

# Half Year Report 2020

Key figures USD thousands (except earnings per share)	Q2 2020	Q2 2019	Q1 2020	1st Half 2020	1st Half 2019
Revenues	460,324	407,292	500,585	960,910	785,841
Gross margin in % (adjusted - see footnote 1)	40%	37%	39%	40%	35%
Result from operations (adjusted - see footnote 1)	90,068	49,008	100,915	190,984	71,810
EBIT margin in % (adjusted - see footnote 1)	20%	12%	20%	20%	9%
Net result (adjusted - see footnote 1)	56,765	52,226	25,476	82,241	70,179
Basic / diluted earnings per share in CHF <sup>2)</sup> (adjusted - see footnote 1)	0.21 / 0.20	0.66 / 0.61	0.30 / 0.40	0.47 / 0.50	0.89 / 0.88
Basic / diluted earnings per share in USD (adjusted - see footnote 1)	0.22 / 0.20	0.65 / 0.60	0.31 / 0.42	0.48 / 0.52	0.87 / 0.86
Total backlog (excluding consignment stocks)	249,561	298,381	255,137	249,561	298,381
Net debt	-55,635	1,360,794	1,550,515	-55,635	1,360,794

<sup>1)</sup> Excluding acquisition-related and share-based compensation costs.

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

**Second quarter revenues at mid-point and profitability at top end of expectation range; resilient consumer demand compensates for Automotive and Industrial weakness; very good third quarter expected despite Covid-19 with ams revenues of USD 530-570 million, up 20% quarter-on-quarter at midpoint, and strong ams adj. EBIT margin of 21-24% reflecting consumer ramps; OSRAM acquisition successfully closed, moving towards start of integration**

Report to shareholders on the second quarter and first half of 2020

### Ladies and Gentlemen

Our second quarter and first half results show our business performing very well despite the ongoing global Covid-19 pandemic and its macro-economic and end market impact. The demand environment in the consumer market remained clearly supportive during the first two quarters while end markets in Automotive and Industrial are seeing continued weakness worldwide. Despite these factors we expect very good sequential revenue and profit growth in the third quarter based on meaningful consumer ramps.

### Financial results

Second quarter group revenues were USD 460.3 million, down 8% sequentially from the first quarter and up 13% from USD 407.3 million in the same quarter 2019. Group revenues for the first half of 2020 were USD 960.9 million, up 22% compared to USD 785.8 million recorded in the first half of 2019. Adjusted gross margin for the second quarter was 40% (excluding acquisition-related and share-based compensation costs) compared to 37% in the same quarter 2019 (37% including acquisition-related and share-based compensation costs, 35% in the same quarter 2019). For the first half of 2020, adjusted gross margin was 40% (excluding acquisition-related and share-based compensation costs) compared to 35% in the first half of 2019 (37% including acquisition-related and share-based compensation costs, 32% in the first half of 2019).

The adjusted result from operations (EBIT) for the second quarter was USD 90.1 million or 20% of revenues (excluding acquisition-related and share-based compensation costs), increasing from USD 49.0 million in the same period 2019 (USD 39.2 million or 9% of revenues including acquisition-related and share-based compensation costs, up from USD 21.5 million in the same period 2019). For the first half of 2020, the adjusted EBIT was USD 191.0 million or 20% of revenues (excluding acquisition-related and share-based compensation costs), significantly up from USD 71.8 million in the same period 2019 (USD 99.0 million or 10% of revenues including acquisition-related and share-based compensation costs, up from USD 17.1 million in the first half year 2019).

For transparent and consistent presentation of ams' business we show the net result and earnings per share adjusted for acquisition-related and share-based compensation costs from this quarter onwards, corresponding to adjusted gross profit and adjusted operating profit (EBIT). Adjusted net income for the second quarter was USD 56.8 million (excluding acquisition-related and share-based compensation costs), compared to USD 52.2 million for the same period 2019 (second quarter 2020: USD 5.9 million including the aforementioned costs). Adjusted basic/diluted earnings per share for the

second quarter were CHF 0.21/0.20 or USD 0.22/0.20 based on 256,750,833/261,613,899 shares or CHF 0.02/0.01 or USD 0.02/0.01 including the aforementioned costs (second quarter 2019: CHF 0.66/0.61 or USD 0.65/0.60 based on 80,773,555/86,504,145 shares; all weighted average).

Adjusted net income for the first half year 2020 was USD 82.2 million (excluding acquisition-related and share-based compensation costs), compared to USD 70.2 million for the same period 2019 (first half 2020: USD -9.8 million including aforementioned costs). Adjusted basic/diluted earnings per share for the first half were CHF 0.47/0.50 or USD 0.48/0.52 per share based on 169,720,047/175,619,483 shares or CHF -0.06/0.00 or USD -0.06/0.00 including aforementioned costs (first half 2019: CHF 0.89/0.88 or USD 0.87/0.86 based on 80,504,466/81,864,338 shares; all weighted average).

Operating cash flow for the second quarter was USD 106.2 million, strongly up from USD 49.7 million in the same quarter 2019, and operating cash flow for the first half was USD 340.6 million significantly higher than USD 142.9 million in the first half 2019. Total backlog on 30 June 2020 (excluding consignment stock agreements) was USD 249.6 million compared to USD 255.1 million at the end of the first quarter 2020 and USD 298.4 million on 30 June 2019.

### Business overview

Our business showed a very good performance in the second quarter and first half of 2020 against the backdrop of the continuing impact of Covid-19 on economies and end markets worldwide. We achieved second quarter results at the midpoint or upper end of the published expectation range. This positive development was again driven by our consumer business and continuing resilient demand in the consumer market overall.

As the key development for ams in the second quarter we are proud to have successfully closed the acquisition of OSRAM on 9 July 2020. Following the closing we owned 69% of OSRAM shares (excluding treasury shares) at a transaction value of around EUR 2.7 billion, as of today we have further increased our holdings to around 71% of OSRAM shares. Prior to the closing and shortly afterwards, we successfully placed a multi-tranche issue of around EUR 1.25 billion equivalent 5-year senior notes with international investors comprising EUR 850 million and USD 450 million notes in total. The debt issue served to secure a long-term financing structure for the acquisition in line with our plans. Beyond that it is our intention to use future excess cash flow from operations to support increasing our OSRAM shareholdings further.

The closing was a vital milestone for this highly strategic and transformative acquisition that will now combine the complementary strengths of ams and OSRAM. We are bringing together two leaders in their respective areas and are fully convinced of the outstanding technology, market and earnings potential of this combination. We are welcoming OSRAM's worldwide employees into the new global combined company team and are aligning all necessary steps to start integrating both organizations.

With ams and OSRAM now coming together, we have defined a vision for the combined company: to create the uncontested leader in optical solutions. To this end, we will focus on the three areas of Sensing, Illumination and Visualization offering exciting solutions for innovative applications. We look forward to building an outstanding technology platform delivering strong profitability and growth. This encompasses bold technology investments in innovation and ongoing smart transformation of the company in line with our vision.

We have declared the intention to pursue a domination and profit and loss transfer agreement (DPLTA) for OSRAM and are driving towards implementing this step. As we are keen to realize this agreement in a timely manner we are already engaged in required preparations. Based on these and our current assessment, we regard an implementation of a DPLTA broadly around year-end 2020 as a feasible timeline following required approvals. We will provide further information on the timeline and the steps involved as this information becomes available. On the basis of the DPLTA we will be able to drive and accelerate the integration and alignment of ams' and OSRAM's businesses in the most efficient way to build a strongly profitable combined company within the next years.

Notwithstanding the DPLTA process we are now starting to work closely with OSRAM on the basis of our majority share ownership, taking first steps towards a successful integration of the two companies. These include joint initiatives to prepare the future organizational and business structure, align joint customer-facing marketing and sales activities and set up combined financial management and reporting. At the same time, we are in the process of realizing ams representation on the Supervisory Board of OSRAM where we plan to take four seats. In this context OSRAM will remain an independent majority-owned listed subsidiary of ams until additional steps such as a DPLTA are concluded and implemented.

As we move towards the combination, we are making profitability, earnings growth and cash flow generation the primary focus of ams for all our businesses as well as the combined company. We will therefore drive our strategic positioning and portfolio in strong alignment with these target metrics.

Looking at our business, our consumer solutions once more provided the largest contribution to our overall results in the second quarter and first half. Leading in optical sensing our market position is based on our wide range of solutions for 3D sensing including VCSEL (Vertical Cavity Surface-Emitting Laser) illumination, high quality display management including behind-OLED (BOLED) sensing, micro-scale proximity sensing, spectral and bio-sensing, and other optical applications.

As a key player in 3D sensing we leverage an extensive portfolio and industry-leading system know-how and address all architectures, structured light (SL), time-of-flight (iToF/dToF), and active stereo vision (ASV). Building on our advanced VCSEL products and optics capabilities for front-side and world-facing use we offer high performance 3D illumination for SL, ToF and ASV. We are shipping high volume 3D sensing products to the leading smartphone OEMs with the Android market contributing attractively in the first half. Here we serve several platforms with different VCSEL 3D illumination solutions for world-facing iToF 3D sensing. These camera enhancement systems have become successful in the market as they allow OEMs to offer significantly improved picture quality. We are extending our 3D sensing focus and technology offering through the targeted integration of high quality NIR image sensing for specific architectures. Further expanding our coverage of 3D technology and our system expertise, this roadmap enables solution designs where our NIR technology can drive high QE and other performance aspects.

In display management, behind-OLED (BOLED) light and proximity sensing solutions are continuing their adoption in major Android platforms through this year. Eliminating bezel-placed components from the device face, our unmatched technology makes light and proximity sensing invisible by measuring from behind the OLED display. Leading Android OEMs have been driving penetration of the technology which is becoming a common entry on high-end feature lists. Against this backdrop we are realizing an expanding multi-generation BOLED roadmap for the coming years. Across our overall

display management portfolio we are shipping very high volumes of differentiated sensing solutions to top consumer OEMs.

We focus on innovation in optical sensing through ongoing significant R&D investments for new technologies and applications. We already introduced innovative technology for camera automatic white balancing (AWB) earlier this year where our highly accurate spectral sensor opens a new way of boosting mobile camera performance. Precise spectrum analysis of the light environment enables previously impossible white balancing accuracy for smartphone cameras through advanced optical sensing. This drives significantly better picture quality and excellent natural color expression for outstanding results and measurable benchmark improvement. The solution is shipping in high volume into a first flagship platform and we expect broader adoption of the technology going forward.

We are pursuing a development roadmap for dToF 3D technology, a more complex ToF architecture that offers significant advantages for longer distances. High performance dToF illumination and systems that build on our industry-leading 3D illumination and sensing expertise are an innovation focus for the next years as we see dToF emerging into an important 3D area and market interest in future world-facing applications is growing. We continue development activities to create front-facing 3D sensing technology for face authentication behind the display, making it invisible and eliminating components from the device face. Leveraging our singular BOLED know-how and 3D system capabilities which are built around VCSEL illumination, NIR sensing, software and algorithms we plan to demonstrate BOLED 3D technology using ASV around year-end. Later on, we plan to explore potential architectures for BOLED 3D sensing related to SL. All in all, we see dToF and BOLED 3D technology as very attractive high value opportunities for the coming years. Audio sensing which includes our range of active noise cancelling solutions performed in line with expectations based on our strong position in high performance digital and hybrid noise cancelling technologies.

Looking out into the next years, we see a number of new optical sensing opportunities and potential applications we are pursuing across the top smartphone OEMs. These are based on our strong relationships and high level of engagement at each of these customers. We are working to bring new and better solutions to customers that are driven by our focus on high value innovation and differentiating capabilities.

Our automotive, industrial, and medical businesses as a whole showed a muted performance in the second quarter and first half. This development reflected expectations due to the continued impact of Covid-19 though end markets differed in the effects recorded. In Automotive, global demand weakness and lowered automotive production remained apparent in order trends and volume requirements so our business performed in line with expectations. We navigate through this challenging environment looking forward to a more significant strengthening of automotive production globally. We are well positioned for attractive automotive sensing markets in safety, driver assistance/autonomous driving, position sensing, and chassis control, and continue to invest in R&D and project-based development efforts.

For 3D LIDAR we support illumination in several programs at different Tier 1 system suppliers where our high power VCSEL arrays enable advanced scan/non-scan LIDAR architectures. Beyond this, we are seeing ongoing good market traction in LIDAR from our partnership with LIDAR technology leader IBEO. Our internal VCSEL production, where a ramp-up continues through this year, is already fully automotive qualified which offers further differentiation in the VCSEL market. The emerging area of

optical in-cabin sensing (ICS) shows positive momentum as OEM and Tier 1 suppliers are highly interested in new in-cabin comfort and safety applications such as monitoring. We are developing products for first secured ICS projects including illumination and see future opportunities around our 3D solution capabilities.

Our industrial business also recorded a continued subdued performance in the second quarter reflecting ongoing weak demand in industrial markets due to Covid-19 impacts worldwide. As we progress towards recovery of demand our broad customer base and leading position in high performance sensing for industrial and factory automation, HABA, imaging and other industrial uses remain supportive factors in the current environment. Built around our leading global shutter technology, our imaging business for industrial applications and machine vision saw a similar development and performed in line with expectations.

Our medical business continued to perform well in the second quarter in contrast to other AIM markets. We are a leading supplier of medical imaging solutions for CT, digital X-ray, and mammography as well as miniature camera endoscopy. In light of the Covid-19 pandemic we have been fulfilling demand for broader deployment of computed tomography (CT) scanners that help clinical Covid-19 diagnostics. Driving innovation we note positive momentum for our recently announced new use of spectral sensing technology in medical lateral flow testing (LFT). Here we enable fast diagnostics by optically analyzing LFT results at the point-of-care with very high accuracy. We have announced a partnership with European medical test manufacturer Senova for an integrated LFT test kit for Covid-19 antibody identification that incorporates our spectral sensor, and expect first production runs to start in the second half of this year. Given the strength of our unmatched technology we are already exploring several additional industry partnerships for different medical LFT uses and see a meaningful growth opportunity for the coming years.

In manufacturing operations, we have maintained volume production in all our locations despite the continued Covid-19 related restrictions and challenges. As we continue detailed measures to safeguard the health of our employees as well as our ability to manufacture we remain fully aligned with customer requirements and able to support evolving customer demand. Our Singapore manufacturing showed a strong operational performance through the first half and we expect this to continue as capacity utilization increases with expected higher production volumes in the third quarter and second half. Capital expenditures remained low through the first half of 2020, even when compared to 2019, underlining the successful management of investment requirements for our business. We therefore expect capital expenditures to continue to be limited for the remainder of the year.

### Outlook

For the third quarter 2020, we expect very good growth for the ams business despite the ongoing Covid-19 pandemic impacting economies and our end markets, on a sequential basis. This growth will be driven by volume ramps for smartphone sensing solutions while our non-consumer business in Automotive and Industrial continues to show limited demand and provide a muted contribution to our results. We will be fully consolidating OSRAM as of the beginning of the third quarter 2020 and intend to include OSRAM as a separate reporting segment. Going forward, we plan to continue our practice of providing a financial outlook for the current quarter. Given the current financial guidance structure of OSRAM, however, our financial outlook for the third quarter 2020 below only comprises the ams business.

# Half Year Report

## 2020



Based on available information and the above mentioned definition, we expect third quarter revenues for the ams business of USD 530-570 million, up 20% sequentially at the midpoint. This positive outlook encompasses strength in our consumer business compensating for ongoing demand weakness in the majority of our non-consumer business. Despite this situation, we also expect robust profitability for the third quarter with an expected adjusted operating (EBIT) margin of 21-24% on the basis of our operational strength. The expectations above assume no further unforeseen negative effects from the Covid-19 pandemic that would result in a meaningful negative impact on our business.

Premstaetten, 29 July 2020

Alexander Everke, CEO  
Thomas Stockmeier, COO

Ingo Bank, CFO  
Mark Hamersma, Chief Business Development Officer



## Consolidated Income Statement

(unaudited)

USD thousands (except earnings per share)	Q2 2020	1st Half 2020	Q2 2019	1st Half 2019
<b>Revenues</b>	<b>460,324</b>	<b>960,910</b>	<b>407,292</b>	<b>785,841</b>
Cost of sales	-289,581	-604,510	-265,977	-533,095
<b>Gross profit</b>	<b>170,743</b>	<b>356,399</b>	<b>141,315</b>	<b>252,746</b>
Gross margin in %	37%	37%	35%	32%
Research and development	-68,317	-133,740	-75,437	-152,096
Selling, general and administrative	-65,182	-129,633	-46,517	-89,457
Other operating income	2,628	6,498	2,497	6,522
Other operating expense	-96	108	-464	-506
Result from investments in associates	-550	-693	63	-85
<b>Result from operations</b>	<b>39,226</b>	<b>98,939</b>	<b>21,457</b>	<b>17,124</b>
Net financing result	-32,160	-104,975	4,972	2,234
<b>Result before tax</b>	<b>7,066</b>	<b>-6,036</b>	<b>26,429</b>	<b>19,358</b>
Income tax result	-1,144	-3,768	-1,754	-3,865
<b>Net result</b>	<b>5,922</b>	<b>-9,804</b>	<b>24,675</b>	<b>15,492</b>
<b>Basic earnings per share in CHF <sup>1)</sup></b>	<b>0.02</b>	<b>-0.06</b>	<b>0.31</b>	<b>0.19</b>
<b>Diluted earnings per share in CHF <sup>1)</sup></b>	<b>0.01</b>	<b>0.00</b>	<b>0.28</b>	<b>0.19</b>
<b>Basic earnings per share in USD</b>	<b>0.02</b>	<b>-0.06</b>	<b>0.31</b>	<b>0.19</b>
<b>Diluted earnings per share in USD</b>	<b>0.01</b>	<b>0.00</b>	<b>0.28</b>	<b>0.19</b>

<sup>1)</sup> Earnings per share in CHF were converted using the average currency exchange rate for the respective period.



## Consolidated Statement of Comprehensive Income

(unaudited)

USD thousands	Q2 2020	1st Half 2020	Q2 2019	1st Half 2019
<b>Net result</b>	<b>5,922</b>	<b>-9,804</b>	<b>24,675</b>	<b>15,492</b>
<b>Items that will never be reclassified to profit and loss (after income taxes)</b>				
Remeasurements of defined benefit liability	0	0	0	-15
FVOCI equity instruments - net change in fair value	248,429	-47,756	-12	-1,932
<b>Items that may be reclassified to profit and loss (after income taxes)</b>				
FVOCI debt instruments - net change in fair value	0	0	0	0
Exchange differences on translating foreign operations	-49,769	7,027	-28,885	11,762
<b>Other comprehensive income</b>	<b>198,660</b>	<b>-40,729</b>	<b>-28,897</b>	<b>9,814</b>
<b>Total comprehensive income</b>	<b>204,582</b>	<b>-50,534</b>	<b>-4,222</b>	<b>25,307</b>

## Consolidated Balance Sheet

(unaudited)

USD thousands	30 June 2020	31 December 2019
<b>Assets</b>		
Cash and cash equivalents	2,315,358	551,256
Trade receivables	121,428	222,404
Inventories	246,337	231,533
Other receivables and assets	150,299	142,872
Assets held for sale	0	94,845
<b>Total current assets</b>	<b>2,833,422</b>	<b>1,242,910</b>
Property, plant and equipment	1,179,671	1,244,894
Intangible assets	1,221,398	1,242,577
Right of use assets	130,684	135,298
Investments in associates	52,643	30,710
Deferred tax assets	7,998	9,417
Other long term assets	2,751	1,986
Financial assets	1,112,975	976,054
<b>Total non-current assets</b>	<b>3,708,121</b>	<b>3,640,936</b>
<b>Total assets</b>	<b>6,541,542</b>	<b>4,883,846</b>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Interest-bearing loans and borrowings	1,027,878	861,004
Trade liabilities	156,263	149,224
Income tax liabilities	26,051	21,645
Provisions	109,586	124,162
Other liabilities	134,821	168,981
Liabilities in regard to assets held for sale	0	1,472
<b>Total current liabilities</b>	<b>1,454,599</b>	<b>1,326,488</b>
Interest-bearing loans and borrowings	1,231,845	1,432,738
Employee benefits	53,680	53,958
Deferred tax liabilities	66,349	68,974
Other long-term liabilities	130,587	140,352
<b>Total non-current liabilities</b>	<b>1,482,461</b>	<b>1,696,021</b>
<b>Shareholders' equity</b>		
Issued capital	302,157	92,997
Additional paid-in capital	2,369,060	792,112
Treasury shares	-140,190	-147,761
Other reserves	17,935	10,908
Retained earnings	1,055,521	1,113,082
<b>Total shareholders' equity and reserves</b>	<b>3,604,482</b>	<b>1,861,337</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,541,542</b>	<b>4,883,846</b>

## Consolidated Statement of Cash Flows

(unaudited)

USD thousands	Q2 2020	1st Half 2020	Q2 2019	1st Half 2019
<b>Operating activities</b>				
Result before tax	7,066	-6,036	26,429	19,358
Depreciation (net of government grants)	82,847	166,374	75,433	149,651
Expense from stock option plan	23,965	36,228	9,614	18,157
Changes in other long-term liabilities	-1	-142	-5,439	-4,232
Result from sale of plant and equipment	-1	-14	-4	-5
Result from investments in associates	550	693	-63	85
Net financing cost	32,160	104,975	-4,972	-2,234
Change in provisions and employee benefits	-24,721	-15,266	-2,690	2,272
Changes in inventories	-1,781	-14,282	-6,855	14,803
Changes in trade and other receivables	-8,714	40,133	-48,628	-46,099
Changes in trade and other payables	-5,859	28,670	10,596	-3,913
Income taxes paid	719	-752	-3,679	-4,896
<b>Cash flows from operating activities</b>	<b>106,230</b>	<b>340,582</b>	<b>49,742</b>	<b>142,948</b>
<b>Investing activities</b>				
Acquisition of intangibles, property, plant and equipment	-19,903	-56,725	-47,015	-132,274
Acquisition of subsidiary, net of cash acquired	0	0	0	-8,922
Acquisition of other financial investments	-27,325	-199,334	0	0
Proceeds from sale of plant and equipment	0	2	1	1
Proceeds from the sale of discontinued business area	0	45,621	0	0
Interest received	1,008	3,264	1,680	3,276
<b>Cash flows from investing activities</b>	<b>-46,219</b>	<b>-207,171</b>	<b>-45,335</b>	<b>-137,919</b>
<b>Financing activities</b>				
Proceeds from borrowings	1,967	101,892	220	13,940
Repayment of borrowings	-118,512	-151,978	-67,639	-106,742
Repayment of finance lease liabilities	-7,580	-12,001	-6,540	-10,424
Buyback of convertible bonds	0	0	-73,948	-73,948
Acquisition of treasury shares	-140,273	-140,273	-3,114	-33,556
Sale of treasury shares	142	154,626	635	1,813
Interest paid	-8,555	-19,920	-3,094	-9,260
Transaction costs from loans and borrowings	-105,616	-117,891	0	0
Changes resulting from capital increase	1,816,538	1,816,538	0	0
<b>Cash flows from financing activities</b>	<b>1,438,113</b>	<b>1,630,994</b>	<b>-153,480</b>	<b>-218,178</b>
Change in cash and cash equivalents	1,498,123	1,764,405	-149,074	-213,148
Effects of changes in foreign exchange rates on cash and cash equivalents	-8,619	-304	-6,867	-4,207
Cash and cash equivalents at begin of period	825,854	551,256	627,259	688,674
<b>Cash and cash equivalents at end of period</b>	<b>2,315,358</b>	<b>2,315,358</b>	<b>471,318</b>	<b>471,318</b>

## Consolidated Statement of Changes in Shareholders' Equity according to IFRS

(unaudited)

USD thousands	Issued capital	Additional paid-in capital	Treasury shares	Other reserves	Retained earnings	Total share-holders' equity
<b>Total equity as of 1 January 2019</b>	<b>92,997</b>	<b>782,090</b>	<b>-130,498</b>	<b>-19,992</b>	<b>700,602</b>	<b>1,425,199</b>
Net result	0	0	0	0	15,492	15,492
Valuation of financial instruments	0	0	0	0	-1,948	-1,948
Exchange differences on translating foreign operations	0	0	0	11,762	0	11,762
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,762</b>	<b>13,545</b>	<b>25,307</b>
Share based payments	0	16,223	0	0	0	16,223
Option right convertible bond	0	-11,575	0	0	11,431	-143
Purchase of treasury shares	0	0	-32,875	0	0	-32,875
Issue of treasury shares	0	0	1,989	0	0	1,989
<b>Total equity as of 30 June 2019</b>	<b>92,997</b>	<b>786,738</b>	<b>-161,384</b>	<b>-8,230</b>	<b>725,578</b>	<b>1,435,699</b>
<b>Total equity as of 1 January 2020</b>	<b>92,997</b>	<b>792,112</b>	<b>-147,761</b>	<b>10,908</b>	<b>1,113,082</b>	<b>1,861,337</b>
Net result	0	0	0	0	-9,804	-9,804
Valuation of financial instruments	0	0	0	0	-47,756	-47,756
Exchange differences on translating foreign operations	0	0	0	7,027	0	7,027
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,027</b>	<b>-57,560</b>	<b>-50,534</b>
Share based payments	0	42,661	0	0	0	42,661
Capital increase	209,160	1,534,287	0	0	0	1,743,447
Purchase of treasury shares	0	0	-140,273	0	0	-140,273
Sale/Issue of treasury shares	0	0	147,844	0	0	147,844
<b>Total equity as of 30 June 2020</b>	<b>302,157</b>	<b>2,369,060</b>	<b>-140,190</b>	<b>17,935</b>	<b>1,055,521</b>	<b>3,604,482</b>

## **Selected Notes on the Condensed Consolidated Interim Financial Statements as of 30 June 2020**

(unaudited)

For consistency of presentation, selected information from the notes on the condensed consolidated financial interim statements has been converted to USD.

### **1. Segment reporting and revenues**

Segment information is presented on the basis of the internal reporting structure for the segments “Consumer” and “Non-Consumer” and are determined according to valuation and accounting regulations of IFRS. The Segment “Consumer” is comprised of products and sensor solutions targeting the consumer and communications markets. The segment “Non-Consumer” is comprised of products and sensor solutions targeting the automotive, industrial and medical markets as well as foundry, where ams reports the contract manufacturing of analog/mixed signal ICs based on its customers’ designs.

In 2020 ams reorganized its segments and merged the former “Foundry” segment into the “Non-Consumer” segment. 2019 figures have been reorganized accordingly to ensure comparability.

The geographic regions are structured by the three main regions in which sales occur: “EMEA” (Europe, Middle East and Africa), “Americas” and “Asia/Pacific”. Revenues by geographical regions are based on the geographical billing location of customers. Revenues from one customer of the segment “Consumer” amounted to USD 229.7 million (1st half 2019: USD 152.4 million). This customer is a distributor that serves different end customers.

The segment key figure “Result from operations” consists of gross profit, expenses for research & development, expenses for selling, general and administrative as well as other operating income and expenses.

The segment assets include solely assets that are directly attributable to the respective segment such as customer receivables and segment-specific tangible and intangible assets as well as right of use assets. For this reasons, assets that are used by both segments due to their equipment are not allocated to a segment.

# Half Year Report

## 2020



### Business segments

USD thousands	1st Half 2020			1st Half 2019		
	Consumer	Non-Consumer	Total	Consumer	Non-Consumer	Total
<b>Consolidated revenues</b>	<b>789,904</b>	<b>171,005</b>	<b>960,910</b>	<b>522,275</b>	<b>263,566</b>	<b>785,841</b>
Research & development	93,792	30,486	124,278	65,377	54,779	120,155
Depreciation & Amortization	66,516	1,675	68,191	62,272	2,660	64,932
Result from operations	95,545	680	96,225	22,518	41,321	63,839
<b>Segment assets</b>	<b>961,317</b>	<b>63,362</b>	<b>1,024,679</b>	<b>1,108,932</b>	<b>74,282</b>	<b>1,183,214</b>

### Reconciliation of segment results to income statement

USD thousands	1st Half 2020	1st Half 2019
<b>Result from operations per segment reporting</b>	<b>96,225</b>	<b>63,839</b>
Result from investments in associates	-693	-85
Depreciation due to business combinations	-37,484	-36,351
Unallocated research and development costs	6,914	-13,480
Subsidies for research and development	3,822	2,775
Unallocated income/expense	30,156	426
<b>Result from operations</b>	<b>98,939</b>	<b>17,124</b>

### Reconciliation of segment assets to total assets

USD thousands	30 June 2020	31 Dec 2019
Assets per segment reporting	1,024,679	1,183,214
Intangible assets deriving from PPA	1,089,198	1,121,136
Property, plant and equipment	412,223	430,018
Inventories	246,337	231,533
Cash, cash equivalents and short-term investments	2,315,358	551,256
Deferred tax assets	7,998	9,417
Intangible assets	106,324	95,940
Right of use assets for administration and sales	19,116	14,800
Investments in associates	52,643	30,710
Financial assets	1,112,975	976,054
Assets held for sale	0	94,845
Accrual for financial transaction costs	56,299	105,193
Other assets	98,392	39,730
<b>Total assets</b>	<b>6,541,542</b>	<b>4,883,846</b>

# Half Year Report

## 2020



### Revenue by primary geographic segment

In the following table external revenues are split by the primary geographic segments.

USD thousands		1st Half 2020/2019				
	Consumer		Non-Consumer		Total	
	2020	2019	2020	2019	2020	2019
EMEA <sup>1)</sup>	45,276	58,789	98,193	133,153	143,469	191,941
Americas	4,796	3,062	22,309	19,250	27,105	22,312
Asia/Pacific	739,833	460,424	50,502	111,163	790,335	571,587
<b>Total</b>	<b>789,904</b>	<b>522,275</b>	<b>171,005</b>	<b>263,566</b>	<b>960,910</b>	<b>785,841</b>

1) Europe, Middle East, Africa

### Revenues per country

USD thousands	1st Half 2020	1st Half 2019
Taiwan	424,805	331,384
Japan	242,430	100,555
Germany	62,150	72,055
Hong Kong	59,663	58,842
United Kingdom	44,624	67,600
China	31,002	46,946
Austria	401	815
Rest of the world	95,835	107,644
<b>Total</b>	<b>960,910</b>	<b>785,841</b>

### Long-term assets per geographical segments

USD thousands	30 June 2020	31 Dec 2019
Austria	1,452,573	1,513,867
Singapore	877,835	935,991
Switzerland	103,542	91,910
Other countries	97,803	81,002
<b>Total</b>	<b>2,531,753</b>	<b>2,622,769</b>

## 2. Seasonality - economic cycles

In the past, results have varied from quarter to quarter as revenues are derived from a number of end markets which may display different seasonal demand patterns over the course of a calendar year. The company currently derives a substantial portion of its revenues from the consumer electronics market, which has in the past displayed meaningful seasonality between quarters due to factors such as consumer acceptance of technologies, changes in buying behavior and seasonal demand before



major holidays such as Christmas. In addition, general economic cycles may have an additional impact on demand for the company's products across end markets. As the net effect of the different factors mentioned above may differ from quarter to quarter and cannot be predicted, variations of the company's quarterly results will continue in the future.

### 3. Financial Instruments

Summary of financial instruments recorded on the balance sheet as of 30 June 2020:

USD thousands	FVOCI	FVTPL	At amortized cost	Carrying amount	Fair value
<b>Short-term financial assets</b>					
Cash and cash equivalents	0	0	2,315,358	2,315,358	2,315,358
Trade receivables	0	0	121,428	121,428	121,428
Other receivables and assets	0	0	106,959	106,959	106,959
<b>Long-term financial assets</b>					
	1,088,986	23,989	1,708	1,114,684	1,114,684
	<b>1,088,986</b>	<b>23,989</b>	<b>2,545,453</b>	<b>3,658,428</b>	<b>3,658,428</b>

USD thousands	Fair value through P/L	At amortized cost	Carrying amount	Fair value
<b>Short-term financial liabilities</b>				
Interest bearing loans and borrowings	0	1,027,878	1,027,878	1,029,857
Trade payables	0	156,263	156,263	156,263
Other liabilities	4,237	83,649	87,886	87,886
<b>Long-term financial liabilities</b>				
Interest bearing loans and borrowings	0	1,231,845	1,231,845	1,234,217
Other long-term liabilities	2,554	113,583	116,137	116,137
	<b>6,791</b>	<b>2,613,218</b>	<b>2,620,009</b>	<b>2,624,361</b>

Summary of financial instruments recorded on the balance sheet as of 31 December 2019:

USD thousands	FVOCI	FVTPL	At amortized cost	Carrying amount	Fair value
<b>Short-term financial assets</b>					
Cash and cash equivalents	0	0	551,256	551,256	551,256
Trade receivables	0	0	222,404	222,404	222,404
Other receivables and assets	0	0	118,122	118,122	118,122
<b>Long-term financial assets</b>					
	942,647	33,407	652	976,706	976,706
	<b>942,647</b>	<b>33,407</b>	<b>892,435</b>	<b>1,868,489</b>	<b>1,868,489</b>

# Half Year Report

## 2020



USD thousands	Fair value through P/L	At amortized cost	Carrying amount	Fair value
<b>Short-term financial liabilities</b>				
Interest bearing loans and borrowings	0	861,004	861,004	867,163
Trade payables	0	149,224	149,224	149,224
Other liabilities	307	98,861	99,168	99,168
Interest bearing loans and borrowings	0	1,432,738	1,432,738	1,442,986
Other long-term liabilities	7,349	117,151	124,501	124,501
	<b>7,656</b>	<b>2,658,979</b>	<b>2,666,635</b>	<b>2,683,041</b>

The following table shows, for the financial assets and liabilities measured at fair value, which level in the fair value hierarchy is to be allocated to the fair value. The levels have the following meaning:

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).

June 30, 2020 USD thousands	Level 1	Level 2	Level 3	Total
<b>Short-term financial assets</b>				
Financial assets	0	0	0	0
<b>Long-term financial assets</b>				
Financial assets	1,112,975	0	0	1,112,975
	<b>1,112,975</b>	<b>0</b>	<b>0</b>	<b>1,112,975</b>
<b>Short-term financial liabilities</b>				
Other liabilities	0	0	4,237	4,237
<b>Long-term financial liabilities</b>				
Other liabilities	0	293	2,261	2,554
	<b>0</b>	<b>293</b>	<b>6,498</b>	<b>6,791</b>

December 31, 2019 USD thousands	Level 1	Level 2	Level 3	Total
<b>Short-term financial assets</b>				
Financial assets	0	0	0	0
<b>Long-term financial assets</b>				
Financial assets	976,054	0	652	976,706
	<b>976,054</b>	<b>0</b>	<b>652</b>	<b>976,706</b>
<b>Short-term financial liabilities</b>				
Other liabilities	0	0	21,986	21,986
<b>Long-term financial liabilities</b>				
Other liabilities	0	868	124,501	125,369
	<b>0</b>	<b>868</b>	<b>146,486</b>	<b>147,355</b>

On 12 March 2019 ams announced the repurchase of the issued USD and EUR convertible bonds with a total volume of up to USD 100 million. The repurchase started on 27 March 2019 and was upheld until 30 December 2019. By 30 June 2019, ams has repurchased 148 units of the USD convertible bond and 339 units of the EUR convertible bond. This resulted in a financial profit of USD 18.0 million and a reduction of balance sheet liabilities of USD 91.8 million.

Material long-term financial assets relate to the investment in OSRAM Licht AG (USD 1,088 million) and HLJ Technologies (USD 24.0 million). In the first half 2020 the group acquired additional 3,932,058 OSRAM shares for USD 194.6 million. The change in fair value of the shares of OSRAM Licht AG is recorded in the OCI (FVOCI equity instruments, USD -47.8 million) and the change in fair value for the holdings in HLJ Technologies is recorded in the net financing result with USD -9.6 million.

Other short and long-term financial liabilities measured at fair value through profit and loss relate to contingent purchase price obligations resulting from the acquisition of KeyLemon in 2018 (30 June 2020 USD 2.6 million; 31 Dec. 2019 USD 2.5 million), of CCMOSS in 2016 (30 June 2020 USD 1 million; 31 Dec. 2019 USD 1.3 million) and Incus Laboratories in 2016 (30 June 2020 USD 2.7 million; 31 Dec. 2019 USD 2.9 million) and to the conversion right of the convertible USD bond issued (30 June 2020 USD 0.3 million, 31 Dec. 2019 USD 0.9 million). The total change in fair value of USD 0.6 million (first half year 2019 USD 0.0 million) is included in net financial result.

Fair values of short term financial assets, trade payables and other short term financial liabilities (except those measured at fair value) are deemed to approximate their respective book value due to their short term character. Long-term financial liabilities measured at amortized cost mainly relate to lease liabilities in accordance with IFRS 16.

Effective 3 April 2020, ams AG issued 189,869,454 new shares leading to a net cash inflow of USD 1,817 million. The proceeds are used to partially refinance the acquisition of OSRAM Licht AG, including related costs. In accordance with IAS 32 direct related costs to the rights issue were offset in the balance sheet with the proceeds from the rights issue. This leads to a reduction by USD 73.1 million to USD 1,744 million.

On 15 June 2020 ams announced to its employees, that ams implements measures for anti-dilution in connection with the rights issue for all stock option programs and long term incentive plans. In line with IFRS 2 this led to a one-time valuation effect in Q2 2020 (USD 14.5 million), which results in overall IFRS 2 expenses of USD 24.0 million in Q2 and USD 36.2 million in the first half year 2020.

#### **4. Property, plant & equipment**

The group acquired property plant and equipment amounting to USD 35.5 million, mainly for expansion of production capacity and reinvestments for maintenance.

#### **5. Intangible assets and goodwill**

The group has assessed whether there is an impairment trigger that would lead to an impairment. There was no indication for an impairment.

#### **6. Assets held for sale**

In March 2019, ams announced and signed an agreement to set up a joint venture with Wise Road Capital to advance the development of environmental, flow and pressure sensors business for the global market. The closing of the transaction in connection with the investment in Jinan Smart Sensing Sensor Co in cooperation with Wise Road Capital took place on 13 January 2020. Consequently, assets held for sale and related liabilities have been derecognized with a corresponding addition to investment in associates.

#### **7. Treasury shares**

The group acquired a total of 13,714,464 treasury shares during the reporting period, amounting to USD 140,272,893.

22,186 treasury shares have been sold to fulfill obligations for employee stock option plans. On 13 February 2020 the group sold 3,350,688 treasury shares (CHF 44.25 per share) amounting to a cash inflow of USD 154.4 million. The aim of the placement was to enhance the ams shareholder base and preventing dilution as treasury shares are not granted subscription rights under Austrian law.

#### **8. Dividends**

ams AG has not distributed any dividend during the reporting periods 2020 and 2019.

#### **9. Number of employees**

The average number of employees was 8,639 during the first half of 2020, compared to 8,543 during the first half of 2019.

#### **10. Related parties**

There were no changes regarding the group's related entities. Effective 1 May 2020, Ingo Bank joined the Management Board of ams AG as chief financial officer (CFO), after stepping down from the managing board of the OSRAM Group, and replacing Michael Wachsler-Markowitsch. There were no other changes regarding group's related parties in the reporting period.

### 11. Subsequent events

Effective on 6 July 2020 ams AG issued senior notes split into a EUR 650 million and USD 400 million tranche, which have been issued at an issue price of 99%. The interest rate for the EUR tranche is 6% and for the USD tranche 7%. The maturity date for both tranches is 31 July 2025. This led to net proceeds of about USD 1.095 million. The proceeds are used to finance the proposed acquisition of OSRAM, finance or refinance the purchase of other OSRAM shares, to refinance certain existing indebtedness of OSRAM and its subsidiaries and/or ams and its subsidiaries and to pay certain fees and expenses.

Furthermore effective on 20 July 2020 ams issues additional senior notes in connection with the acquisition of OSRAM Licht AG. The additional notes are split into a EUR 200 million and USD 50 million tranches and were issued at an issue price of 100.75%. The interest rate for the EUR tranche is 6% and for the USD tranche 7%. The maturity date for both tranches is 31 July 2025. These leads to net proceeds of about USD 270 million.

On 9 July 2020 ams successfully closed the acquisition of OSRAM Licht AG and settled the takeover which led to a holding of about 69% of all OSRAM shares (excluding treasury shares) at closing date. OSRAM Licht AG is a leading company in photonics, especially within the areas of illumination, sensing, visualization and treatment. The headquarters of the OSRAM group are located in Munich, Germany.

On 24 July 2020 Johann Eitner retired from the Supervisory Board of ams AG as a works council representative. The ams' works council will delegate a new employee representative in due course.

The Covid-19 situation is expected to have a limited impact on the group's business. At the time of statement of the interim financial statement, the Management Board of the Company is not aware of material negative effects of Covid-19 on the group. However the general uncertainties in a Covid-19 economic environment remain.

## **Supplemental financial information**

## Reconciliation from adjusted figures to reported figures

USD thousands	Q2 2020	1st Half 2020	Q2 2019	1st Half 2019
<b>Gross profit – adjusted</b>	<b>183,273</b>	<b>380,137</b>	<b>152,521</b>	<b>274,918</b>
Acquisition-related costs	-10,548	-21,077	-10,337	-20,557
Share-based compensation costs	-1,982	-2,661	-869	-1,614
<b>Gross profit – reported</b>	<b>170,743</b>	<b>356,399</b>	<b>141,315</b>	<b>252,746</b>
Gross margin in % – adjusted	40%	40%	37%	35%
Gross margin in % – IFRS reported	37%	37%	35%	32%
<b>Operating expenses – adjusted</b>	<b>-93,204</b>	<b>-189,153</b>	<b>-103,513</b>	<b>-203,107</b>
Acquisition-related costs	-16,319	-34,716	-7,447	-15,794
Share-based compensation costs	-21,995	-33,591	-8,898	-16,721
<b>Operating expenses – reported</b>	<b>-131,517</b>	<b>-257,460</b>	<b>-119,858</b>	<b>-235,622</b>
<b>Result from operations – adjusted</b>	<b>90,068</b>	<b>190,984</b>	<b>49,008</b>	<b>71,810</b>
Acquisition-related costs	-26,867	-55,794	-17,784	-36,351
Share-based compensation costs	-23,976	-36,252	-9,767	-18,335
<b>Result from operations – reported</b>	<b>39,226</b>	<b>98,939</b>	<b>21,457</b>	<b>17,124</b>
Operating margin in % – adjusted	20%	20%	12%	9%
Operating margin in % – reported	9%	10%	5%	2%
<b>Result from operations – adjusted</b>	<b>90,068</b>	<b>190,984</b>	<b>49,008</b>	<b>71,810</b>
Net financing result	-32,160	-104,975	4,972	2,234
Income tax result	-1,144	-3,768	-1,754	-3,865
<b>Net result – adjusted</b>	<b>56,765</b>	<b>82,241</b>	<b>52,226</b>	<b>70,179</b>
<b>Basic adjusted earnings per share (in USD)</b>	<b>0.22</b>	<b>0.48</b>	<b>0.65</b>	<b>0.87</b>



# **Condensed Consolidated Interim Financial Statements as of 30 June 2020**

(according to IAS 34 – unaudited)

# Half Year Report

2020 (according to IAS 34)



## Consolidated Income Statement according to IFRS

(unaudited)

EUR thousands (except earnings per share)	Q2 2020	1st Half 2020	Q2 2019	1st Half 2019
Revenues	417,869	872,285	369,728	713,363
Cost of sales	-262,873	-548,757	-241,446	-483,928
<b>Gross profit</b>	<b>154,996</b>	<b>323,529</b>	<b>128,282</b>	<b>229,435</b>
Gross margin in %	37%	37%	35%	32%
Research and development	-62,017	-121,406	-68,480	-138,068
Selling, general and administrative	-59,170	-117,677	-42,227	-81,206
Other operating income	2,385	5,899	2,267	5,921
Other operating expense	-87	98	-421	-460
Result from investments in associates	-499	-629	58	-77
<b>Result from operations</b>	<b>35,608</b>	<b>89,814</b>	<b>19,478</b>	<b>15,544</b>
Net financing result	-29,194	-95,293	4,513	2,028
<b>Result before tax</b>	<b>6,414</b>	<b>-5,479</b>	<b>23,991</b>	<b>17,572</b>
Income tax result	-1,039	-3,420	-1,592	-3,509
<b>Net result</b>	<b>5,375</b>	<b>-8,900</b>	<b>22,399</b>	<b>14,064</b>
<b>Basic earnings per share in CHF <sup>1)</sup></b>	<b>0.02</b>	<b>-0.06</b>	<b>0.31</b>	<b>0.19</b>
<b>Diluted earnings per share in CHF <sup>1)</sup></b>	<b>0.01</b>	<b>0.00</b>	<b>0.28</b>	<b>0.19</b>
<b>Basic earnings per share in EUR</b>	<b>0.02</b>	<b>-0.05</b>	<b>0.28</b>	<b>0.17</b>
<b>Diluted earnings per share in EUR</b>	<b>0.01</b>	<b>0.00</b>	<b>0.25</b>	<b>0.17</b>

<sup>1)</sup> Earnings per share in CHF were converted using the average currency exchange rate for the respective periods.

# Half Year Report

2020 (according to IAS 34)



## Consolidated Statement of Comprehensive Income acc. to IFRS

(unaudited)

EUR thousands	Q2 2020	1st Half 2020	Q2 2019	1st Half 2019
<b>Net result</b>	<b>5,375</b>	<b>-8,900</b>	<b>22,399</b>	<b>14,064</b>
<b>Items that will never be reclassified to profit and loss (after income taxes)</b>				
Remeasurements of defined benefit liability	0	0	0	-14
FVOCI equity instruments - net change in fair value	225,517	-43,352	-11	-1,754
<b>Items that may be reclassified to profit and loss (after income taxes)</b>				
FVOCI debt instruments - net change in fair value	0	0	0	0
Exchange differences on translating foreign operations	-45,179	6,379	-26,221	10,677
<b>Other comprehensive income</b>	<b>180,338</b>	<b>-36,973</b>	<b>-26,232</b>	<b>8,909</b>
<b>Total comprehensive income</b>	<b>185,713</b>	<b>-45,873</b>	<b>-3,833</b>	<b>22,973</b>

# Half Year Report

2020 (according to IAS 34)



## Consolidated Balance Sheet according to IFRS

(unaudited)

EUR thousands	30 June 2020	31 December 2019
<b>Assets</b>		
Cash and cash equivalents	2,101,814	500,414
Trade receivables	110,228	201,892
Inventories	223,618	210,178
Other receivables and assets	136,437	129,696
Assets held for sale	0	86,097
<b>Total current assets</b>	<b>2,572,097</b>	<b>1,128,277</b>
Property, plant and equipment	1,070,870	1,130,078
Intangible assets	1,108,749	1,127,974
Right of use assets	118,631	122,820
Investments in associates	47,788	27,878
Deferred tax assets	7,261	8,548
Other long term assets	2,497	1,803
Financial assets	1,010,326	886,033
<b>Total non-current assets</b>	<b>3,366,123</b>	<b>3,305,134</b>
<b>Total assets</b>	<b>5,938,219</b>	<b>4,433,412</b>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Interest-bearing loans and borrowings	933,077	781,594
Trade liabilities	141,851	135,461
Income tax liabilities	23,648	19,649
Provisions	99,479	112,711
Other liabilities	122,387	153,396
Liabilities in regard to assets held for sale	0	1,336
<b>Total current liabilities</b>	<b>1,320,442</b>	<b>1,204,147</b>
Interest-bearing loans and borrowings	1,118,233	1,300,597
Employee benefits	48,729	48,981
Deferred tax liabilities	60,230	62,612
Other long-term liabilities	118,543	127,407
<b>Total non-current liabilities</b>	<b>1,345,735</b>	<b>1,539,598</b>
<b>Shareholders' equity</b>		
Issued capital	274,289	84,420
Additional paid-in capital	2,150,562	719,056
Treasury shares	-127,261	-134,133
Other reserves	16,281	9,902
Retained earnings	958,171	1,010,423
<b>Total shareholders' equity and reserves</b>	<b>3,272,043</b>	<b>1,689,667</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,938,219</b>	<b>4,433,412</b>

# Half Year Report

2020 (according to IAS 34)



## Consolidated Statement of Cash Flows according to IFRS

(unaudited)

EUR thousands	Q2 2020	1st Half 2020	Q2 2019	1st Half 2019
<b>Operating activities</b>				
Result before tax	6,414	-5,479	23,991	17,572
Depreciation (net of government grants)	75,206	151,029	68,476	135,849
Expense from stock option plan	21,755	32,887	8,727	16,483
Changes in other long-term liabilities	-1	-129	-4,938	-3,841
Result from sale of plant and equipment	-1	-13	-4	-4
Result from investments in associates	499	629	-58	77
Net financing cost	29,194	95,293	-4,513	-2,028
Change in provisions and employee benefits	-22,441	-13,858	-2,442	2,063
Changes in inventories	-1,617	-12,965	-6,223	13,438
Changes in trade and other receivables	-7,911	36,431	-44,143	-41,847
Changes in trade and other payables	-5,318	26,026	9,618	-3,553
Income taxes paid	653	-683	-3,339	-4,444
<b>Cash flows from operating activities</b>	<b>96,432</b>	<b>309,170</b>	<b>45,154</b>	<b>129,764</b>
<b>Investing activities</b>				
Acquisition of intangibles, property, plant and equipment	-18,067	-51,493	-42,679	-120,074
Acquisition of subsidiary, net of cash acquired	0	0	0	-8,099
Acquisition of other financial investments	-24,805	-180,949	0	0
Proceeds from sale of plant and equipment	0	2	1	1
Proceeds from the sale of discontinued business area	0	41,414	0	0
Interest received	915	2,963	1,525	2,974
<b>Cash flows from investing activities</b>	<b>-41,956</b>	<b>-188,063</b>	<b>-41,154</b>	<b>-125,198</b>
<b>Financing activities</b>				
Proceeds from borrowings	1,786	92,495	200	12,654
Repayment of borrowings	-107,582	-137,961	-61,400	-96,897
Repayment of finance lease liabilities	-6,881	-10,894	-5,937	-9,463
Buyback of convertible bonds	0	0	-67,128	-67,128
Acquisition of treasury shares	-127,336	-127,336	-2,827	-30,461
Sale of treasury shares	129	140,365	576	1,646
Interest paid	-7,766	-18,083	-2,808	-8,406
Transaction costs from loans and borrowings	-95,875	-107,018	0	0
Changes resulting from capital increase	1,649,000	1,649,000	0	0
<b>Cash flows from financing activities</b>	<b>1,305,476</b>	<b>1,480,569</b>	<b>-139,325</b>	<b>-198,056</b>
Change in cash and cash equivalents	1,359,952	1,601,675	-135,325	-193,490
Effects of changes in foreign exchange rates on cash and cash equivalents	-7,824	-276	-6,234	-3,819
Cash and cash equivalents at begin of period	749,686	500,414	569,407	625,158
<b>Cash and cash equivalents at end of period</b>	<b>2,101,814</b>	<b>2,101,814</b>	<b>427,849</b>	<b>427,849</b>

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## Consolidated Statement of Changes in Shareholders' Equity according to IFRS

(unaudited)

EUR thousands	Issued capital	Additional paid-in capital	Treasury shares	Other reserves	Retained earnings	Total share-holders' equity
<b>Total equity as of 1 January 2019</b>	<b>84,420</b>	<b>709,958</b>	<b>-118,462</b>	<b>-18,148</b>	<b>635,986</b>	<b>1,293,754</b>
Net result	0	0	0	0	14,064	14,064
Valuation of financial instruments	0	0	0	0	-1,768	-1,768
Exchange differences on translating foreign operations	0	0	0	10,677	0	10,677
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,677</b>	<b>12,296</b>	<b>22,973</b>
Share based payments	0	14,726	0	0	0	14,726
Option right convertible bond	0	-10,507	0	0	10,377	-130
Purchase of treasury shares	0	0	-29,843	0	0	-29,843
Issue of treasury shares	0	0	1,805	0	0	1,805
<b>Total equity as of 30 June 2019</b>	<b>84,420</b>	<b>714,177</b>	<b>-146,499</b>	<b>-7,471</b>	<b>658,658</b>	<b>1,303,286</b>
<b>Total equity as of 1 January 2020</b>	<b>84,420</b>	<b>719,056</b>	<b>-134,133</b>	<b>9,902</b>	<b>1,010,423</b>	<b>1,689,667</b>
Net result	0	0	0	0	-8,900	-8,900
Valuation of financial instruments	0	0	0	0	-43,352	-43,352
Exchange differences on translating foreign operations	0	0	0	6,379	0	6,379
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,379</b>	<b>-52,251</b>	<b>-45,873</b>
Share based payments	0	38,726	0	0	0	38,726
Capital increase	189,869	1,392,780	0	0	0	1,582,650
Purchase of treasury shares	0	0	-127,336	0	0	-127,336
Sale/Issue of treasury shares	0	0	134,208	0	0	134,208
<b>Total equity as of 30 June 2020</b>	<b>274,289</b>	<b>2,150,562</b>	<b>-127,261</b>	<b>16,281</b>	<b>958,171</b>	<b>3,272,043</b>

## Selected notes on the Condensed Consolidated Interim Financial Statements as of 30 June 2020

(unaudited)

### 1. Basis of preparation

The condensed consolidated interim financial statements as of 30 June 2020 were prepared in accordance with IAS 34. In line with IAS 34 (Interim Financial Reporting) the condensed consolidated interim financial statements do not include all information and disclosures that are required for a full set of financial statements and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2019.

### 2. Accounting policies

The accounting policies applied in this interim financial statement are the same as those applied in the group's consolidated financial statements as at and for the year ended 31 December 2019. A number of new standards or amendments are effective from 1 January 2020, however none of these have a material effect on the group's consolidated financial statements.

### 3. Segment reporting and revenues

Segment information is presented on the basis of the internal reporting structure for the segments "Consumer" and "Non-Consumer" and are determined according to valuation and accounting regulations of IFRS. The Segment "Consumer" is comprised of products and sensor solutions targeting the consumer and communications markets. The segment "Non-Consumer" is comprised of products and sensor solutions targeting the industrial, medical, and automotive markets as well as foundry, where ams reports the contract manufacturing of analog/mixed signal ICs based on its customers' designs.

In 2020 ams reorganized its segments and merged the former "Foundry" segment into the "Non-Consumer" segment. 2019 figures have been reorganized accordingly to ensure comparability.

The geographic regions are structured by the three main regions in which sales occur: "EMEA" (Europe, Middle East and Africa), "Americas" and "Asia/Pacific". Revenues by geographical regions are based on the geographical billing location of customers. Revenues from one customer of the segment Consumer amounted to EUR 208.5 million (1st half 2019: EUR 138.4 million). This customer is a distributor that serves different end customers.

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

The segment assets include solely assets that are directly attributable to the respective segment such as customer receivables and segment-specific tangible and intangible assets as well as right of use assets. For this reasons, assets that are used by both segments due to their equipment are not allocated to a segment.



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## Business Segments

EUR thousands	1st Half 2020			1st Half 2019		
	Consumer	Non-Consumer	Total	Consumer	Non-Consumer	Total
<b>Consolidated revenues</b>	<b>717,052</b>	<b>155,234</b>	<b>872,285</b>	<b>474,106</b>	<b>239,257</b>	<b>713,363</b>
Research & development	85,142	27,674	112,816	59,347	49,727	109,073
Depreciation & Amortization	60,381	1,520	61,902	56,529	2,415	58,944
Result from operations	86,733	618	87,350	20,441	37,510	57,951
<b>Segment assets</b>	<b>872,655</b>	<b>57,518</b>	<b>930,173</b>	<b>1,006,656</b>	<b>67,431</b>	<b>1,074,087</b>

## Reconciliation of segment results to income statement

EUR thousands	1st Half 2020	1st Half 2019
<b>Result from operations per segment reporting</b>	<b>87,350</b>	<b>57,951</b>
Result from investments in associates	-629	-77
Depreciation due to business combinations	-34,027	-32,999
Unallocated research and development costs	6,276	-12,237
Subsidies for research and development	3,469	2,519
Unallocated income	27,375	387
<b>Result from operations</b>	<b>89,814</b>	<b>15,544</b>

## Reconciliation of segment assets to total assets

EUR thousands	30 June 2020	31 Dec 2019
Assets per segment reporting	930,173	1,074,087
Intangible assets deriving from PPA	988,742	1,017,735
Property, plant and equipment	374,204	390,358
Inventories	233,618	210,178
Cash, cash equivalents and short-term investments	2,101,814	500,414
Deferred tax asset	7,261	8,548
Intangible assets	96,518	87,091
Right of use assets for administration and sales	17,353	13,435
Investments in associates	47,788	27,878
Financial assets	1,010,326	886,033
Assets held for sale	0	86,097
Accrual for financial transaction costs	51,106	95,491
Other assets	89,317	36,066
<b>Total assets</b>	<b>5,938,219</b>	<b>4,433,412</b>

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## Revenue by primary geographic segment

In the following table the external revenue is split by the primary geographic segments.

EUR thousands		1st Half 2020/2019				
	Consumer		Non-Consumer		Total	
	2020	2019	2020	2019	2020	2019
EMEA <sup>1)</sup>	41,100	53,367	89,137	120,872	130,237	174,239
Americas	4,353	2,780	20,252	17,475	24,605	20,254
Asia/Pacific	671,598	417,959	45,845	100,911	717,443	518,870
<b>Total</b>	<b>717,052</b>	<b>474,106</b>	<b>155,234</b>	<b>239,257</b>	<b>872,285</b>	<b>713,363</b>

1) Europe, Middle East, Africa

## Revenues per country

EUR thousands	1st Half 2020	1st Half 2019
Taiwan	385,625	300,821
Japan	220,070	91,281
Germany	56,418	65,409
Hong Kong	54,160	53,415
United Kingdom	40,509	61,365
China	28,143	42,617
Austria	364	739
Rest of the world	86,996	97,716
<b>Total</b>	<b>872,285</b>	<b>713,363</b>

## Long-term assets per geographical segments

EUR thousands	30 June 2020	31 Dec 2019
Austria	1,318,603	1,374,243
Singapore	796,873	849,665
Switzerland	93,992	83,433
Other countries	88,783	73,531
<b>Total</b>	<b>2,298,251</b>	<b>2,380,873</b>

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## 4. Seasonality - economic cycles

In the past, results have varied from quarter to quarter as revenues are derived from a number of end markets which may display different seasonal demand patterns over the course of a calendar year. The company currently derives a substantial portion of its revenues from the consumer electronics market, which has in the past displayed meaningful seasonality between quarters due to factors such as consumer acceptance of technologies, changes in buying behavior and seasonal demand before major holidays such as Christmas. In addition, general economic cycles may have an additional impact on demand for the company's products across end markets. As the net effect of the different factors mentioned above may differ from quarter to quarter and cannot be predicted, variations of the company's quarterly results will continue in the future.

## 5. Financial Instruments

Summary of financial instruments recorded on the balance sheet as of 30 June 2020:

EUR thousands	FVOCI	FVTPL	At amortized cost	Carrying amount	Fair value
<b>Short-term financial assets</b>					
Cash and cash equivalents	0	0	2,101,814	2,101,814	2,101,814
Trade receivables	0	0	110,228	110,228	110,228
Other receivables and assets	0	0	97,094	97,094	97,094
<b>Long-term financial assets</b>					
	988,550	21,777	1,551	1,011,877	1,011,877
	<b>988,550</b>	<b>21,777</b>	<b>2,310,687</b>	<b>3,321,013</b>	<b>3,321,013</b>

EUR thousands	Fair value through P/L	At amortized cost	Carrying amount	Fair value
<b>Short-term financial liabilities</b>				
Interest bearing loans and borrowings	0	933,077	933,077	934,874
Trade payables	0	141,851	141,851	141,851
Other liabilities	3,846	75,934	79,780	79,780
<b>Interest bearing loans and borrowings</b>				
	0	1,118,233	1,118,233	1,120,386
<b>Other long-term liabilities</b>	2,318	103,108	105,426	105,426
	<b>6,164</b>	<b>2,372,203</b>	<b>2,378,367</b>	<b>2,382,318</b>

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Summary of financial instruments recorded on the balance sheet as of 31 December 2019:

EUR thousands	FVOCI	FVTPL	At amortized cost	Carrying amount	Fair value
<b>Short-term financial assets</b>					
Cash and cash equivalents	0	0	500,414	500,414	500,414
Trade receivables	0	0	201,892	201,892	201,892
Other receivables and assets	0	0	107,228	107,228	107,228
<b>Long-term financial assets</b>					
	855,707	30,326	592	886,625	886,625
	<b>855,707</b>	<b>30,326</b>	<b>810,126</b>	<b>1,696,159</b>	<b>1,696,159</b>

EUR thousands	Fair value through P/L	At amortized cost	Carrying amount	Fair value
<b>Short-term financial liabilities</b>				
Interest bearing loans and borrowings	0	781,594	781,594	787,185
Trade payables	0	135,461	135,461	135,461
Other liabilities	279	89,743	90,022	90,022
<b>Interest bearing loans and borrowings</b>				
	0	1,300,597	1,300,597	1,309,900
<b>Other long-term liabilities</b>				
	6,671	106,347	113,018	113,018
	<b>6,950</b>	<b>2,413,743</b>	<b>2,420,693</b>	<b>2,435,586</b>

The following table shows, for the financial assets and liabilities measured at fair value, which level in the fair value hierarchy is to be allocated to the fair value. The levels have the following meaning:

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).

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30 June 2020 EUR thousands	Level 1	Level 2	Level 3	Total
<b>Short-term financial assets</b>				
Financial assets	0	0	0	0
<b>Long-term financial assets</b>				
Financial assets	1,010,326	0	0	1,010,326
	<b>1,010,326</b>	<b>0</b>	<b>0</b>	<b>1,010,326</b>
<b>Short-term financial liabilities</b>				
Other liabilities	0	0	3,846	3,846
<b>Long-term financial liabilities</b>				
Other liabilities	0	266	2,052	2,318
	<b>0</b>	<b>266</b>	<b>5,899</b>	<b>6,164</b>

31 December 2019 EUR thousands	Level 1	Level 2	Level 3	Total
<b>Short-term financial assets</b>				
Financial assets	0	0	0	0
<b>Long-term financial assets</b>				
Financial assets	886,033	0	592	886,625
	<b>886,033</b>	<b>0</b>	<b>592</b>	<b>886,625</b>
<b>Short-term financial liabilities</b>				
Other liabilities	0	0	19,958	19,958
<b>Long-term financial liabilities</b>				
Other liabilities	0	788	113,018	113,806
	<b>0</b>	<b>788</b>	<b>132,976</b>	<b>133,764</b>

On 12 March 2019, ams announced the repurchase of the issued USD and EUR convertible bonds with a total volume of up to USD 100 million. The repurchase started on 27 March 2019 and was upheld until 30 December 2019. By 30 June 2019, ams has repurchased 148 units of the USD convertible bond and 339 units of the EUR convertible bond. This resulted in a financial profit of EUR 16.3 million and a reduction of balance sheet liabilities of EUR 83.4 million.

Material long-term financial assets relate to the investment in OSRAM Licht AG (EUR 987.6 million) and HLJ Technologies (EUR 21.8 million). In the first half 2020 the group acquired additional 3,932,058 OSRAM shares for EUR 176.7 million. The change in fair value of the shares of OSRAM Licht AG is recorded in the OCI (FVOCI equity instruments, EUR -43.4 million) and the change in fair value for the holdings in HLJ Technologies is recorded in the net financing result with EUR -8.7 million.

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Other short and long-term financial liabilities measured at fair value through profit and loss relate to contingent purchase price obligations resulting from the acquisition of KeyLemon in 2018 (30 June 2020 EUR 2.3 million; 31 Dec. 2019 EUR 2.3 million), of CCMOSS in 2016 (30 June 2020 EUR 0.9 million; 31 Dec. 2019 EUR 1.2 million) and Incus Laboratories in 2016 (30 June 2020 EUR 2.5 million; 31 Dec. 2019 EUR 2.7 million) and to the conversion right of the convertible USD bond issued (30 June 2020 EUR 0.3 million; 31 Dec. 2019 EUR 0.8 million). The total change in fair value of EUR 0.5 million (first half year 2019 EUR 0.0 million) is included in net financial result.

Fair values of short term financial assets, trade payables and other short term financial liabilities (except those measured at fair value) are deemed to approximate their respective book value due to their short term character. Long-term financial liabilities measured at amortized cost mainly relate to lease liabilities in accordance with IFRS 16.

Effective 3 April 2020, ams AG issued 189,869,454 new shares leading to a net cash inflow of EUR 1,649 million. The proceeds are used to partially refinance the acquisition of OSRAM Licht AG, including related costs. In accordance with IAS 32 direct related costs to the rights issue were offset in the balance sheet with the proceeds from the rights issue. This leads to a reduction by EUR 66.4 million to EUR 1,583 million.

On 15 June 2020, ams announced to its employees, that ams implements measures for anti-dilution in connection with the rights issue for all stock option programs and long term incentive plans. In line with IFRS 2 this led to a one-time valuation effect in Q2 2020 (EUR 13.2 million), which results in overall IFRS 2 expenses of EUR 21.8 million in Q2 and EUR 32.9 million in the first half year 2020.

## 6. Property, plant & equipment

The group acquired property plant and equipment amounting to EUR 32.2 million, mainly for expansion of production capacity and reinvestments for maintenance.

## 7. Intangible assets and goodwill

The group has assessed whether there is an impairment trigger that would lead to an impairment. There was no indication for an impairment.

## 8. Assets held for sale

In March 2019, ams announced and signed an agreement to set up a joint venture with Wise Road Capital to advance the development of environmental, flow and pressure sensors business for the global market. The closing of the transaction in connection with the investment in Jinan Smart Sensing Sensor Co in cooperation with Wise Road Capital took place on 13 January 2020. Consequently, assets held for sale and related liabilities have been derecognized with a corresponding addition to investment in associates.

## 9. Treasury shares

The group acquired a total of 13,714,464 treasury shares during the reporting period, amounting to EUR 127,335,596.

22,186 treasury shares have been sold to fulfill obligations for employee stock option plans. On 13 February 2020 the group sold 3,350,688 treasury shares (CHF 44.25 per share) amounting to a cash

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inflow of EUR 140.2 million. The aim of the placement was to enhance the ams shareholder base and preventing dilution as treasury shares are not granted subscription rights under Austrian law.

## 10. Dividends

ams AG has not distributed any dividend during the reporting periods 2020 and 2019.

## 11. Number of employees

The average number of employees was 8,639 during the first half of 2020, compared to 8,543 during the first half of 2019.

## 12. Related parties

There were no changes regarding the group's related entities. Effective 1 May 2020, Ingo Bank joined the Management Board of ams AG as chief financial officer (CFO), after stepping down from the managing board of the OSRAM Group, and replacing Michael Wachsler-Markowitsch. There were no other changes regarding group's related parties in the reporting period.

## 13. Subsequent events

Effective on 6 July 2020 ams AG issued a high yield bond split into a EUR 650 million and USD 400 million tranche, which have been issued at an issue price of 99%. The interest rate for the EUR tranche is 6% and for the USD tranche 7%. The maturity date for both tranches is 31 July 2025. This led to net proceeds of about EUR 995 million. The proceeds are used to finance the proposed acquisition of OSRAM, finance or refinance the purchase of other OSRAM shares, to refinance certain existing indebtedness of OSRAM and its subsidiaries and/or ams and its subsidiaries and to pay certain fees and expenses.

Furthermore effective on 20 July 2020, ams issues additional senior notes in connection with the acquisition of OSRAM Licht AG. The additional notes are split into a EUR 200 million and USD 50 million tranches and were issued at an issue price of 100.75%. The interest rate for the EUR tranche is 6% and for the USD tranche 7%. The maturity date for both tranches is 31 July 2025. This led to net proceeds of about EUR 246 million.

On 9 July 2020 ams successfully closed the acquisition of OSRAM Licht AG and settled the takeover which led to a holding of about 69% of all OSRAM shares (excluding treasury shares) at closing date. OSRAM Licht AG is a leading company in photonics, especially within the areas of illumination, sensing, visualization and treatment. The headquarters of the OSRAM group are located in Munich, Germany.

On 24 July 2020 Johann Eitner retired from the Supervisory Board of ams AG as a works council representative. The ams' works council will delegate a new employee representative in due course.

The Covid-19 situation is expected to have a limited impact on the group's business. At the time of statement of the interim financial statement, the Management Board of the Company is not aware of material negative effects of Covid-19 on the group. However the general uncertainties in a Covid-19 economic environment remain.



## **Supplemental financial information**

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## Reconciliation from adjusted figures to reported figures according to IFRS

EUR thousands	Q2 2020	1st Half 2020	Q2 2019	1st Half 2019
<b>Gross profit – adjusted</b>	<b>166,370</b>	<b>345,078</b>	<b>138,454</b>	<b>249,562</b>
Acquisition-related costs	-9,575	-19,133	-9,384	-18,661
Share-based compensation costs	-1,799	-2,415	-789	-1,466
<b>Gross profit – IFRS reported</b>	<b>154,996</b>	<b>323,529</b>	<b>128,282</b>	<b>229,435</b>
Gross margin in % – adjusted	40%	40%	37%	35%
Gross margin in % – IFRS reported	37%	37%	35%	32%
<b>Operating expenses – adjusted</b>	<b>-84,608</b>	<b>-171,708</b>	<b>-93,966</b>	<b>-184,375</b>
Acquisition-related costs	-14,814	-31,515	-6,760	-14,338
Share-based compensation costs	-19,966	-30,493	-8,077	-15,178
<b>Operating expenses – IFRS reported</b>	<b>-119,388</b>	<b>-233,715</b>	<b>-108,804</b>	<b>-213,891</b>
<b>Result from operations – adjusted</b>	<b>81,762</b>	<b>173,370</b>	<b>44,488</b>	<b>65,187</b>
Acquisition-related costs	-24,389	-50,648	-16,144	-32,999
Share-based compensation costs	-21,765	-32,908	-8,866	-16,644
<b>Result from operations – IFRS reported</b>	<b>35,608</b>	<b>89,814</b>	<b>19,478</b>	<b>15,544</b>
Operating margin in % – adjusted	20%	20%	12%	9%
Operating margin in % – IFRS reported	9%	10%	5%	2%
<b>Result from operations – adjusted</b>	<b>81,762</b>	<b>173,370</b>	<b>44,488</b>	<b>65,187</b>
Net financing result	-29,194	-95,293	4,513	2,028
Income tax result	-1,039	-3,420	-1,592	-3,509
<b>Net result – adjusted</b>	<b>51,529</b>	<b>74,656</b>	<b>47,409</b>	<b>63,706</b>
<b>Basic adjusted earnings per share (in EUR)</b>	<b>0.20</b>	<b>0.44</b>	<b>0.59</b>	<b>0.79</b>

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This report is also available in German. All figures are unaudited.