Osram A/S

CVR-no. 37 22 97 33

Dybendalsvænget 3
2630 Taastrup

Annual Report 2017/18

(Financial year 1 October 2017 - 30 September 2018)

The Annual Report is presented and adopted at the Annual General Meeting of shareholders on the 1 / 4/2019

Andrew Ian Edger
Chairman of the meeting

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Management's Statement

The Board of Directors and the Executive Board have today considered and approved the Annual Report of 1 October 2017 - 30 September 2018 for Osram A/S.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's assets and liabilities, financial position and results of operations for the financial year ended 30 September 2018.

In our opinion the Management's Review gives a true and fair statement regarding the content in the Management's Review.

We recommend the Annual Report approved at the Annual General Meeting.

Taastrup, 1/4/2019

Executive Board:

Victoria Elisabet Widén

Board of Directors:

Andrew Ian Edger	Christoph Michael Hölzl	Victoria Elisabet Widén

Independent auditor's report

To the shareholders of Osram A/S

Opinion

We have audited the financial statements of Osram A/S for the financial year 1 October 2017 – 30 September 2018, which comprise income statement, balance sheet, and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 September 2018 and of the results of the Company's operations for the financial year 1 October 2017 – 30 September 2018 in accordance with the Danish Financial Statements

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Reports (-continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the 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 opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent Auditor's Reports (-continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

København, 1/4 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR. no.: 30 70 02 28

Søren Skov Larsen	Allan Nørgaard
State Authorised Public Accountant	State Authorised Public Accountant
MNE no.: mne26797	MNE no.: mne35501

Company details

Company details	Osram A/S Dybendalsvænget 3 2630 Taastrup	
	CVR-no.: Website: Registered office: Financial year:	37 22 97 33 www.osram.com Taastrup 1. oktober - 30. september
Executive Board	Victoria Elisabet Widén	
Board of Directors	Andrew Ian Edger Christoph Michael Hölzl Victoria Elisabet Widén	
Auditor	ERNST & YOUNG Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4 2000 Frederiksberg CVR-nr.: 30 70 02 28	

Management's Review

Primary activities of the Company
The Company's main activity is the sale of lighting products, systems and solutions on the Danish market incl. Greenland and the Faroe Islands.

Development in activities and financial affairs
The development of the Company is regarded as satisfactory. The result of the year is a profit of tDKK 770. The result is influenced by the general economic development in Denmark and the strong competition from Asia.

Expected development
There is a moderate net sales growth forecasted for the current and future years providing stable profit levels, based on good development of sales of innovative products and cost control.

Events after the balance sheet date
No events materially affecting the Company's financial position have occurered subsequent to the financial year-end.

Income statement 1 October - 30 September

	Notes	2017/18	2016/17
Revenue		**58,874,905**	**65,802,087**
Cost of sales		-41,880,206	-45,154,891
Other operating income		26,349	46,670
Other external expenses		-6,008,577	-6,354,972
Gross profit		**11,012,471**	**14,338,894**
Staff costs	1	-7,368,760	-10,078,646
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss	2	-2,615,978	-2,603,295
Operating profit		**1,027,733**	**1,656,953**
Financial income		102	10
Financial expenses	3	-26,449	-34,975
Profit before tax		**1,001,386**	**1,621,988**
Tax on profit for the year	4	-231,498	-376,465
Profit for the year		**769,888**	**1,245,523**
Proposed distribution of results			
Retained earnings		0	252,869
Proposed dividend recognised in equity		769,888	992,654
Total distribution		**769,888**	**1,245,523**

Balance sheet at 30 September

Assets

	Notes	2018	2017
Goodwill	5	19,514,500	22,032,500
Intangible assets		**19,514,500**	**22,032,500**
Leasehold improvements	6	395,232	406,272
Fixtures, fittings, tools and equipment	7	66,732	64,713
Property, plant and equipment		**461,964**	**470,985**
Fixed assets		**19,976,464**	**22,503,485**
Manufactured goods and goods for resale		80,967	3,340
Inventories		**80,967**	**3,340**
Trade receivables		10,993,786	13,192,420
Other receivables	8	0	1,644,966
Prepayments		242,110	124,346
Receivables		**11,235,896**	**14,961,732**
Cash and cash equivalents		**1,446,819**	**792,786**
Current assets		**12,763,682**	**15,757,858**
Assets		**32,740,146**	**38,261,343**

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Balance sheet at 30 September

Equity and liabilities

	Notes	2018	2017
Share capital		510,000	510,000
Retained earnings		25,371,662	25,371,662
Proposed dividend recognised in equity		769,888	992,654
Equity	9	**26,651,550**	**26,874,316**
Provisions for deferred tax	10	1,149,120	917,622
Provisions		**1,149,120**	**917,622**
Long-term tax payables		0	1,673,355
Long-term liabilities other than provisions		**0**	**1,673,355**
Short-term part of long-term liabilities other than provisions		0	119,891
Trade payables		478,516	555,519
Payables to group enterprises		1,034,071	3,177,388
Other payables		3,426,889	4,943,252
Short-term liabilities other than provisions		**4,939,476**	**8,796,050**
Liabilities other than provisions		**4,939,476**	**8,796,050**
Equity and liabilities		**32,740,146**	**38,261,343**

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Notes

		2017/18	2016/17
1	**Staff costs**		
	Wages and salaries	6,591,165	9,113,435
	Post-employment benefit expense	657,695	812,011
	Social security contributions	119,900	153,200
		7,368,760	**10,078,646**
	Average number of full time employees	9	14

2	**Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss**		
	Amortization, goodwill	2,518,000	2,518,000
	Depreciation, leasehold improvements	49,840	46,611
	Depreciation, fixtures, fittings, tools and equipment	48,138	38,684
		2,615,978	**2,603,295**

3	**Financial expenses**		
	Finance expenses arising from group enterprises	12,243	34,789
	Other financial expenses	14,206	186
		26,449	**34,975**

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Notes

	2017/18	2016/17
4 Tax on profit for the year		
Tax on loss from ordinary activities, joint taxation	0	-671,169
Tax on profit from ordinary activities	0	819,449
Adjustment of deferred tax	231,498	228,185
	231,498	**376,465**
Joint taxation recognized in balancesheet		
Long-term tax payables	0	-853,886
Short-term tax payables	0	-119,891
Other receivables	0	1,644,966
	0	671,189

Joint taxation has been terminated at 3 March 2017.

	2017/18	2016/17
5 Goodwill		
Cost at 1 October	25,180,000	25,180,000
Cost at 30 September	25,180,000	25,180,000
Amortization at 1 October	3,147,500	629,500
Amortization for the year	2,518,000	2,518,000
Amortization at 30 September	5,665,500	3,147,500
Carrying amount at 30 September	**19,514,500**	**22,032,500**

Notes

	2017/18	2016/17
6 Leasehold improvements		
Cost at 1 October	456,317	327,258
Additions	38,800	129,059
Cost at 30 September	495,117	456,317
Depreciations at 1 October	50,045	3,434
Depreciation for the year	49,840	46,611
Depreciations at 30 September	99,885	50,045
Carrying amount at 30 September	**395,232**	**406,272**

7 Fixtures, fittings, tools and equipment		
Cost at 1 October	153,065	123,891
Additions	50,157	29,174
Cost at 30 September	203,222	153,065
Depreciations at 1 October	88,352	49,668
Depreciation for the year	48,138	38,684
Depreciations at 30 September	136,490	88,352
Carrying amount at 30 September	**66,732**	**64,713**

Notes

		2017/18	2016/17
8	**Other receivables**		
	Tax receivables from former national joint taxation, in which time of payment is more than one year from balance sheet date	0	1,525,075
	Tax receivables from former national joint taxation, in which time of payment is less than one year from balance sheet date	0	119,891
		0	**1,644,966**

9	**Equity**		
	Share capital at 1 October	510,000	510,000
	Share capital at 30 September	510,000	510,000
	Retained earnings at 1 October	25,371,662	25,118,793
	Proposed distribution of results this year	0	252,869
	Retained earnings at 30 September	25,371,662	25,371,662
	Proposed dividend recognised in equity at 1 October	992,654	0
	Dividend paid this year	-992,654	0
	Proposed distribution of results this year	769,888	992,654
	Proposed dividend recognised in equity at 30 September	769,888	992,654
	Equity 30 September	**26,651,550**	**26,874,316**

10	**Provisions for deferred tax**		
	Deferred tax at 1 October	917,622	689,437
	Changes in deferred tax	231,498	228,185
	Deferred tax at 30 September	**1,149,120**	**917,622**

Notes

11 Other provisions

Osram A/S offers a guarantee on certain products. No provision has been set aside for expected guarantee demands on basis of previous experiences.

12 Contingent liabilities

The Company has entered into contractual commitments regarding leases and operational leasing contracs for a total of DKK 1,448,760 up to 30 September 2022. DKK 483,990 relates to the Company's lease at Dybendalsvænget 3.

The Company was a management company in the national joint taxation with Ledvance A/S. The companies in the joint taxation are jointly liable on corporation taxes and taxes on dividends, interest and royalties until 3 March 2017, when the joint taxation group ceased following the disposal of Ledvance A/S.

13 Consolidated accounts

The consolidated financial statements can be obtained from, which comprise the smallest and largest group:

OSRAM Licht AG
OSR T AC
Marcel-Breuer-Straße 6
80807 München, Deutschland
DE292281767

Accounting policies

The Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with election from reporting class C.

The accounting policies are consistent with those of last year.

General

Reporting currency
The Annual Report is presented in Danish kroner (DKK).

In general regarding accounting and measuring
Income is recognized in the income statement when they are earned. Furthermore are all costs, depreciations and write downs recognized in the income statement when incurred.

Assets are recognized in the balance sheet when it is probable that future economical benefits will accrue to the company and the assets value can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economical benefits will be deducted from the company and the value can be measured reliably.

On inital recognition assets and liabilities are measured to cost price. Thereafter assets and liabilities are measured as described for each entry.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Currency retranslation
Transactions denominated in foreign currency are translated into the functional currency at the exchange rates ruling at the date of the transaction. Exchange differences arising between the transaction date and the exchange rate at the date of actual payment are recognized in the income statement under financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates ruling at the balance sheet date. The difference between the exchange rates ruling at the balance sheet date and at the date when the receivable or payable arose is recognized in the income statement under financial income or financial expenses.
Non-current assets aquired in foreign currency are measured to the exchange rate ruling at the date of the transaction.

Accounting policies

Income statement

Revenue

Revenue includes invoiced sales of goods and rendering of services, recognition is done, when

- delivery and transfer of risk to the buyer has taken place before year end
- a commiting sales agreement exists
- sales price is determined, and
- payment is received, or there are reasonable security that it will be received

Revenue is recognized excluding value added tax and after deduction of provisions rebates and trade discounts relating to the sale.

Cost of sales

Cost of sales include costs incurred to achieve revenue for the year. Cost of sales include freight and forwarding costs.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, bad debt, premises, operating lease agreements etc.

Staff costs

Staff costs comprise costs such as wages and salaries, pension costs and other social security benefits ect. to the company's employees.

Other operating income and expenses

Other operating income and expenses includes items of a secondary nature relative to the enterprise's core business.

Financial items

Financial income and expenses are recognized in the income statement with the amounts related to the year. Financial income and expenses comprise interest receivable and payable, realised and unrealised capital gains on securities and currency translation adjustments.

Tax expense

Tax on income for the year, consisting of the year's current tax and deferred tax, is recognized in the income statement to the extent that it relates to the income or loss for the year and on equity to the extent that it relates there to.

Accounting policies

Balance sheet

Intangible assets

Acquired goodwill is measured at historic cost less accumulated amortization and impairment losses. Goodwill is amortized over the estimated useful economic life. When it is not possible to estimate an useful life of goodwill, goodwill is amortized over a period of 10 years according to section 43,3 in the new Danish Financial Statements Act.

Impairment of intangible assets

The carrying amount of intangible assets is every year reviewed in order to determine if there are indications of impairment exceeding the amount expressed by amortisations. If this is the case a impairment test is carried out in order to determine if the recoverable amount is lower than the carrying amount. The assets are written down to this lower value.

Recoverable amount for the asset is determined as the highest value of net sales price and the capital value. If it is not possible to determine the recoverable amount for the individual asset, assets are assessed together with the smallest group of assets where it is possible to determine a reliable evaluation of the recoverable amount.

Assets where it is not possible to determine an individual capital value because the asset does not generate future cash flows is assessed together with the group of assets which they can be attributed to.

Property, plant and equipment

Leasehold improvements, fixtures, fittings, tools and equipment are measured at historic cost less accumulated depreciation and impairment losses.

Historic cost comprise the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Assets are depreciated on a straight-line basis over the expected useful economic lives of the assets:

	Useful life	Expected scrap value
Leasehold improvements	3-10 years	0-20%
Fixtures, fittings, tools and equipment	3-10 years	0-20%

Asset acquisitions below the taxable limit is fully written off in the year of acquisition.

Accounting policies

Gains and losses on disposals are determined as the difference between selling price less sales cost and carrying amount at time of disposal and are recognized in the income statement. Gain or loss is recognized under other operating income or expenses.

Impairment of property, plant and equipment
The carrying amount of property, plant and equipment is every year reviewed in order to determine if there are indications of impairment exceeding the amount expressed by depreciations and amortisations. If this is the case an impairment test is carried out in order to determine if the recoverable amount is lower than the carrying amount. The assets are written down to this lower value.

Recoverable amount for the asset is determined as the highest value of net sales price and the capital value. If it is not possible to determine the recoverable amount for the individual asset, assets are assessed together with the smallest group of assets where it is possible to determine a reliable evaluation of the recoverable amount.

Assets where it is not possible to determine an individual capital value because the asset does not generate future cash flows is assessed together with the group of assets which they can be attributed to.

Inventories
Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

The net realisable value of inventories is determined taking into account marketability, obsolescence and development in expected sales price less completion costs and costs incurred to effectuate the sale.

Receivables
Receivables are measured at amortized cost which corresponds in all material respects to nominal value. The value is reduced with provisions for expected bad debts.

Deferred income assets
Deferred income, recognized under assets, comprise costs incurred concerning subsequent financial years.

Cash and bank balances
Cash comprises cash balances and bank balances.

Accounting policies

Dividends
Dividends expected to be paid in respect of the year are stated as a separate line item under equity.

Provisions
Liabilities are recognised if they are certain or probable at the balance sheet date, and if the size of the liability can be measured on a reliable basis. The liability is calculated as the amount expected to be paid.

Current tax and current deferred tax
Current tax liabilities and current tax assets are recognized in the balance sheet as estimated tax on the taxable income for the year, adjusted for change in tax on prior years' taxable income and for tax paid under the on-account tax scheme.

Deferred tax is measured according to the balance sheet liability method on all timing differences between the tax and accounting value of assets and liabilities.

Deferred tax assets including the tax value of tax loss carryforwards, are measured at the value at which the asset is expected to be realized, either by equalization in future income tax, or by offsetting deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realizable value.

Deferred income tax is measured using tax rules and tax rates that apply by the balance sheet date when the deferred tax asset is realised or the deferred income tax liability is settled. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

Liabilities
Other liabilities are measured at amortized cost, corresponding to the nominal value.