into a EUR 850 million tranche and a USD 450 million tranche. The interest rate is 6% for the euro tranche and 7% for the U.S. dollar tranche. The maturity date for both tranches is July 31, 2025. ams OSRAM can repay the senior notes ahead of schedule at any time up to 2023.

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

As of December 31, 2021, ams OSRAM had unused committed credit facilities from banks amounting to EUR 1,001 million.

## Risk of Change of Interest Rates

in EUR million	current		non-current	
	2021	2020	2021	2020
Fixed rate loans and borrowings	394	145	2,619	2,988
Floating rate loans and borrowings	86	93	27	79
<b>Interest-bearing loans and borrowings</b>	<b>480</b>	<b>237</b>	<b>2,646</b>	<b>3,066</b>
		<b>2021</b>		<b>2020</b>
<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	-1	1	-2	2

ams OSRAM does not recognize any fixed-rate loans at fair value through profit or loss. Derivatives (interest-rate swaps) are not classified as fair value hedges. A

change in the interest rate as of the balance sheet date would therefore have no impact on the statement of income or on equity in respect of fixed-rate loans.

## 20. Government Grants

in EUR million	2021	2020
R&D premium	16	17
Project-related research funding	9	8
COVID-19 subsidies	4	35
<b>TOTAL</b>	<b>30</b>	<b>60</b>
of which reduction of acquisition costs of subsidized assets	1	2
of which offset against the respective expense items	23	50
of which recognized in other operating income	6	8

## 21. Employee Benefits

At ams OSRAM, almost all employees in Germany and many employees in other countries have defined benefit and defined contribution pension entitlements based on contractual arrangements and statutory requirements. ams OSRAM regularly reviews the design of the pension plans, which are predominantly based on defined benefit obligations for historical reasons. The majority of ams OSRAM's pension obligations are funded with assets in segregated entities.

### Defined Benefit Plans

ams OSRAM's principal pension plans and similar commitments relate to Germany and the USA.

### Germany

In Germany, ams OSRAM provides pension benefits predominantly through the OSRAM Altersversorgung ('BOA') defined benefit plan launched in fiscal year 2004, legacy defined benefit plans, and deferred compensation plans. The BOA is a pension plan in which the benefits are predomi-

nantly 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 thus still affected by the life expectancy of plan participants, inflation adjustments, and salary increases – albeit to a much lesser extent than in the case of other defined benefit plans – and the plan is therefore recognized as a defined benefit plan in accordance with IAS 19.

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.

ams OSRAM (at the time: 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.

#### **USA**

The majority of the employees at OSRAM SYLVANIA INC., Wilmington (USA), 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.

#### **Unfunded Commitments**

Unfunded commitments predominantly relate to a pension plan and similar commitments in the USA, the severance payment obligation at ams-OSRAM AG in Austria, and other similar commitments in a number of countries.

#### **Defined Contribution Plans and Government 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 obligation to provide further benefits to employees. In calendar year 2021, contributions to defined contribution plans amounted to EUR 11 million, and to government plans EUR 86 million. In both cases, the contributions are recognized 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, trends in healthcare costs, and the discount rate. Here, the Company makes its best estimate bearing in mind the economic environment in the country in question and existing expectations.

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 ams 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 the 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. A plan's asset allocation is evaluated regularly in order to initiate appropriate measures at a very early stage. This is done by looking at the duration of the related defined benefit obligation and analyzing trends and events that may affect asset values.

Asset managers are selected on the basis of a process of quantitative and qualitative analysis. The performance of each asset manager mandate and the risk it entails are monitored continually, both individually and in a more general portfolio context.

Our investment strategy is mainly based on investments in securities such as bonds

and shares. As part of an integrated risk management approach for assets and liabilities and to reduce risk, we also use derivatives 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.

#### Notes on the Obligations Presented in the Consolidated Financial Statements

The consolidated balance sheet contained the following items related to pension plans and similar commitments as of December 31, 2021.

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

#### Commitments by Type and Financial Position

in EUR million	December 31,	
	2021	2020 <sup>1</sup>
DBO for funded plans	-1,083	-1,154
Fair value of plan assets	1,146	1,139
Non-capitalizable plan assets due to asset ceiling	-4	0
Funded status of funded plans	58	-15
DBO for unfunded plans	-149	-147
<b>Funded status</b>	<b>-91</b>	<b>-162</b>
Thereof pension plans	-27	-97
Thereof similar commitments	-64	-64
<b>Reconciliation to the financial position</b>		
Obligation for employee benefits	-163	-192
Other assets	73	29

Further participation in the Canadian pension plan was ended with effect from March 31, 2021. Entitlements under the plan were frozen with the intention of winding up the entire plan in 2022. The resulting reduction

in the obligation gave rise to a profit due to past service credit of EUR 1 million. At the same time, the previously recognized surplus of plan assets is no longer permitted to be recognized as an asset ('asset ceiling').

The following table shows the expenses recognized in connection with the pension plans and similar commitments presented

in the consolidated statement of income and consolidated statement of comprehensive income:

#### Defined Benefit Cost

in EUR million	Fiscal Year	
	2021	2020 <sup>1</sup>
Current service cost	28	17
Past service cost/(income)	-2	2
Settlement loss/(gain)	0	-2
Net interest expense (income)	2	2
Liability administration cost	1	0
<b>Defined benefit cost recognized in consolidated statement of income</b>	<b>29</b>	<b>18</b>
Germany	20	13
USA	4	2
Other countries	6	1
Return on plan assets excluding amounts included in net interest on the net defined benefit liability (asset)	16	-68
Actuarial (gains) and losses arising from changes in demographic assumptions	0	-4
Actuarial (gains) and losses arising from changes in financial assumptions	-91	82
Actuarial (gains) and losses arising from experience adjustments	2	-5
Gains (losses) from changes in non-capitalizable plan assets due to asset ceiling	4	0
<b>Remeasurements of the net defined benefit liability (asset) recognized in consolidated statement of other comprehensive income</b>	<b>-69</b>	<b>6</b>
Germany	-64	18
USA	-6	-17
Other countries	1	5
<b>Defined benefit cost</b>	<b>-40</b>	<b>24</b>

<sup>1</sup> Previous year adjusted

<sup>1</sup> Previous year adjusted

The expected contributions to defined benefit plans in fiscal year 2022 come to EUR 21 million.

The Group reports the current service cost for the pension entitlements acquired in the reporting period, past service cost, settlement gains and losses, and administrative expenses incurred for the pension obligation under functional costs (cost of sales,

research and development expenses, and marketing, selling, and general administrative costs) in line with the functional area of the respective profit centers and cost centers.

A detailed reconciliation of the changes in the present value of the defined benefit obligation (DBO) for the reporting period is provided in the following table.

#### Development of the Present Value of the DBO

in EUR million	Fiscal Year	
	2021	2020 <sup>1</sup>
<b>DBO at beginning of fiscal year</b>	<b>1,301</b>	<b>61</b>
Current service cost	28	19
Past service cost/(income)	-2	0
Settlements	0	-7
Interest cost	16	9
<b>Remeasurements:</b>		
Actuarial (gains) and losses arising from changes in demographic assumptions	0	-4
Actuarial (gains) and losses arising from changes in financial assumptions	-91	83
Actuarial (gains) and losses arising from experience adjustments	2	-1
Plan participants' contributions	6	8
Benefits paid	-61	-30
Additions through business combinations	0	1,203
Divestments	-4	0
Foreign currency translation effects	34	-33
Other	4	-7
<b>DBO at end of fiscal year</b>	<b>1,234</b>	<b>1,301</b>
Germany	753	826
USA	331	329
Other countries	150	147

<sup>1</sup> Previous year adjusted

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

#### Change in Plan Assets

in EUR million	Fiscal Year	
	2021	2020
<b>Fair value of plan assets at beginning of fiscal year</b>	<b>1,139</b>	<b>14</b>
Interest income	14	8
Remeasurement:		
Return on plan assets excluding amounts included in net interest on the net defined benefit liability (asset)	-16	68
Employer contributions	17	36
Plan participants' contributions	3	4
Benefits paid	-37	-21
Settlements	0	-5
Additions through business combinations	0	1,062
Divestments	-2	0
Liability administration cost	-1	-1
Foreign currency translation effects	28	-26
<b>Fair value of plan assets at end of fiscal year</b>	<b>1,146</b>	<b>1,139</b>
Germany	790	792
USA	267	262
Other countries	90	85

The employer contributions to the funded pension plans amounted to EUR 17 million in the reporting period. Of this amount,

EUR 13 million was attributable to the German pension plans.

#### Composition of Plan Assets

In EUR million	December 31,	
	2021	2020
<b>Equities</b>		
Global equities (ex emerging markets)	118	128
Emerging markets equities	20	19
<b>Fixed income</b>		
Fixed income	248	255
Corporate bonds	641	638
Mixed funds	66	37
Cash and similar assets	43	56
<b>Plan assets that do have a quoted market price in an active market</b>	<b>1,136</b>	<b>1,134</b>
Derivative Finanzinstrumente	10	6
<b>Plan assets that do not have a quoted market price in an active market</b>	<b>10</b>	<b>6</b>
<b>Fair value of plan assets at end of fiscal year</b>	<b>1,146</b>	<b>1,139</b>

The main actuarial and demographic assumptions as of the balance sheet date were as follows:

### Key Assumptions for the Calculations of the DBO

	December 31,	
	2021	2020
<b>Discount rate</b>	<b>1.56%</b>	<b>1.17%</b>
Germany	1.02%	0.52%
USA	2.93%	2.61%
<b>Mortality tables</b>		
Germany	Richttafeln Heubeck 2018G	Richttafeln Heubeck 2018G
USA	Pri-2012 Healthy Generational Projected from 2012 with MP-2021	Pri-2012 Healthy Generational Projected from 2012 with MP-2020

The U.S. mortality tables were modified in the reporting period. An update to the table published in 2021, 'Pri-2012 Healthy Generational Projected from 2012 with MP-2021', was implemented with effect from December 31. The projection tables are updated annually (Mortality Improvement Scale) and published by the U.S. Society of Actuaries.

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.

### Sensitivity Analysis

in EUR million	Effect on DBO as of December 31, 2021	
	50-basis-points increase	50-basis-points decrease
Discount rate	-75	87
Rate of pension progression	38	-35

A 10% decrease in mortality probability for each age would result in an increase in the DBO of EUR 34 million. The weighted

The measurement assumptions determined at the beginning of ams OSRAM's fiscal year are used to determine the current service cost as well as the interest income and interest expenses for the obligations in existence at OSRAM.

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, 2021.

average duration of the DBO for defined benefit plans and similar commitments was 13.3 years.

## 22. Equity

The share capital was unchanged year on year, consisting of 274,289,280 bearer shares with a par value of EUR 1.00 each. The holders of ordinary shares are entitled to receive dividends based on the distributable net income ('Bilanzgewinn') shown in the separate financial statements of the parent company prepared in accordance with the Austrian Commercial Code (UGB) and resolved upon by the General Meeting. The holders have one vote per share at the Company's General Meeting. All shares rank equally with regard to the Company's residual assets.

### Contingent Capital

In recent years, the General Meeting has authorized the Management Board on several occasions to issue a limited number of new shares for a specific purpose (contingent capital increases in accordance with § 159 (2) of the Austrian Stock Corporation Act (AktG)). The current authorization, which was resolved upon by the General Meeting in June 2017, empowers the Management Board to carry out a contingent increase in the share capital in accordance with § 159 (2) Z 1 AktG of up to EUR 8,441,982.00 by issuing 8,441,982 no-par-value bearer shares to creditors of financial instruments in accordance with § 174 AktG, provided that the creditors of the financial instruments make use of their conversion and/or pre-emption rights in respect of the Company's shares. These possible shares are reserved for the convertible bond issued in U.S. dollars in 2017 and the convertible bond issued in euros in 2018.

There is also an authorization, which was resolved upon by the General Meeting in June 2020, that empowers the

Management Board to carry out a contingent increase in the share capital in accordance with § 159 (2) Z 1 AktG of up to EUR 27,428,982.00 by issuing up to 27,428,928 no-par-value bearer shares to creditors of financial instruments in accordance with § 174 AktG, provided that the creditors of the financial instruments make use of their conversion and/or pre-emption rights in respect of the Company's shares. These potential shares are reserved for the convertible bond that was issued in euros in 2020.

### Authorized Capital

The General Meeting on June 6, 2018 resolved to create a new authorized capital of 10% of the share capital at that time of EUR 84,419,826.00; this equates to a potential share capital increase of up to EUR 8,441,982.00. With the approval of the Supervisory Board, the Management Board is authorized until June 5, 2023 to increase the share capital against cash and/or contribution in kind, directly disapplying the pre-emption right if needed, and to amend § 3 of the Articles of Association accordingly.

The General Meeting on June 2, 2021 resolved to create a further authorized capital of 3.84% of the current share capital of EUR 274,289,280.00; this equates to a potential share capital increase of up to EUR 10,544,963.00. With the approval of the Supervisory Board, the Management Board is authorized until June 1, 2026 to increase the share capital against cash and/or contribution in kind, directly disapplying the pre-emption right if needed, and to amend § 3 of the Articles of Association accordingly.

### Additional Paid-in Capital

Additional paid-in capital comprises:

- the difference between paid-in capital when shares are issued and the par value of the shares
- expenses for share-based payments recognized in accordance with IFRS 2
- the fair value of the conversion options resulting from the issue of the convertible bonds issued in euros
- the difference resulting from the acquisition of further shares in OSRAM Licht AG (see note 17. Other Liabilities).

### Treasury Shares

In recent years, the General Meeting has authorized the Management Board to acquire treasury shares in amounts that are within the statutory limits.

The current authorization from the General Meeting on June 2, 2021 empowers the Management Board to acquire treasury shares in accordance with § 65 (1) Z4 and Z8 and (1a) and (1b) AktG in an amount equivalent to up to 10% of the share capital. The treasury shares can be acquired either via the stock market or over the counter. Furthermore, the pro rata disposal rights that may arise with such acquisitions can be excluded (reverse disapplication of pre-emption rights).

Furthermore, the Management Board has been authorized:

- to decide, in accordance with § 65 (1b) AktG, to sell or use treasury shares by

- way of sale other than via the stock market or through a public offer, applying analogously the rules on disapplying the pre-emption rights of shareholders,
- for a period of five years (until June 1, 2026), to sell treasury shares at any time via the stock market or through a public offer or in any other legally permitted manner, including over the counter, whereby the Management Board can also decide on the exclusion of the general purchase option.
- to reduce the Company's share capital by retiring no-par-value bearer treasury shares without the adoption of a further resolution by the General Meeting. The Supervisory Board is authorized to adopt resolutions in respect of amendments to the Articles of Association resulting from the reduction; and
- to use treasury shares to settle stock options of employees, executives, and members of the Management Board of the Company or of its affiliates,
- to use treasury shares to settle convertible bonds,
- to use treasury shares as consideration for the acquisition of companies, operations, partial operations, or shares in one or more companies in Austria or abroad.

### Other Components of Equity

The other components of equity consist of all cumulative exchange differences, which amounted to EUR 115 million as of December 31, 2021 (2020: EUR -161 million), arising on the translation of the annual financial statements of foreign subsidiaries.

### Accumulated Other Comprehensive Income

The accumulated other comprehensive income included in the accumulated result can be broken down as follows:

in EUR million	Benefit oriented obligations	Equity instruments FVOCI	Debt instruments FVOCI	Derivative financial instruments held for hedging	Total
Balance as of January 1, 2020	-14	66	0	0	52
Changes	-2	-78	0	7	-73
<b>Balance as of December 31, 2020</b>	<b>-16</b>	<b>-12</b>	<b>0</b>	<b>7</b>	<b>-21</b>

	Benefit oriented obligations	Equity instruments FVOCI	Debt instruments FVOCI	Derivative financial instruments held for hedging	Total
Balance as of January 1, 2021	-16	-12	0	7	-21
Changes due to portfolio transactions	15	-4	0	0	11
Other changes	62	0	-1	-21	40
<b>Balance as of December 31, 2021</b>	<b>61</b>	<b>-16</b>	<b>-1</b>	<b>-14</b>	<b>30</b>

### Non-controlling Interests

Owing to the domination and profit and loss transfer agreement between ams Offer GmbH and OSRAM Licht AG, under which the minority shareholders have a time-limited right to sell their shares in OSRAM Licht AG, the value of OSRAM Licht AG assigned to the non-controlling interests constitutes a liability rather than an item of equity (see note 1. (e) (ii) Business Combinations).

### Management of Capital

Economic capital corresponds to the equity reported on the consolidated balance sheet 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 that the Company can continue to grow. Among other things, the Management Board continuously monitors the equity ratio and return on equity. Capital increases, dividend payments, and share buybacks

are considered as possible measures for ensuring capital adequacy. These aims did not change in fiscal year 2021.

The Management Board aims to achieve a balance between profitability and liquidity that is customary in the industry. To this end, long-term assurance of liquidity is monitored, as is profitability. Profitability is measured on the basis of EBIT. EBIT is adjusted for acquisition-related expense, transformation costs, expense for share-based payments, and the result from investments in associates and from the sale of a business. The related margin was 10% for 2021 (2020: 13%). As potential cost savings and synergies have not yet been fully unlocked, there will again be a significant level of costs in 2022. Nevertheless, senior management remains focused on the long-term targets and is confident that stability and profitability can be achieved for the new Group.

### 23. Statement of Cash Flows

The statement of cash flows, which was prepared using the indirect method, shows the change in cash and cash equivalents from operating activities, investing activities, and financing activities. Cash and cash equivalents comprises cash on hand and bank deposits due at any time. Non-cash transactions are not shown. These mainly

relate to as-yet unpaid capital expenditure on non-current assets, acquisitions through the issue of shares, and measurement of financial assets and liabilities. In fiscal year 2021, a non-cash gain of EUR 97 million arose from the increased valuation of LeddarTech Inc. (see note 14. Investments in Associates).

### 24. Earnings per Share

in EUR	2021	2020
Net result (in EUR million)	-32	-90
Net result (continuing operations) (in EUR million)	-32	-87
Net result attributable to non-controlling interests (in EUR million)	-1	-75
<b>Net result attributable shareholders of ams-OSRAM AG (in EUR million)</b>	<b>-31</b>	<b>-13</b>
Weighted average number of shares outstanding	261.149.317	215.189.478
<b>Earnings per share (basic)</b>	<b>-0.12</b>	<b>-0.06</b>
<b>Earnings per share (basic, continuing operations)</b>	<b>-0.12</b>	<b>-0.07</b>
<b>Earnings per share (basic, discontinued operations)</b>	<b>-0.00</b>	<b>0.01</b>
Weighted average number of diluted shares	261.576.532	226.963.780
<b>Earnings per share (diluted)</b>	<b>-0.12</b>	<b>-0.14</b>
<b>Earnings per share (diluted, continuing operations)</b>	<b>-0.12</b>	<b>-0.15</b>
<b>Earnings per share (diluted discontinued operations)</b>	<b>-0.00</b>	<b>0.01</b>
<b>Dividends per share (paid in the fiscal year)</b>	<b>0.00</b>	<b>0.00</b>

In principle, the options issued under SOP 2011, SOP 2013, LTIP 2014, SSOP 2017, SL-TIP 2018, LTIP 2019, and SSOP 2019 have a dilutive effect. However, this dilution would occur only if the options resulted in the issue of shares at a price below the average market price. An additional dilutive effect results from the convertible bond issued in U.S. dollars if it leads to lower earnings per share or a higher loss per share. Dilutive effects had to be taken into account in

the fiscal year 2020 as the effects of the convertible bond led to a higher loss per share. In 2021 no dilutive effects from the convertible bond issued in U.S. dollars had to be taken into account.

Since fiscal year 2018, it has been possible for the issue of the convertible bond in euros to give rise to dilutive effects. And since 2020, it has been possible for new convertible bonds issued in euros to give rise to

dilutive effects. Such dilutive effects only have to be taken into account if they lead to lower earnings per share or a higher loss per share. When diluted earnings per share was calculated, dilutive effects in connection with the convertible bond issued in

euros had to be taken into account in fiscal year 2020 as the effects of the convertible bond led to a higher loss per share. In 2021 no dilutive effects arising from the convertible bond issued in euros had to be taken into account.

### Treasury Shares

in shares	2021	2020
<b>Reconciliation of number of outstanding shares</b>		
Outstanding shares as of January 1	260,670,748	81,040,688
Acquisition and sale of treasury shares	521,684	-10,239,394
Capital increase	-	189,869,454
<b>Outstanding shares as of December 31</b>	<b>261,192,432</b>	<b>260,670,748</b>
<b>Reconciliation of number of diluted shares</b>		
Weighted average number of shares outstanding as of December 31	261,149,317	82,309,404
Capital increase	-	132,880,074
Dilutions related to issue of stock options	427,215	523,731
Dilutions related to the issue of convertible bonds	-	11,250,572
<b>Weighted average number of diluted shares</b>	<b>261,576,532</b>	<b>226,963,781</b>
<b>Reconciliation of number of treasury shares</b>		
Reconciliation of number of treasury shares	13,618,532	3,379,138
Reconciliation of number of treasury shares	0	13,714,464
Sale of treasury shares	0	-3,365,868
Issue as part of share-based payment	-521,684	-109,202
<b>Treasury shares as of December 31</b>	<b>13,096,848</b>	<b>13,618,532</b>

## 25. Financial Instruments and Management of Financial Risk

In the course of its business activities, the Group is exposed to a wide variety of risks attaching to financial instruments, specifically credit risk, interest-rate risk, currency risk, and liquidity risk.

The central treasury department manages financial risk in accordance with the policies set out by the Company's Management Board and Supervisory Board. Treasury works closely with the operational areas of the business to assess and mitigate financial risk, in some cases by using derivatives.

### Credit Risk

Credit risk arises when a customer or a counterparty of a financial instrument is unable to meet its payment obligations. In accordance with the treasury and risk management policy, investments and transactions involving derivative financial instruments are carried out only with a diversified selection of financial institutions with high credit quality. Individual credit limits for customers and financial institutions are defined on the basis of external and internal data and are monitored on an ongoing basis. There were no above-average concentrations of credit risk as of the balance sheet date.

### Interest-rate Risk

ams OSRAM may be exposed to interest-rate risk, especially as a result of rising finance costs due to an increase in interest rates; conversely, falling interest rates lead to lower interest income from deposits. This interest-rate risk is mitigated on the liabilities side as a result of more than 95% of financial liabilities having a fixed inter-

est rate. On the assets side, interest-rate risk primarily arises in connection with short-term time deposits that are linked to the market interest rate. The offsetting asset-side and liability-side exposures naturally reduce the overall exposure.

### Currency Risk

Financial transactions in the semiconductor industry are predominantly conducted in U.S. dollars. All transaction and translation risks are monitored on an ongoing basis in order to hedge currency risk. Within the Group, cash flows in the same currency are netted. Exchange-rate fluctuation affecting transactions in foreign currencies primarily relate to the U.S. dollar. Depending on the specific risk situation, net risks attaching to line items on the balance sheet and, where applicable, to planned transactions are also hedged using derivative financial instruments, primarily forward exchange contracts.

### Liquidity Risk

Liquidity risk is the risk that the Company cannot fulfill its financial obligations at the maturity date. The borrowing taken out in connection with the acquisition of OSRAM has increased the Company's need for funding. ams OSRAM carries out short-term and long-term liquidity planning at regular intervals in order to monitor and manage liquidity risk. As of December 31, 2021, the liquidity reserve in the form of cash and cash equivalents amounted to EUR 1,331 million (2020: EUR 1,597 million). ams OSRAM also had unused committed credit facilities from banks amounting to EUR 1,001 million.

## Summary of Financial Instruments Recorded in the Financial Statements:

### Carrying Amounts and Fair Values of Financial Assets and Liabilities

in EUR million	Category according to IFRS 9	December 31, 2021		December 31, 2020	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>					
Cash and cash equivalents	FAaC	1,331	1,331	1,597	1,597
Trade receivables	FAaC	488	488	474	474
Trade receivables that are to be held/sold under a factoring agreement	FVOCI	183	183	0	0
Trade receivables that are to be sold under a factoring agreement <sup>1</sup>	FVTPL	17	17	147	147
Other receivables and assets <sup>2</sup>					
Derivatives not designated in a hedge accounting relationship	FVTPL	6	6	7	7
Derivatives in connection with cash flow hedges	n.a.	0	0	12	12
Other financial assets	FAaC	41	41	62	62
Other assets longterm					
Option for early repayment of bonds	FVTPL	25	25	21	21
Other	FAaC	16	16	23	23
Financial investments					
Equity instruments <sup>3</sup>	FVOCI	132	132	4	4
Equity instruments	FVTPL	5	5	16	16
Shares in investment funds	FVTPL	9	9	6	6
Assets held for sale	FAaC	19	19	33	33

<sup>1</sup> As of June 30, 2021, trade receivables of EUR 168 million were reclassified from the fair value through profit or loss measurement category (FVTPL) to the fair value through other comprehensive income measurement category (FVOCI) because the business model for the sale of trade receivables under factoring programs had changed. As of December 31, 2021, the fair value of the receivables that were still outstanding and/or had not yet been sold was EUR 79 million. The gain on measurement at fair value, which would have been recognized in profit or loss if the receivables had not been reclassified, was EUR 1 million.

<sup>2</sup> The derivatives are mainly forward exchange contracts.

<sup>3</sup> The equity instruments assigned to the FVOCI category are set out in note 31. Group Companies

<sup>4</sup> As of December 31, 2021, other current liabilities and other non-current liabilities included lease liabilities totaling EUR 270 million (2020: EUR 290 million) accounted for in accordance with IFRS 16.

in EUR million	Category according to IFRS 9	December 31, 2021		December 31, 2020	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities</b>					
Interest-bearing loans	FLaC	3,126	3,530	3,303	3,914
Trade payables	FLaC	710	710	546	546
Other current liabilities <sup>2,4</sup>					
Derivatives not designated in a hedge accounting relationship	FVTPL	2	2	7	7
Derivatives in connection with cash flow hedges	n.a.	12	12	0	0
Contingent purchase price liabilities due to business combinations	FVTPL	2	2	18	18
Obligation to acquire the non-controlling interests in OSRAM Licht AG	n.a.	862	862	1,256	1,256
Other financial liabilities	FLaC	244	244	177	177
Other non-current liabilities <sup>2,4</sup>	FLaC				
Derivatives not designated in a hedge accounting relationship	FVTPL	0	0	1	1
Contingent purchase price liabilities due to business combinations	FVTPL	0	0	2	2
Other financial liabilities	FLaC	320	320	234	234
Liabilities associated with assets held for sale	FLaC	18	18	114	114

The aggregated carrying amounts by IFRS 9 category are as follows:

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 December 31,	
		2021	2020
<b>Financial assets</b>			
Financial assets measured at amortized cost	FAaC	1,895	2,189
Financial liabilities measured at fair value through other comprehensive income without recycling to profit or loss	FVOCI	183	0
Financial assets measured at fair value through other comprehensive income without recycling to profit or loss	FVOCI	132	4
Financial assets at fair value through profit or loss	FVTPL	62	196
<b>Financial liabilities</b>			
Financial liabilities at amortized cost	FLaC	4,418	4,375
Financial liabilities at fair value through profit or loss	FVTPL	3	28

The fair value of current financial assets and current financial liabilities essentially corresponds to their carrying amount because they are due to mature soon.

For the financial assets and liabilities measured at fair value, the following table shows the level of the fair value hierarchy to which the fair value is to be assigned. The levels are defined as follows:

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)

<sup>1</sup> As of June 30, 2021, trade receivables of EUR 168 million were reclassified from the fair value through profit or loss measurement category (FVTPL) to the fair value through other comprehensive income measurement category (FVOCI) because the business model for the sale of trade receivables under factoring programs had changed. As of December 31, 2021, the fair value of the receivables that were still outstanding and/or had not yet been sold was EUR 79 million. The gain on measurement at fair value, which would have been recognized in profit or loss if the receivables had not been reclassified, was EUR 1 million.

<sup>2</sup> The derivatives are mainly forward exchange contracts.

<sup>3</sup> The equity instruments assigned to the FVOCI category are set out in note 31. Group Companies

<sup>4</sup> As of December 31, 2021, other current liabilities and other non-current liabilities included lease liabilities totaling EUR 270 million (2020: EUR 290 million) accounted for in accordance with IFRS 16.

### Valuation Category

2021 in EUR million	Level 1	Level 2	Level 3	Total
current financial assets	0	206	0	206
non-current financial assets	6	148	18	172
current financial liabilities	0	13	2	15
non-current financial liabilities	0	0	0	0

2020	Level 1	Level 2	Level 3	Total
current financial assets	0	166	0	166
non-current financial assets	16	21	9	46
current financial liabilities	0	7	18	25
non-current financial liabilities	0	1	2	3

The change in the carrying amount for the non-current financial assets in Level 3 in fiscal year 2021 essentially resulted from the acquisition of shares in SILC Technologies, Inc., Monrovia (USA) (EUR 2 million), the acquisition of further shares in Recogni Inc., Cupertino (USA) (EUR 2 million), and the acquisition of shares in two venture capital fund companies (EUR 4 million).

ams OSRAM uses derivative financial instruments, especially forward exchange contracts, to hedge against exchange-rate fluctuation. Certain derivative financial instruments that are used to hedge planned transactions and pending transactions (hedged items) and that meet the requirements 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 planned transactions, in terms of both the nominal amount and the expected payment date. The underlying risk of the forward exchange contracts is identical to that of the hedged risk components. A hedge ratio of 1:1 was therefore specified. To test hedge effectiveness, OSRAM uses the dollar offset method, which involves comparing the change in the fair value of the hedging instruments with the change in the fair value of the hedged items attributable to the hedged risks. As of December 31, 2021, the net balance of the cumulative change in the fair values of the hedging instruments was EUR -12 million (2020: EUR 12 million), whereas the fair values of the hedged items changed by EUR 12 million (2020: EUR -12 million).

### Forward Exchange Contracts Designated as Hedging Instruments

Maturity	up to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
<b>Balance as of December 31, 2021</b>					
Nominal amount in USD million	104	118	118	62	<b>401</b>
Average forward rate (EUR/USD)	1,201	1,182	1,163	1,152	

### Forward Exchange Contracts Designated as Hedging Instruments

Maturity	up to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
<b>Balance as of December 31, 2020</b>					
Nominal amount in USD million	89	82	86	35	<b>292</b>
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 amounting to EUR -1 million (2020: EUR 7 million) was reclassified from other comprehensive income within retained earnings to the consolidated statement of income, where it was recognized under cost of sales. This reclassification was due to the realization of the hedged item. During the fiscal year, net hedging losses of EUR 21 million were

recognized in other comprehensive income (2020: net hedging gains of EUR 7 million).

#### Currency Risk

The Company's financial instruments denominated in foreign currency (excluding net investments in subsidiaries and investments in associates) and hedged planned transactions had the following nominal values as of the balance sheet date:

#### USD Exposure

Nominal amounts in USD million	December 31,	
	2021	2020
Net currency risk before hedging	-247	-675
<b>Net currency risk after hedging</b>	<b>-402</b>	<b>-834</b>

## Sensitivity Analysis

Appreciation/depreciation of the euro by 10% against the following currencies would have affected equity and the Group's statement of income as follows:

in EUR million	2021			
	Profit & Loss		Equity	
	+10% increase	-10% decrease	+10% increase	-10% decrease
USD	32	-40	63	-77
	2020			
	Profit & Loss		Equity	
	+10% increase	-10% decrease	+10% increase	-10% decrease
USD	59	-72	80	-98

This analysis assumes that all other variables, in particular interest rates, remain constant.

ing from the translation of financial statements prepared in foreign currencies.

The table above does not include the impact of currency changes on equity result-

The following exchange rates were used during the fiscal year:

## Exchange Rates

in foreign currency units		Middle Spot Exchange Rate		Annual Average Exchange Rate	
		December 31,		Fiscal year	
		2021	2020	2021	2020
US dollar	USD	1.133	1.227	1.182	1.147
Malaysian ringgit	MYR	4.718	4.934	4.890	4.812
Swiss franc	CHF	1.033	1.080	1.080	1.071
Singapore dollar	SGD	1.528	1.622	1.586	1.579
Chinese renminbi	CNY	7.196	8.023	7.607	7.897

## 26. Reconciliation of Changes in Liabilities to Cash Flows from Financing Activities

### Cash-Flow & Cash-Flow Reconciliation

2021 in EUR million	Loans	Convert- ible bonds	Bonds	Lease liabilities	Total
<b>Balance as of January 1, 2021</b>	<b>755</b>	<b>1,333</b>	<b>1,215</b>	<b>290</b>	<b>3,593</b>
Proceeds from loans	97	0	0	0	97
Repayments of loans	-287	0	0	0	-287
Buyback of convertible bonds	0	-67	0	0	-67
Repayment of lease liabilities	0	0	0	-75	-75
Interest paid	-22	-19	-82	-14	-137
<b>Changes in cash flows from financing activities</b>	<b>-212</b>	<b>-86</b>	<b>-82</b>	<b>-89</b>	<b>-469</b>
Interest paid	22	19	82	14	137
Effects of changes in foreign exchange rates	-5	20	25	15	56
Interest expenses	0	38	7	9	54
Other changes	0	-5	0	31	26
<b>Balance as of December 31, 2021</b>	<b>560</b>	<b>1,319</b>	<b>1,247</b>	<b>270</b>	<b>3,396</b>

2020	Loans	Convert- ible 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>

The convertible bonds column contains both the debt component included in the interest-bearing loans item and the option value of the convertible bond issued in U.S. dollars, which is recognized under other liabilities. In 2020, EUR 151 million of the other changes had related to the conversion option for the convertible bond in equity.

## 27. Disposals of Business Activities and Property, Plant, and Equipment; Assets and Liabilities Classified as Held for Sale

### Disposals of Business Activities

#### Digital Systems (DS), North America

On July 1, 2021, ams OSRAM sold its North American activities in the Digital Systems business (DS) – primarily manufacturing lighting control systems, electronics and drivers – to Acuity Brands (USA) as part of the strategic realignment. The loss on the disposal of EUR 4 million was recognized in other operating expenses.

#### Connected Building Applications (CBA)

On September 30, 2021, ams OSRAM sold its Connected Building Applications activities to Skyview Capital (USA) as part of the strategic realignment. The CBA activities comprised innovative light management solutions for commercial and industrial facilities. The loss on the disposal of EUR 21 million was recognized in other operating expenses. In addition, an impairment loss of EUR 3 million was recognized on intangible assets in June 2021 and also recorded in other operating expenses, when these business activities were designated to be sold.

#### OSRAM Continental

The unwinding of OSRAM Continental was completed at the beginning of October 2021. As part of this transaction, the companies OSRAM Continental Austria GmbH, OSRAM Continental France SAS, OSRAM

The reconciliation above does not include the repayment of a shareholder loan of EUR 81 million to Continental in connection with the unwinding of OSRAM Continental. As of December 31, 2020, this had already been recognized as a liability associated with assets classified as held for sale.

Continental Romania S.R.L., OSRAM Continental Shanghai Intelligent Lightning Co., Ltd., OSRAM CONTINENTAL INDIA Private Limited, OSRAM Continental Guadalajara Intelligent Lightning S de RL de CV, and OSRAM Continental Mexico Services S de RL de CV were sold to Continental as part of a share deal and were then deconsolidated.

In addition to selling the shares, ams OSRAM used local asset transfer agreements (LATAs) to transfer assets – most of which relate to intangible assets not accounted for on the balance sheet of companies that were retained by ams OSRAM – to companies that were sold to Continental. On a small scale, assets were also transferred from companies sold to Continental to companies that were retained by ams OSRAM. The net payments received from Continental in connection with the transfer of control over these companies and assets came to a total of EUR 144 million.

In return, OSRAM GmbH purchased Continental's 50% stake in OSRAM CONTINENTAL GmbH for EUR 72 million. As a result, OSRAM GmbH became the sole shareholder of OSRAM CONTINENTAL GmbH, OSRAM CONTINENTAL USA Inc., OSRAM Continental Italia S.r.l., and OSRAM CONTINENTAL Kunshan Intelligent Lightning

Co., Ltd. Consequently, the profit (loss) of these companies that had previously been reported as non-controlling interests in equity was reclassified to retained earnings. The company names of the companies that remained in the ams OSRAM Group were changed to ams OSRAM Automotive Lighting Systems.

Also as part of the transaction, shareholder loans of EUR 81 million were repaid to Continental that had previously been disbursed by the shareholders in this amount in order to provide funding for OSRAM Continental. Overall, the unwinding of OSRAM Continental in fiscal year 2021 gave rise to a gain of EUR 70 million that was recognized in other operating income.

#### Bulgarian Production Facility

On April 6, 2021, ams OSRAM sold a production site in Bulgaria that had mainly manufactured components for the Digital

Systems business. The buyer, Sanmina-SCI Dutch Holdings B.V., will continue to supply ams OSRAM for a period of two years after the sale. The purchase consideration was virtually equal to the carrying amounts of the net assets sold.

### Disposals of Property, Plant, and Equipment

On June 30, 2021, ams OSRAM sold a plot of land in Berlin, including a building, for a sum in the mid-double-digit millions of euros. In parallel, ams OSRAM took out a lease for part of the property. The total gain on the disposal came to EUR 24 million and was recognized in other operating income (see note 3. Other Operating Income).

The aforementioned disposals resulted in the derecognition of assets and liabilities with a total carrying amount of EUR 74 million and a cash inflow of EUR 277 million.

### Assets and Liabilities as at the Respective Dates of Divestiture

in EUR million	Osram Continental	Other	Total
Cash and cash equivalents	21	12	32
Trade receivables and other current assets	16	7	23
Inventories	0	48	49
Non-current assets	9	92	101
<b>Assets</b>	<b>46</b>	<b>159</b>	<b>205</b>
Short-term interest-bearing loans and borrowings	86	0	86
Current liabilities	15	23	38
Employee benefits	2	0	2
Long-term liabilities and provisions	3	3	6
<b>Liabilities</b>	<b>106</b>	<b>26</b>	<b>132</b>
<b>Net assets</b>	<b>-60</b>	<b>134</b>	<b>74</b>

## Assets and Liabilities Classified as Held for Sale

### Fluence Bioengineering Inc.

In December 2021, ams OSRAM signed an agreement with Signify N.V. (Netherlands) concerning the sale of the shares in Fluence Bioengineering Inc. (USA) in order to make further progress with the strategic realignment. Under the transaction, 100% of the shares in Fluence Bioengineering Inc. and,

on a smaller scale, other assets of the ams OSRAM Group were transferred to Signify N.V. The transaction is expected to be completed in the first half of 2022. In fiscal year 2021, the assets and liabilities of the transferred business were classified as a disposal group held for sale in accordance with IFRS 5.

### Assets and Liabilities Classified as Held for Sale – Fluence Bioengineering Inc.

in EUR million	December 31, 2021
Cash and cash equivalents	8
Trade receivables and other current assets	56
Non-current assets	70
<b>Assets held for sale</b>	<b>134</b>
Short-term interest-bearing loans and borrowings	0
Current liabilities	37
Employee benefits	0
Long-term liabilities and provisions	3
<b>Liabilities associated with assets held for sale</b>	<b>40</b>
<b>Net assets</b>	<b>94</b>

## 28. Contingencies

The preparation of the consolidated financial statements in accordance with IFRS requires senior management to make judgments in applying accounting rules and estimates when making assumptions about future developments that may materially impact on the recognition and value of assets and liabilities, the disclosure of other obligations as of the balance sheet date, and the recognition of income and expenses during the fiscal year.

The main judgments to be made in applying accounting rules relate to:

- classification of the option right for the convertible bond issued in U.S. dollars as debt (note 19. Interest-bearing Loans)
- classification of the option rights for the convertible bond issued in euros as equity (notes 19. Interest-bearing Loans and 22. Equity)
- measurement assumptions in connection with the allocation of the purchase price

- to assets acquired and liabilities assumed as part of acquisitions (primarily the acquisition of OSRAM in 2020) (note 1. Significant Accounting Policies)
- estimation uncertainties in the measurement of leases (note 13. Right-of-use Assets)

In the case of the following assumptions, there is a not insignificant risk that they could lead to changes in the value of assets and liabilities in the next fiscal year:

- Assessment of the recoverability of goodwill (impairment tests); the fair value of the individual CGUs is calculated using the discounted cash flow method. The key assumptions used for the impairment test were the expected unit sales and EBITDA margins in the detailed planning phase that are used as the basis for the business planning, plus the terminal value growth rates and the discount rates (note 12. Intangible Assets).
- The recognition of deferred tax assets is based on the assumption that certain tax income will be available in the future against which existing loss carryforwards can be utilized (note 15. Deferred Tax Assets and Deferred Tax Liabilities).
- Measurement of the existing long-term obligations to employees, primarily pension obligations: assumptions about the discount rate, retirement age, employee turnover, and future salary and pension increases are used for this purpose (note 21. Employee Benefits).
- The recognition and measurement of provisions in connection with the termination of employment contracts are subject to estimates and assumptions on a significant scale. These include, for example, the probability of acceptance in respect of an offer to terminate employment contracts early and the nature of the measures (see note 18. Provisions).

- ams OSRAM is subject to litigation and regulatory proceedings in various jurisdictions. Such proceedings may result in criminal or civil sanctions, penalties, or disgorgement orders against ams OSRAM. Litigation, regulatory proceedings, or investigations by authorities often involve complex legal issues and are subject to substantial uncertainties. Accordingly, senior management exercises considerable judgment in determining whether there is a present obligation as a result of a past event at the end of the reporting period, whether it is more likely than not that such an obligation will result in an outflow of resources, and whether the amount of the obligation can be reliably estimated. The required amount of a provision may change in the future due to new developments in the particular matter concerned (see note 18. Provisions).

Estimates are also subject to increased uncertainty due to the COVID-19 pandemic. Further information can be found in the Macroeconomic Effects and Geopolitical Disputes section and in the Business Interruption Risk section in the report on risks and opportunities in the group management report.

As part of the systematic enterprise risk management process (ERM process) applied at ams OSRAM, non-financial risks – including potential climate-related risks – are also recorded and evaluated uniformly on a qualitative basis in accordance with the methodology defined in the ERM process. The identified and evaluated risks are reported, depending on specified materiality thresholds. As of December 31, 2021, no material climate-related risks with an impact on balance sheet line items were reported.

## 29. Related Parties

### Identity of related parties

The Company has business relationships with the following related parties:

- the members of the Company's Management Board and their close family members
- the members of the Supervisory Board and their close family members
- associates
- unconsolidated subsidiaries (in 2021 and 2020, this was solely ams Sensors Hong Kong Ltd.)

### The Company's Governing Bodies:

Members of the Management Board: Alexander Everke, Ingo Bank, Thomas Stockmeier, Mark Hamersma

Members of the Supervisory Board: Hans Jörg Kaltenbrunner (Chairman), Michael Grimm (Deputy Chairman), Brian Krzanich (member), Monika Henzinger (member), Yen Yen Tan (member), Loh Kin Wah (member), Margarete Haase (member), Brigitte Ederer (member), Guenter Kneffel (employee representative), Andreas Pein (employee representative), Sabine Radesej (employee representative), Patrick Reinisch (employee representative)

### Remuneration

The Management Board's remuneration as of December 31, 2021 and as of December 31, 2020 was as follows:

in EUR million	2021	2020
Salary		
Salary, not variable	3	2
Salary, variable	3	5
Options	23	25
Other	2	0

An expense of EUR 1 million was recognized for the funding of provisions for severance payments for members of the Management Board (2020: EUR 0 million).

In the reporting year, a total of 1,913,293 options (2020: 2,252,434 options) were granted to the Management Board for the acquisition of shares in ams-OSRAM AG, of which:

- 0 options (2020: 73,541 options) under LTIP 2014,
- 0 options (2020: 385,017 options) under SSOP 2017,
- 0 options (2020: 8,528 options) under SLTIP 2018,
- 0 options (2020: 70,230 options) under SSOP 2019, and
- 1,913,293 options (2020: 1,715,118 options) under LTIP 2019.

The exercise price, shown below, was unchanged year on year:

- EUR 0.68 under LTIP 2014,
- EUR 18.63 under SSOP 2017,
- EUR 29.34 under SLTIP 2018,
- EUR 13.94 under SSOP 2019, and
- EUR 0.68 and EUR 22.96 under LTIP 2019.

For details of the terms and conditions and the measurement of the options for the acquisition of shares in ams-OSRAM AG under LTIP 2014, SSOP 2017, SLTIP 2018, SSOP 2019, and LTIP 2019, and any anti-dilution measures, please refer to note 4. Expenses.

Management Board members' holdings of ams-OSRAM AG shares and financial instruments were as follows:

(Number of)	2021	2020
Shares	93,825	93,825
Options	5,534,676	3,666,027

As of December 31, 2021, persons related to the members of the Management Board held 4,750 shares (2020: 4,750 shares) and no financial instruments (2020: 0 financial instruments) for the acquisition of shares in ams-OSRAM AG.

and is paid directly by the Company. The remuneration shown relates to the amounts actually paid in the fiscal year. The remuneration and the amounts payable for fiscal year 2021 were set by the General Meeting on June 2, 2021.

The remuneration for the Company's Supervisory Board amounted to EUR 1 million (2020: EUR 1 million). All remuneration was

Supervisory Board members' holdings of ams-OSRAM AG shares and financial instruments were as follows:

(Number as of December 31)	2021	2020
Shares	135,000	135,000
Options	414	553

As of December 31, 2021, persons related to the members of the Supervisory Board held 3,500 shares (2020: 0 shares) and no financial instruments (2020: 0 financial instruments) for the acquisition of shares in ams-OSRAM AG.

There are no ongoing loan arrangements with members of the Supervisory Board or Management Board.

### Transactions with Associates

in EUR million	Sales of goods and services and other income		Purchases of goods and services and other expense	
	Fiscal Year		Fiscal Year	
	2021	2020	2021	2020
Associates and joint ventures	9	10	-15	-31

ams OSRAM has loan agreements with 7Sensing Software amounting to EUR 4 million that 7Sensing Software can draw down as needed. As of December 31, 2021, an amount of EUR 4 million (including interest) was drawn down under the loan agreement (2020: EUR 3 million).

As of December 31, 2021 (2020: EUR 0 million). As of December 31, 2021, cumulative loss allowances on loans and receivables amounted to EUR 1 million (2020: EUR 0 million).

These equity investments constitute strategic equity investments.

The loans granted to other joint ventures and associates amounted to EUR 1 million

### 30. Auditor's Fee

The expenses for the auditor's fee for auditing the 2021 separate and consolidated financial statements totaled EUR 0.6 million (2020: EUR 0.3 million). In fiscal year 2021,

no fees were incurred for other consultancy services (2020: EUR 0.1 million) or for special audit services and insurance payments (2020: EUR 4 million).

### 31. Group Companies

	Accounting method	Country of incorporation	Functional currency	Ownership interest	
				2021	2020
AMK Inv Systems Pte. Ltd.	fully consolidated	Singapore	USD	100.00%	100.00%
ams Asia Inc.	fully consolidated	Philippines	PHP	100.00%	100.00%
ams Cayman Inc.	fully consolidated	Cayman Island	USD	100.00%	100.00%
ams China Co. Ltd.	fully consolidated	China	RMB	100.00%	100.00%
ams Holding USA Inc.	fully consolidated	USA	USD	100.00%	100.00%
ams International AG	fully consolidated	Switzerland	CHF	100.00%	100.00%
ams Italy S.r.l.	fully consolidated	Italy	EUR	100.00%	100.00%

	Accounting method	Country of incorporation	Functional currency	Ownership interest	
				2021	2020
ams Japan Co. Ltd.	deconsolidated	Japan	JPY	0.00%	100.00%
ams Korea Co. Ltd.	fully consolidated	Korea	KRW	100.00%	100.00%
ams Offer GmbH	fully consolidated	Germany	EUR	100.00%	100.00%
ams R&D analogni polprevodniki, d.o.o.	fully consolidated	Slovenia	EUR	100.00%	100.00%
ams R&D Spain S.L.	fully consolidated	Spain	EUR	100.00%	100.00%
ams R&D UK Limited	fully consolidated	Great Britain	GBP	100.00%	100.00%
ams Semiconductors India Pvt Ltd.	fully consolidated	India	INR	100.00%	100.00%
ams Sensors Asia Pte. Ltd.	fully consolidated	Singapore	USD	100.00%	100.00%
ams Sensors Belgium BV	fully consolidated	Belgium	EUR	100.00%	100.00%
ams Sensors Germany GmbH	fully consolidated	Germany	EUR	100.00%	100.00%
ams Sensors Holdings Asia Pte. Ltd.	fully consolidated	Singapore	USD	100.00%	100.00%
ams Sensors Hong Kong Ltd.	at amortized cost	Hong Kong	HKD	100.00%	100.00%
ams Sensors Malaysia Sdn. Bhd.	fully consolidated	Malaysia	MYR	100.00%	100.00%
ams Sensors Netherlands BV	fully consolidated	Netherlands	EUR	100.00%	100.00%
ams Sensors Singapore Pte. Ltd.	fully consolidated	Singapore	USD	100.00%	100.00%
ams Sensors Taiwan Co. Ltd.	fully consolidated	Taiwan	TWD	100.00%	100.00%
ams Sensors UK Limited	fully consolidated	Great Britain	GBP	100.00%	100.00%
ams Sensors USA Inc.	fully consolidated	USA	USD	100.00%	100.00%
Applied Sensor Sweden Holding AB	fully consolidated	Sweden	SEK	100.00%	100.00%
Aspern Investment Inc.	deconsolidated	USA	USD	0.00%	100.00%
AWAIBA Holding SA	fully consolidated	Switzerland	CHF	100.00%	100.00%
CMOSIS International NV	fully consolidated	Belgium	EUR	100.00%	100.00%
Heptagon Holding AG	fully consolidated	Switzerland	CHF	100.00%	100.00%
Heptagon Holding CA Inc	fully consolidated	USA	USD	100.00%	100.00%
Heptagon Oy	fully consolidated	Finland	EUR	100.00%	100.00%
Incus Laboratories Limited	fully consolidated	Great Britain	GBP	100.00%	100.00%
KeyLemon SA	fully consolidated	Switzerland	CHF	100.00%	100.00%
OSRAM Licht AG	fully consolidated	Germany	EUR	79.91%	70.72%
Princeton Optronics Inc.	fully consolidated	USA	USD	100.00%	100.00%
RF Digital Corp.	fully consolidated	USA	USD	100.00%	100.00%

	Accounting method	Country of incorporation	Functional currency	Ownership interest	
				2021	2020
<b>Entities held by OSRAM Licht AG</b>					
ams France S.à.r.l.	fully consolidated	France	EUR	100.00%	100.00%
ams OSRAM Automotive Lighting Systems GmbH	fully consolidated	Germany	EUR	100.00%	50.00%
ams OSRAM Automotive Lighting Systems Italia S.r.l.	fully consolidated	Italy	EUR	100.00%	50.00%
ams OSRAM Automotive Lighting Systems Kunshan Co. Ltd.	fully consolidated	China	CNY	100.00%	50.00%
ams OSRAM Automotive Lighting Systems USA Inc.	fully consolidated	USA	USD	100.00%	50.00%
ams-OSRAM International GmbH	fully consolidated	Germany	EUR	100.00%	100.00%
ams Sensors Portugal	fully consolidated	Portugal	EUR	100.00%	100.00%
BAG electronics GmbH	deconsolidated	Germany	EUR	0.00%	100.00%
BENO 44 - Betreiber GmbH	deconsolidated	Germany	EUR	0.00%	100.00%
BENO 44 GmbH & Co. KG	deconsolidated	Germany	EUR	0.00%	100.00%
BENO 44 Verwaltung GmbH	deconsolidated	Germany	EUR	0.00%	100.00%
Clay Paky S.p.A.	fully consolidated	Italy	EUR	100.00%	100.00%
Digital Lumens Inc.	deconsolidated	USA	USD	0.00%	100.00%
Fluence Bioengineering B.V.	fully consolidated	Netherlands	EUR	100.00%	100.00%
Fluence Bioengineering, Inc.	fully consolidated	USA	USD	100.00%	100.00%
Fluxunit GmbH	fully consolidated	Germany	EUR	100.00%	100.00%
Heramo Immobilien GmbH & Co. KG	deconsolidated	Germany	EUR	0.00%	100.00%
Light Distribution GmbH	fully consolidated	Germany	EUR	100.00%	100.00%
OOO OSRAM	fully consolidated	Russian Federation	RUB	100.00%	100.00%
Optotronic GmbH	fully consolidated	Germany	EUR	100.00%	0.00%
Optotronic S.r.l.	fully consolidated	Italy	EUR	100.00%	0.00%
OSRAM (Malaysia) Sdn. Bhd.	fully consolidated	Malaysia	MYR	100.00%	100.00%
OSRAM (Thailand) Co., Ltd.	fully consolidated	Thailand	THB	100.00%	100.00%
OSRAM A/S	fully consolidated	Denmark	DKK	100.00%	100.00%
OSRAM AB	fully consolidated	Sweden	SEK	100.00%	100.00%
OSRAM AS	fully consolidated	Norway	NOK	100.00%	100.00%
OSRAM Asia Pacific Ltd.	fully consolidated	Hongkong	HKD	100.00%	100.00%
OSRAM Asia Pacific Management Company Ltd.	fully consolidated	China	CNY	100.00%	100.00%
OSRAM Benelux B.V.	fully consolidated	Netherlands	EUR	100.00%	100.00%
OSRAM Beteiligungen GmbH	fully consolidated	Germany	EUR	100.00%	100.00%
OSRAM Beteiligungsverwaltung GmbH	fully consolidated	Germany	EUR	100.00%	100.00%
OSRAM Česká republika s.r.o.	fully consolidated	Czech Republic	CZK	100.00%	100.00%
OSRAM China Lighting Ltd.	fully consolidated	China	CNY	90.00%	90.00%

	Accounting method	Country of incorporation	Functional currency	Ownership interest	
				2021	2020
OSRAM Co., Ltd.	fully consolidated	Korea	KRW	100.00%	100.00%
OSRAM Comercio de Solucoes de Iluminacao Ltda.	fully consolidated	Brazil	BRL	100.00%	100.00%
OSRAM Continental (Shanghai) Intelligent Lighting Co., Ltd.	deconsolidated	China	CNY	0.00%	100.00%
OSRAM Continental Austria GmbH	deconsolidated	Austria	EUR	0.00%	50.00%
OSRAM Continental France SAS	deconsolidated	France	EUR	0.00%	50.00%
OSRAM Continental Guadalajara Intelligent Lighting S de RL de CV	deconsolidated	Mexico	MXN	0.00%	50.00%
OSRAM CONTINENTAL INDIA Private Limited	deconsolidated	India	INR	0.00%	50.00%
OSRAM Continental Mexico Services S de RL de CV	deconsolidated	Mexico	MXN	0.00%	50.00%
OSRAM Continental Romania S.R.L.	deconsolidated	Romania	RON	0.00%	50.00%
OSRAM CONTINENTAL USA Inc.	deconsolidated	USA	USD	0,00%	50.00%
OSRAM d.o.o.	fully consolidated	Croatia	HRK	100,00%	100.00%
OSRAM de Colombia Iluminaciones S.A.S.	fully consolidated	Colombia	COP	100,00%	100.00%
OSRAM de México S.A. de C.V.	fully consolidated	Mexico	MXN	100,00%	100.00%
OSRAM EOOD	deconsolidated	Bulgaria	BGN	0,00%	100.00%
OSRAM GmbH	fully consolidated	Germany	EUR	100,00%	100.00%
OSRAM Guangzhou Lighting Technology Limited	fully consolidated	China	CNY	100,00%	100.00%
OSRAM Innovation Hub GmbH	deconsolidated	Germany	EUR	0,00%	100.00%
OSRAM Kunshan Display Optic Co., Ltd.	fully consolidated	China	CNY	100,00%	100.00%
OSRAM Lighting (Pty) Ltd.	fully consolidated	South Africa	ZAR	100,00%	100.00%
OSRAM Lighting AG	fully consolidated	Switzerland	CHF	100,00%	100.00%
OSRAM Lighting Middle East FZE	fully consolidated	United Arab Emirate	USD	100,00%	100.00%
OSRAM Lighting Private Limited	fully consolidated	India	INR	100,00%	100.00%
OSRAM Lighting Pte. Ltd.	fully consolidated	Singapore	SGD	100,00%	100.00%
OSRAM Lighting S.A.S.U.	fully consolidated	France	EUR	100,00%	100.00%
OSRAM Lighting S.L.	fully consolidated	Spain	EUR	100,00%	100.00%
OSRAM Lighting Services GmbH	deconsolidated	Germany	EUR	0,00%	100.00%
OSRAM Limited	fully consolidated	Great Britain	GBP	100,00%	100.00%
OSRAM Ltd.	fully consolidated	Japan	JPY	100,00%	100.00%
OSRAM Ltd.	fully consolidated	Canada	CAD	100,00%	100.00%

	Accounting method	Country of incorporation	Functional currency	Ownership interest	
				2021	2020
OSRAM OLED GmbH	fully consolidated	Germany	EUR	100,00%	100,00%
OSRAM Opto Semiconductors (China) Co., Ltd.	fully consolidated	China	CNY	100,00%	100,00%
OSRAM Opto Semiconductors (Japan) Ltd.	fully consolidated	Japan	JPY	100,00%	100,00%
OSRAM Opto Semiconductors (Malaysia) Sdn Bhd	fully consolidated	Malaysia	MYR	100,00%	100,00%
OSRAM Opto Semiconductors (Taiwan) Ltd.	fully consolidated	Taiwan	TWD	100,00%	100,00%
OSRAM Opto Semiconductors Asia Ltd.	fully consolidated	Hong Kong	HKD	100,00%	100,00%
OSRAM Opto Semiconductors Korea Ltd.	fully consolidated	Korea	KRW	100,00%	100,00%
OSRAM Opto Semiconductors Trading (Wuxi) Co., Ltd.	fully consolidated	China	CNY	100,00%	100,00%
OSRAM Opto Semiconductors, Inc.	fully consolidated	USA	USD	100,00%	100,00%
OSRAM Oy	fully consolidated	Finland	EUR	100,00%	100,00%
OSRAM Pty. Ltd.	fully consolidated	Australia	AUD	100,00%	100,00%
OSRAM Romania S.R.L.	fully consolidated	Romania	RON	100,00%	100,00%
OSRAM S.A.	fully consolidated	Argentina	ARS	100,00%	100,00%
OSRAM S.A. de C.V.	fully consolidated	Mexico	MXN	100,00%	100,00%
OSRAM S.p.A. - Società Riunite OSRAM Edison Clerici	fully consolidated	Italy	EUR	100,00%	100,00%
OSRAM Sales EOOD	fully consolidated	Bulgaria	BGN	100,00%	100,00%
OSRAM SBT GmbH	fully consolidated	Germany	EUR	100,00%	100,00%
OSRAM Servicios Administrativos, S.A. de C.V.	fully consolidated	Mexico	MXN	100,00%	100,00%
OSRAM SL GmbH	fully consolidated	Germany	EUR	100,00%	100,00%
OSRAM Sp. z o.o.	fully consolidated	Poland	PLN	100,00%	100,00%
OSRAM SYLVANIA INC.	fully consolidated	USA	USD	100,00%	100,00%
OSRAM Taiwan Company Ltd.	fully consolidated	Taiwan	TWD	100,00%	100,00%
OSRAM Teknolojileri Ticaret Anonim Sirketi	fully consolidated	Turkey	TRY	100,00%	100,00%
OSRAM, a.s.	fully consolidated	Slovakia	EUR	100,00%	100,00%
OSRAM, Lda	fully consolidated	Portugal	EUR	100,00%	100,00%
P.T. OSRAM Indonesia	fully consolidated	Indonesia	IDR	100,00%	100,00%
RGI Light (Holdings) Limited	fully consolidated	Great Britain	GBP	100,00%	100,00%
RGI Light Limited	fully consolidated	Great Britain	GBP	100,00%	100,00%
Ring Automotive Limited	fully consolidated	Great Britain	GBP	100,00%	100,00%
Sylvania Lighting Services Corp.	fully consolidated	USA	USD	100,00%	100,00%
Traxon Technologies LLC	fully consolidated	USA	USD	100,00%	100,00%
Traxon Technologies Ltd.	fully consolidated	Hong Kong	HKD	100,00%	100,00%
Vixar, Inc.	fully consolidated	USA	USD	100,00%	100,00%
Yekta Setareh Atlas Co. (P.J.S.)	fully consolidated	Iran	IRR	100,00%	100,00%

## 32. Associates

	Accounting method	Country of incorporation	Functional currency	Ownership interest	
				2021	2020
7Sensing Software NV	At equity	Belgium	EUR	30.00%	30.00%
Circadian Zirclight LLC	At equity	USA	USD	6.13%	6.13%
Jinan Smart Sensing Sensor Co. Ltd.	At equity	China	CNY	49.00%	49.00%
New Scale Technologies Inc.	At equity	USA	USD	34.00%	29.00%
RF Micron Inc. d/b/a Axzon	At equity	USA	USD	9.83%	9.21%
Sciosense Holding B.V.	At equity	Netherlands	EUR	45.22%	45.22%
<b>Entities held by OSRAM Licht AG</b>					
agrilution GmbH	At equity	Germany	EUR	18.74%	18.74%
Blickfeld GmbH	At equity	Germany	EUR	11.93%	12.55%
Bolb Inc.	At equity	USA	USD	20.38%	0.00%
CarbonBook (Motorleaf) Inc.	At equity	Canada	CAD	12.94%	12.94%
GoodIP GmbH	At equity	Germany	EUR	10.00%	10.00%
iThera Medical GmbH	At equity	Germany	EUR	9.03%	9.26%
LAMP NOOR (P.J.S.) Co.	At equity	Iran	IRR	20.00%	20.00%
Tvilight B.V.	At equity	Netherlands	EUR	47.50%	47.50%
VividQ Limited	At equity	Great Britain	GBP	5.89%	10.65%

### 33. Other Equity Investments

	Accounting method	Country of incorporation	Functional currency	Ownership interest	
				2021	2020
Bellus 3D	FVOCI	USA	USD	3.26%	3.26%
GreenTropism	FVOCI	France	EUR	2.38%	10.06%
HLJ Technologies Co. Ltd.	FVTPL	Taiwan	TWD	12.50%	12.50%
Leman Micro Devies	FVOCI	Switzerland	CHF	11.39%	15.43%
Personify Inc.	FVOCI	USA	USD	0.00%	13.06%
Silicon Alps Cluster GmbH	FVOCI	Austria	EUR	4.00%	4.00%
Entities held by OSRAM Licht AG					
beaconsmind AG	FVOCI	Switzerland	CHF	2.68%	14.48%
Caruso GmbH	FVOCI	Germany	EUR	1.00%	1.00%
Design LED Products Limited	FVOCI	Great Britain	GBP	0.00%	6.03%
GSB - Sonderabfall-Entsorgung Bayern GmbH	FVOCI	Germany	EUR	0.07%	0.07%
KNX Association cvba	FVOCI	Belgium	EUR	2.96%	2.96%
LeddarTech Inc.	FVOCI	Canada	CAD	19.20%	28.21%
Luminaerospace LLC	FVOCI	USA	USD	2.00%	2.00%
Partech Partners S.A.S.	FVTPL	France	EUR	5.46%	7.00%
Recogni, Inc.	FVOCI	USA	USD	5.33%	6.38%
SiLC Technologies Inc.	FVOCI	USA	USD	4.86%	0.00%
TetraVue, Inc.	FVOCI	USA	USD	6.36%	6.36%
Unternehmertum VC Fonds II GmbH & Co. KG	FVTPL	Germany	EUR	6.06%	6.06%

### 34. Events After the Balance Sheet Date

The renaming of the highest-level Group company from ams AG to ams-OSRAM AG became effective when it was entered in the commercial register on January 18, 2022.

Premstaetten, February 23, 2022



Alexander Everke  
Chairman of the  
Management Board  
CEO



Ingo Bank  
Member of the  
Management Board  
CFO



Thomas Stockmeier  
Member of the  
Management Board  
CTO



Mark Hamersma  
Member of the  
Management Board  
CBO

## Auditor's Report

### Report on the Consolidated Financial Statements

#### Audit Opinion

We have audited the consolidated financial statements of ams-OSRAM AG (formerly ams AG), Premstätten, Austria, and its subsidiaries ("the Group"), which comprise the Group Consolidated Balance Sheet as at 31 December 2021, 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 2021, 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.

#### 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, 2021, the carrying amount of goodwill was EUR 3,074 million. An impairment loss on goodwill of EUR 7 million was recognized in the financial year.

The impairment test is carried out on using the value in use-method based on discounted future cash flows using a risk-adequate interest rate (DCF method).

The review of the recoverability of goodwill requires an appropriate valuation process and the determination of key assumptions and valuation bases. In particular, there is a 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 impairment tests 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.
- We compared the consistency of the parameters and input factors used as part of the impairment test with external market assessments and existing reference values and assessed their appropriateness and checked the valuations for their mathematical accuracy. In particular, we assessed the methodologically appropriate derivation and the appropriateness of the discount rates. To do this, we compared the assumptions and parameters

underlying the discount rates with our own assumptions and publicly available data. These assessments were made with the involvement of valuation specialists.

- We compared the planning data used to determine future cash flows with the budget approved by the Supervisory Board.

In addition, we have assessed whether the notes on goodwill in the consolidated financial statements are appropriate.

#### M&A Transactions in connection with the acquisition of OSRAM Licht AG

Refer to notes 1. (e) (i), 3., 4. und 27.

#### Risk for the Financial Statements

On July 9, 2020, ams obtained control over OSRAM Licht AG, Munich. In 2021, a further 9 % of the shares were acquired for a total of EUR 452 million, so that a total of approximately 80 % of the shares are held as at December 31, 2021. Within the one-year measurement period set out in IFRS 3, the amounts preliminarily recognized at the acquisition date were finally adjusted, which led to an increase in goodwill of EUR 105 million.

As part of the repositioning of the Group following the acquisition, businesses were disposed of in the OSRAM sub-group during the financial year 2021. This resulted in gains of EUR 70 million and an losses of EUR 25 million.

Accounting for business combinations and disposals requires the use of complex accounting policies as well as estimates and assumptions. In the case of business combinations, there is a risk for the consolidated financial statements that the assets acquired, and liabilities assumed are not fully identified and are incorrectly measured.

In the case of disposals, there is a risk for

the consolidated financial statements that gains and losses from these transactions are not correctly reflected in the consolidated financial statements. Furthermore, there is 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 M&A transactions in connection with the acquisition of OSRAM Licht AG as follows:

- We have obtained an understanding of the transactions by reviewing the contractual basis of the acquisitions and disposals and assessing whether the accounting is consistent with the contractual terms. This includes, among others, assessing at what point control over a business is obtained or lost, the amount of consideration given or received (purchase, sale prices) and how any transaction and financing costs are to be accounted for.
- We assessed whether new information about facts and circumstances that already existed at the acquisition date and would have affected the measurement of the amounts recognized at the most recent balance sheet date, had they been known, was fully reflected in the amounts recognized at the end of the measurement period.
- We also assessed the competence, skills and objectivity of the independent expert engaged by ams-OSRAM 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.

- In addition, we assessed whether the presentations and explanations of the transaction in the consolidated financial statements are appropriate and relevant.

#### **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 will 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 resulting 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 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.

## 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.

### Engagement Partner

The engagement partner is Mr. Johannes Bauer.

Vienna, 24 February, 2022

**KPMG Austria GmbH**  
**Wirtschaftsprüfungs- und Steuerberatungsgesellschaft**

signed by:

Johannes Bauer  
Wirtschaftsprüfer  
(Austrian Chartered Accountant)

### Opinion

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.

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.

## Glossar

<b>8"</b>	8 inches: diameter of wafer used for chip production.
<b>AR/VR</b>	<p>Augmented reality/virtual reality.</p> <p>AR is an interactive experience of a real-world environment where the objects that reside in the real world are enhanced by computer-generated perceptual information.</p> <p>VR is a simulated experience that can be similar to or completely different from the real world. Applications of virtual reality include entertainment, education and business.</p>
<b>AGV</b>	An automatically guided vehicle is a portable robot that follows long, marked lines or wires on the floor. It can also rely on radio waves, vision cameras, magnets or lasers for navigation.
<b>ADAS</b>	Advanced driver-assistance systems are groups of electronic technologies that assist drivers in driving and parking functions, increasing car and road safety. ADAS use automated technology such as sensors and cameras to detect nearby obstacles or driver errors and respond accordingly.
<b>3D sensing</b>	Sensing technologies incorporating the acquisition of depth information to capture image or spatial data in three dimensions.
<b>BOLED</b>	Behind-OLED is a technology that enables sensors to be placed behind an OLED display and still accurately measure.
<b>V2X</b>	Vehicle-to-everything technology, also described as Car2X: Technology that allows vehicles to communicate with their environment ("x") as well as with each other.
<b>CDP</b>	Carbon Disclosure Project is a nonprofit organization that runs a global disclosure system for investors, companies, cities, states and regions, analyzing and evaluating their environmental impacts.
<b>EEL</b>	An edge-emitting laser is a semiconductor-based laser with light emission from the edge of the chip, in contrast to VCSEL, which emits light via the surface.

<b>Global shutter</b>	Complementary metal oxide semiconductor (CMOS) image sensor technology that is able to expose and read out 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>IC</b>	An integrated circuit is an electronic circuit mounted on a thin wafer of semiconductor material, usually a few millimeters in size.
<b>IoT</b>	The Internet of Things is a 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>ISO 14001/ISO 50001</b>	ISO 14001 is the international standard that specifies requirements for an effective environmental management system. ISO 50001 is a globally applicable standard that is intended to support organizations and companies in establishing systematic energy management.
<b>IR</b>	Infrared radiation is electromagnetic radiation with longer wavelengths than those of visible light and therefore generally invisible to the human eye.
<b>LiDAR</b>	Light detection and ranging is a 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>LCD</b>	A liquid-crystal display is a flat-panel display or other electronically modulated optical device that uses the light-modulating properties of liquid crystals combined with polarizers. Liquid crystals do not emit light directly, instead using a backlight or reflector to produce images in color or monochrome.
<b>micro-LED</b>	Tiny LED with lengths of <50 $\mu\text{m}$ . Display technology uses arrays of these microscopic LEDs.
<b>mini-LED</b>	Small LED (length of ~200 $\mu\text{m}$ ) used for direct backlighting in displays.

<b>NTE</b>	Near to eye. Augmented-reality systems allow smart glasses to merge the virtual and physical worlds. Projecting virtual information onto special eyeglasses, or directly onto the user's retina, is supposed to be the next step of technology.
<b>Pixel</b>	A pixel is generally thought of as the smallest single component of a digital image.
<b>S&amp;P Global CSA</b>	The Standard & Poor's (S&P) Global Corporate Sustainability Assessment (CSA) is an annual evaluation of companies' sustainability practices. It covers over 10,000 companies from around the world and focuses on sustainability criteria that are both industry-specific and financially material.
<b>ToF</b>	A time-of-flight camera is a 3D sensing technology that 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>VCSEL</b>	A vertical-cavity surface-emitting laser is a laser diode with laser beam emission perpendicular to the top surface, allowing high-quality laser beam shape and emission.

## Imprint

ams-OSRAM AG  
Investor Relations  
Tobelbader Strasse 30  
8141 Premstaetten  
Austria  
+43 3136 500-0  
investor@ams-osram.com  
ams-osram.com

All information is subject to misprints and typographical errors.

Design and layout: Rubikon Werbeagentur, Graz ([www.rubikon.at](http://www.rubikon.at))

Sensing is life

[ams-osram.com](http://ams-osram.com)