

Interim Report H1 2019

January 1 to June 30, 2019

Elmos increases sales and EBIT in Q2 2019

“The first half of 2019 developed as expected. Steadily increasing sales in the current market environment show the potential of our products. We convince with our solutions and expand our market share with innovative, differentiating semiconductors,” says Dr. Anton Mindl, CEO of Elmos Semiconductor AG.

Interim group management report January 1 to June 30

Key figures

in million Euro unless otherwise indicated	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change
Sales	75.0	69.1	8.6%	144.1	132.6	8.7%
Gross profit	34.6	29.9	15.9%	66.0	55.6	18.8%
in % of sales	46.2%	43.3%		45.8%	41.9%	
Research and development expenses	10.6	8.6	23.0%	21.5	16.4	31.1%
in % of sales	14.1%	12.4%		14.9%	12.3%	
Operating income	13.1	11.1	18.7%	22.6	18.7	20.7%
in % of sales	17.5%	16.0%		15.7%	14.1%	
EBIT	13.0	12.2	6.7%	23.3	20.1	16.0%
in % of sales	17.4%	17.7%		16.2%	15.1%	
Consolidated net income after non-controlling interests	9.1	8.0	13.5%	16.1	13.4	19.7%
in % of sales	12.1%	11.6%		11.2%	10.1%	
Earnings per share (basic) in Euro	0.46	0.40	14.2%	0.82	0.68	20.1%
	6/30/2019	3/31/2019	Change	6/30/2019	12/31/2018	Change
Total assets	380.1	383.5	-0.9%	380.1	369.1	3.0%
Shareholders' equity	271.0	272.9	-0.7%	271.0	266.6	1.6%
in % of total assets	71.3%	71.2%		71.3%	72.2%	
Financial liabilities	57.9	59.4	-2.6%	57.9	43.8	32.2%
Liquid assets and securities	33.5	47.7	-29.9%	33.5	60.7	-44.9%
Net debt/net cash	-24.4	-11.7	>100.0%	-24.4	16.9	n/a
	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change
Cash flow from operating activities	9.7	13.4	-27.5%	17.6	18.0	-2.0%
Capital expenditures	9.1	11.4	-19.5%	25.2	20.4	23.7%
in % of sales	12.2%	16.4%		17.5%	15.4%	
Adjusted free cash flow	-1.7	-1.1	61.2%	-12.1	-8.2	48.2%

Definition of selected financial indicators

- Adjusted free cash flow: cash flow from operating activities less capital expenditures for/plus disposal of intangible assets and property, plant, and equipment
- Capital expenditures: capital expenditures for intangible assets and property, plant, and equipment less capitalized development expenses
- For more details on the key figures used, please refer to the Annual Report 2018 of Elmos Semiconductor AG at www.elmos.com

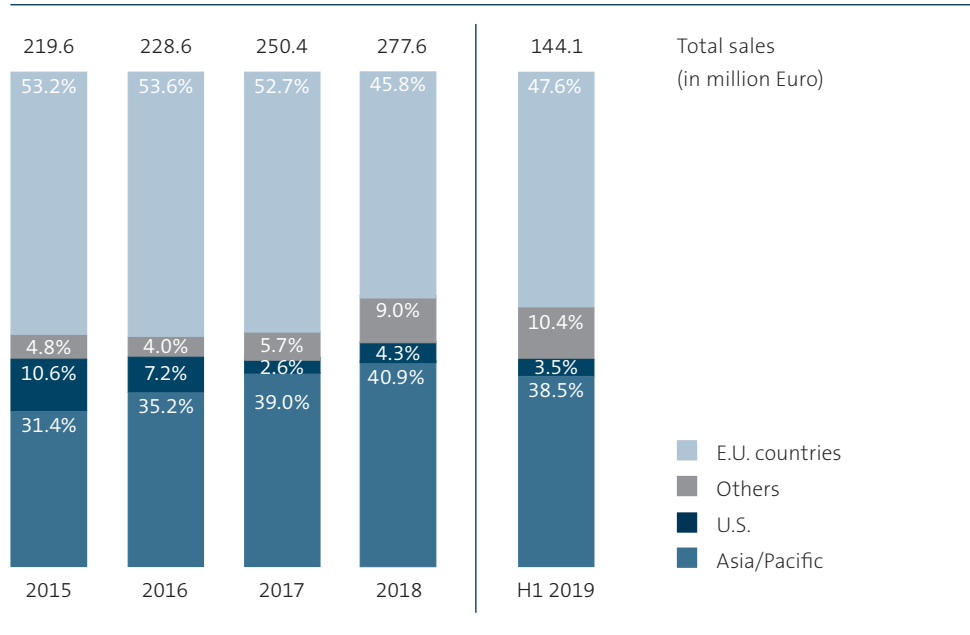
Profit, financial position as well as assets and liabilities

- > The positive sales and earnings development is primarily attributable to the success of the products on the market and good operating performance in the first half of 2019.
- > The Semiconductor segment's ratio of orders received to sales, known as the book-to-bill ratio, stood at approximately one at the end of the reporting period.
- > Development resources were strengthened as planned by opening a new location in Düsseldorf, among other measures.
- > Adjusted free cash flow was affected by capital expenditures and an increase in working capital, among other factors.
- > The first-time application of the new standard IFRS 16 – *Leases* led to an increase in financial liabilities and property, plant, and equipment of roughly 17 million Euro, as reflected in the calculation of net cash by higher liabilities. Also the cash outflow through the dividend payment in the amount of 10.2 million Euro contributed to the balance of net cash.
- > As part of the current share buyback program, 107,785 shares were bought back for a total of 2.2 million Euro.

Economic environment

- > International new car registrations developed negatively for the most part in the first half of 2019, according to the German Association of the Automotive Industry (VDA). The number of new car registrations fell in Western Europe (-3.5%), the United States (-1.9%), and China (-14.0%). Sales of new cars remained virtually unchanged in Japan (-0.3%). At +10.9%, only Brazil recorded growth.
- > The global economy and the automotive industry in particular are exposed to various risks. Their further development and possible effects cannot currently be predicted to a comprehensive extent.
- > The outlook for the automotive semiconductor market continues to be positive. According to a study by Verified Market Research from January 2019, this market is expected to grow at a CAGR of around 5% between 2018 and 2025.

Sales by region



-> The changes in the regional distribution of sales were due to changes in delivery addresses and the economic development of individual markets.

Segment reporting

in thousand Euro	Semiconductor		Micromechanics		Consolidation		Group	
	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018
Third-party sales	129,879	121,697	14,242	10,922	0	0	144,121	132,619
Inter-segment sales	303	263	551	373	-854	-636	0	0
Total sales	130,182	121,960	14,793	11,295	-854	-636	144,121	132,619
Segment earnings (EBIT)	20,561	18,571	2,717	1,503	0	0	23,278	20,074
Share in net income of associates							0	-787
Finance income							246	515
Finance costs							-1,183	-876
Earnings before taxes							22,342	18,926
Income tax	-6,219	-5,478	-16	-78	0	0	-6,235	-5,556
Consolidated net income							16,107	13,370

-> The positive development of sales and earnings was driven by both segments.
 -> Micromechanics reported above-average growth and a strong EBIT margin in the first half of 2019.

Guidance

Fiscal year 2019	As of February, 2019
Sales growth in 2019 (vs. 2018)	6% to 10%
EBIT margin	13% to 17%
Capital expenditures (in % of sales) ¹	<15%
Adjusted free cash flow ²	Positive
Assumed average exchange rate	1.15 USD/EUR

¹ Capital expenditures for intangible assets and property, plant, and equipment less capitalized development expenses

² Cash flow from operating activities less capital expenditures for/plus disposals of intangible assets and property, plant, and equipment

-> The guidance issued in February 2019 is confirmed.

Opportunities and risks

The individual company risks and opportunities are described in our Annual Report 2018. In the first six months of 2019, there was no significant change to the company's risk and opportunities as described in the Annual Report. As explained in the Annual Report, individual risks may cause substantial damage to the company in extreme cases. Such cases can neither be predicted nor ruled out. Irrespective of this, it should be noted that the occurrence of an individual risk, even if it does not develop into an extreme case, can have a strong negative impact on the profit, financial position as well as assets and liabilities of the company.

Financial calendar

Fiscal year 2019	
Quarterly results Q2/2019 ¹	August 1, 2019
Quarterly results Q3/2019 ¹	November 6, 2019
Equity Forum in Frankfurt	November 25-26, 2019

¹ The German Securities Trading Act (Wertpapierhandelsgesetz) and the Market Abuse Regulation oblige issuers to announce any information that may have a substantial price impact immediately, irrespective of the financial calendar. Therefore, we cannot rule out having to announce key figures of quarterly and annual results ahead of the dates mentioned above. As we can never rule out changes of dates, we recommend checking them in advance on the website (www.elmos.com).

Significant events

At the Annual General Meeting on May 15, 2019, the shareholders agreed to the proposed dividend increase to 0.52 Euro per share (prior year: 0.40 Euro). The other items on the agenda were also approved by a large majority.

The Management Board of Elmos and the Fraunhofer Institute for Microelectronic Circuits and Systems (IMS) in Duisburg, Germany, agreed to extend the existing cooperation and research contract for 12 months, starting in July 2019.

The Supervisory Board and Management Board have decided to make preparations for the conversion of the company into a European stock corporation (Societas Europaea – SE). The move will help position Elmos as an international, European company. The Annual General Meeting in May 2020 will decide on the change of legal form.

The Supervisory Board has once again appointed Guido Meyer as Chief Operating Officer until 2024. He is responsible for Production and Logistics.

Visit www.elmos.com for more events, new products and notifications on voting rights from the first half of 2019.

Condensed interim consolidated financial statements according to IFRS January 1 to June 30

Condensed consolidated statement of financial position

Asstes in thousand Euro	6/30/2019	12/31/2018
Intangible assets	33,205	30,455
Property, plant and equipment	150,984	129,169
Securities	10,059	21,446
Investments	20	20
Other financial assets	4,584	4,283
Deferred tax assets	2,405	2,312
Non-current assets	201,257	187,685
Inventories	88,599	77,862
Trade receivables	52,351	49,344
Securities	9,943	12,108
Other financial assets	5,855	4,247
Other receivables	8,138	10,591
Income tax assets	535	123
Cash and cash equivalents	13,465	27,137
Current assets	178,885	181,411
Total assets	380,143	369,097

Equity and liabilities in thousand Euro	6/30/2019	12/31/2018
Share capital	20,104	20,104
Treasury shares	-449	-355
Additional paid-in capital	82,849	84,567
Surplus reserve	102	102
Other equity components	-401	68
Retained earnings	168,242	161,615
Equity attributable to owners of the parent	270,447	266,101
Non-controlling interests	552	529
Shareholders' equity	270,999	266,630
Financial liabilities	53,602	42,449
Deferred tax liabilities	7,199	5,852
Non-current liabilities	60,801	48,301
Provisions	14,503	13,766
Income tax liabilities	5,201	8,391
Financial liabilities	4,290	1,340
Trade payables	18,284	25,908
Other liabilities	6,064	4,761
Current liabilities	48,342	54,166
Liabilities	109,143	102,467
Total equity and liabilities	380,143	369,097

Condensed consolidated income statement

in thousand Euro	Q2 2019	Q2 2018	H1 2019	H1 2018
Sales	75,047	69,116	144,121	132,619
Cost of sales	-40,410	-39,221	-78,078	-77,012
Gross profit	34,637	29,894	66,042	55,608
Research and development expenses	-10,559	-8,581	-21,460	-16,373
Distribution expenses	-5,585	-4,942	-10,647	-10,190
Administrative expenses	-5,347	-5,297	-11,340	-10,317
Operating income before other operating expenses (-)/income	13,147	11,074	22,595	18,727
Foreign exchange losses (-)/gains	-263	674	-115	252
Other operating income	524	1,131	1,383	1,979
Other operating expenses	-377	-666	-585	-885
Earnings before interest and taxes (EBIT)	13,031	12,213	23,278	20,074
Share in net income of associates	0	-655	0	-787
Finance income	120	281	246	515
Finance costs	-610	-581	-1,183	-876
Earnings before taxes	12,541	11,258	22,342	18,926
Income tax	-3,466	-3,326	-6,235	-5,556
thereof current income tax	-3,030	-2,457	-5,256	-4,121
thereof deferred tax	-436	-869	-979	-1,435
Consolidated net income	9,075	7,933	16,107	13,370
thereof attributable to owners of the parent	9,086	8,002	16,083	13,438
thereof attributable to non-controlling interests	-11	-69	24	-68
Earnings per share	Euro	Euro	Euro	Euro
Basic earnings per share	0.46	0.40	0.82	0.68
Fully diluted earnings per share	0.46	0.40	0.81	0.68

Condensed consolidated statement of comprehensive income

in thousand Euro	Q2 2019	Q2 2018	H1 2019	H1 2018
Consolidated net income	9,075	7,933	16,107	13,370
Items to be reclassified to the income statement in later periods including respective tax effects				
Foreign currency adjustments without deferred tax effect	-234	622	29	429
Foreign currency adjustments with deferred tax effect	0	548	386	328
corresponding deferred tax	0	-140	-127	-88
Changes in market value of financial assets measured at market value	280	-186	488	-310
corresponding deferred tax	-92	61	-160	101
Items not to be reclassified to the income statement in later periods including respective tax effects				
Actuarial gains from pension plans	5	884	10	890
corresponding deferred tax	-20	-256	-3	-258
Other comprehensive income after taxes	-61	1,533	622	1,092
Total comprehensive income after taxes	9,014	9,466	16,729	14,462
thereof attributable to owners of the parent	9,025	9,537	16,705	14,530
thereof attributable to non-controlling interests	-11	-70	24	-68

Condensed consolidated statement of cash flows

in thousand Euro	Q2 2019	Q2 2018	H1 2019	H1 2018
Consolidated net income	9,075	7,933	16,107	13,370
Depreciation and amortization	8,447	6,796	15,893	12,752
Losses from disposal of assets	37	0	78	7
Financial result	491	952	937	1,146
Other non-cash income (-)/expenses	-523	196	20	762
Current income tax	3,030	2,457	5,256	4,121
Expenses for stock awards/share matching	18	25	49	92
Changes in pension provisions	0	35	0	0
Changes in net working capital:				
Trade receivables	-5,612	-5,185	-3,007	-1,324
Inventories	-4,668	502	-10,737	-516
Other assets	3,105	3,287	2,867	-2,401
Trade payables	1,880	1,356	-2,587	-8,324
Other provisions and other liabilities	-1,523	-3,024	2,034	2,768
Income tax payments	-3,441	-1,349	-8,858	-4,064
Interest paid	-651	-754	-658	-876
Interest received	76	214	203	447
Cash flow from operating activities	9,740	13,441	17,597	17,960
Capital expenditures for intangible assets	-2,868	-4,488	-5,072	-7,747
Capital expenditures for property, plant and equipment	-8,641	-10,156	-24,712	-18,560
Disposal of non-current assets	26	122	39	151
Disposal of securities	10,224	7,065	13,574	9,057
Payments for other non-current financial assets	-122	-111	-242	-222
Cash flow from investing activities	-1,382	-7,568	-16,413	-17,321

in thousand Euro	Q2 2019	Q2 2018	H1 2019	H1 2018
Repayment of non-current liabilities	0	-111	0	-219
Repayment of current liabilities to banks	-131	-10,000	-238	-10,000
Share-based payment/Issue of treasury shares	101	-159	-19	-1,144
Purchase of treasury shares	-855	0	-2,169	0
Repayment of leasing liabilities	-1,173	0	-2,571	0
Dividend distribution	-10,218	-7,906	-10,218	-7,906
Other changes	-3	282	-2	278
Cash flow from financing activities	-12,279	-17,894	-15,217	-18,991
Decrease in cash and cash equivalents	-3,921	-12,021	-14,033	-18,352
Effects of exchange rate changes on cash and cash equivalents	-151	824	361	602
Cash and cash equivalents at beginning of reporting period	17,536	25,815	27,137	32,367
Cash and cash equivalents at end of reporting period	13,465	14,618	13,465	14,618

Condensed consolidated statement of changes in equity

in thousand Euro	Equity attributable to owners of the parent									Non-controlling interests	Group	
	Shares thousand	Share capital	Treasury shares	Additional paid-in capital	Surplus reserve	Other equity components			Retained earnings	Total	Total	Total
						Provision for financial assets measured at market value	Foreign currency translation	Unrealized actuarial gains/losses				
January 1, 2018	20,104	20,104	-414	85,093	102	-273	-394	-862	136,177	239,532	588	240,120
Consolidated net income									13,438	13,438	-68	13,370
Other comprehensive income for the period						-209	669	632		1,092	0	1,092
Total comprehensive income						-209	669	632	13,438	14,530	-68	14,462
Share-based payment/Issue of treasury shares			89	215					-1,448	-1,143		-1,143
Dividend distribution									-7,906	-7,906		-7,906
Other changes				-13					-479	-492	-13	-505
June 30, 2018	20,104	20,104	-325	85,295	102	-482	276	-230	139,782	244,521	507	245,028
January 1, 2019	20,104	20,104	-355	84,567	102	-432	697	-197	161,615	266,101	529	266,630
Consolidated net income									16,083	16,083	24	16,107
Other comprehensive income for the period						328	288	6		622	0	622
Total comprehensive income						328	288	6	16,083	16,705	24	16,729
Share-based payment/Issue of treasury shares			14	297					-330	-19		-19
Repurchase of treasury shares			-108	-2,061						-2,169		-2,169
Dividend distribution									-10,218	-10,218		-10,218
Other changes				46			-1,092		1,092	46		46
June 30, 2019	20,104	20,104	-449	82,849	102	-104	-107	-191	168,242	270,447	552	270,999

Notes to condensed interim consolidated financial statements

January 1 to June 30

The condensed interim consolidated financial statements for the first half of 2019 were released for publication pursuant to Management Board resolution in August 2019.

1 – GENERAL INFORMATION

The address of the Company's registered office is Heinrich-Hertz-Straße 1, 44227 Dortmund, Germany.

Basic principles of the preparation of financial statements

The condensed interim consolidated financial statements for the period January 1 to June 30, 2019, have been prepared in accordance with IAS 34 "Interim Financial Reporting." These financial statements therefore do not contain all the information and disclosures required for consolidated financial statements and should therefore be consulted together with the consolidated financial statements for the fiscal year ended December 31, 2018.

Essential accounting policies and measurement methods

For the preparation of the condensed interim consolidated financial statements, the same accounting policies and measurement methods have been adopted as were applied for the preparation of the consolidated financial statements for the fiscal year ended December 31, 2018, with the exception of the new or amended IFRS standards, interpretations and improvements explained below.

- > *Amendment to IAS 19* – Employee Benefits: Plan Amendment, Curtailment or Settlement
- > *Amendments to IAS 28* – Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- > *IFRS 16* – Leases
- > *Amendments to IFRS 9* – Financial Instruments: Prepayment Features with Negative Compensation
- > *IFRIC 23* – Uncertainty over Income Tax Treatments
- > Improvements to *IFRS 2015-2017*

With the exception of the leasing standards under IFRS 16 as applicable for the first time as of January 1, 2019, the initial application of these amended standards, interpretations, and improvements did not have a material impact on the Group's financial, profit, and economic position.

IFRS 16 has superseded all previous regulation of leases, including IAS 17 – *Leases*, IFRIC 4 – *Determining Whether an Arrangement Contains a Lease*, SIC 15 – *Operating Leases*, and SIC 27 – *Evaluating the Substance of Transactions in the Legal Form of a Lease*.

IFRS 16 defines principles for the recognition, measurement, disclosure, and the notes relating to leases with the purpose of assuring that lessee and lessor make relevant information available with respect to the effects of leases. At the same time, the previous accounting model according to IAS 17 with a distinction between operating and finance leases has been abandoned in favor of a uniform accounting model for leases committed to the concept of control. The new standard provides for a single accounting model for the lessee. This model has the lessee enter all assets and liabilities from leases in the statement of financial position provided the lease term exceeds 12 months or the asset is not immaterial (right to choose). The lessor will maintain the distinction between finance and operating leases for the purpose of accounting.

Elmos recognizes an increase in property, plant and equipment, as well as in financial liabilities, in the amount of approx. 17 million Euro as of January 1, 2019, in the statement of financial position. In the consolidated income statement, depreciation and amortization and interest, rather than lease expense, will be reported. This results in improvements to the financial key figures such as EBIT and EBITDA. In the statement of cash flows, repayments will be reported in the cash flow from financing activities and interest payments will be included in cash flow from operating activities. First-time adoption of IFRS 16 was based on the modified retrospective approach. The volume of required disclosures in the notes as of December 31, 2019, will increase significantly.

Estimates and assumptions

The Company recognizes provisions for pension obligations pursuant to IAS 19. For 2019, an actuarial interest rate of 1.80% has been applied, unchanged from December 31, 2018.

Changes in estimates and assumptions

None

Exceptional business transactions

There were no exceptional business transactions in the first six months of 2019.

Basis of consolidation/Investments in associates

There were also no changes in the basis of consolidation and/or investments in associates in the first half of 2019.

Seasonal and economic effects on business operations

In July 2019, the International Monetary Fund (IMF) downgraded its global economic growth forecast for the third time this year to 3.2% for 2019. In April, the IMF had predicted growth of 3.3%. The economy in the eurozone will grow by 1.3% in 2019, according to the IMF. The IMF predicts an increase of 6.2% for China's economy. The U.S. economy is slated to grow by 2.6%. Among other factors, punitive tariffs currently pose the greatest threat to the global economy. According to the IMF, the sanctions imposed by the U.S. could interrupt global supply chains in the technology sector. The business of Elmos Semiconductor AG shows rather insignificant seasonal fluctuation.

2 – INFORMATION ON FINANCIAL INSTRUMENTS

The following table lists the book values and fair values of the Group's financial instruments. The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability between market participants in a regular business transaction as of the measurement date. In view of varying factors of influence, the presented fair values can only be regarded as indicators of the amounts actually recoverable in the market. Detailed information on the methods and assumptions underlying the determination of the value of financial instruments can be found under note 28 to the 2018 consolidated financial statements. Its relevance to these half-year financial statements is undiminished.

Book values and fair values of each category of financial assets and liabilities

in thousand Euro	June 30, 2019		December 31, 2018	
	Book value	Fair value	Book value	Fair value
Financial assets				
Investments	20	20	20	20
Securities (long-term)	10,059	10,059	21,446	21,446
Securities (short-term)	9,943	9,943	12,108	12,108
Trade receivables	52,351	52,351	49,344	49,344
Cash and cash equivalents	13,465	13,465	27,137	27,137
Other financial assets	10,439	10,439	8,530	8,530
Financial liabilities				
Trade payables	18,284	18,284	25,908	25,908
Liabilities to banks	40,185	41,757	40,726	41,181
Other financial liabilities	18,744	18,744	3,469	3,469

At the end of each reporting period, a review is conducted to find out whether reclassifications between valuation hierarchies must be made. The following presentation shows which valuation hierarchy levels (according to IFRS 13) financial assets and liabilities measured at fair value are classified to.

Hierarchy of fair values

Level 1: quoted (unadjusted) prices in active markets for similar assets or liabilities

in thousand Euro		1/1	Addition	Disposal	Reclassification	Market valuation	6/30
Long-term securities ¹	2019	18,446	0	-3,514	-5,000	127	10,059
	2018	35,122	0	-6,088	-10,527	14	18,521
Short-term securities ¹	2019	10,108	0	-10,527	5,000	362	4,943
	2018	11,868	0	-3,011	10,527	-325	19,060

¹ Hold and sell

Level 2: methods where all input parameters with a material effect on the determined fair value are observable either directly or indirectly

in thousand Euro		1/1	Addition	Disposal	Market valuation	6/30
Forward exchange contracts/	2019	171	-26	-86	18	77
Currency option transactions	2018	-62	223	30	98	290
Embedded	2019	-16	0	0	7	-9
derivatives	2018	-38	0	0	14	-24

Level 3: methods using input parameters that have a material effect on the determined fair values and are not based on observable market data

in thousand Euro		1/1	Addition	Disposal	6/30
Call options	2019	11	2	0	13
	2018	8	2	0	10
Investments	2019	20	0	0	20
	2018	20	0	0	20

3 – RELATED PARTY DISCLOSURES

As reported in the consolidated financial statements for the fiscal year ended December 31, 2018, the Elmos Group maintains business relationships with related companies and individuals in the context of the ordinary course of business. These supply and performance relationships continue to be transacted at market prices. Notifications of managers' transactions for the period from January 1 to June 30, 2019, are available at www.elmos.com.

4 – SIGNIFICANT EVENTS AFTER THE END OF THE FIRST SIX MONTHS OF 2019

There were no significant events that occurred after the end of the first six months of 2019 to report.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the accounting principles applicable to interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining fiscal year.

Dortmund, Germany, August 1, 2019



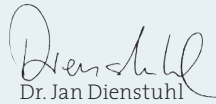
Dr. Anton Mindl



Dr. Arne Schneider



Guido Meyer



Dr. Jan Dienstuhl

REVIEW REPORT

To Elmos Semiconductor AG

We have reviewed the condensed interim consolidated financial statements – comprising the condensed statement of financial position, the condensed statement of profit or loss and other comprehensive income for the period, the condensed statement of changes in equity, the condensed statement of cash flows and selected explanatory notes – and the interim group management report of Elmos Semiconductor AG, Dortmund, for the period from 1 January 2019 to 30 June 2019 which form part of the half-year financial reporting in accordance with section 115 German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of Company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statements audit, we cannot issue an auditor's report.

Based on our review no matters have come to our attention that cause us to believe that the condensed interim consolidated financial statements of Elmos Semiconductor AG, Dortmund, for the period from 1 January 2019 to 30 June 2019 have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, 1 August 2019

Warth & Klein Grant Thornton AG, Wirtschaftsprüfungsgesellschaft

Prof. Dr. Thomas Senger

German Public Auditor

Ulf Kellerhoff

German Public Auditor

Contact

Thalea Blunk | Investor Relations

Phone: + 49 (0) 231-75 49-273

Fax: + 49 (0) 231-75 49-111

invest@elmos.com

Elmos Semiconductor AG

Heinrich-Hertz-Straße 1

44227 Dortmund | Germany

Phone: + 49 (0) 231-75 49-0

Fax: + 49 (0) 231-75 49-149

info@elmos.com | www.elmos.com

Note

The half-year financial report of Elmos Semiconductor AG fulfills the requirements of the applicable provisions under the Securities Trading Act (Wertpapierhandelsgesetz, WpHG) and comprises, according to Section 115 WpHG, condensed consolidated half-year financial statements, a group management report, and a responsibility statement. The consolidated half-year financial statements have been prepared in accordance with the IFRS applicable to interim financial reporting as released by the IASB and adopted by the European Union. The half-year financial report should be consulted together with our Annual Report for financial year 2018. The Annual Report includes a comprehensive presentation of our business activities and notes to the financial indicators applied.

Due to rounding it is possible that individual numbers indicated in this interim report do not add up precisely to respective totals indicated and that percentages indicated do not correspond precisely to respective absolute values.

Forward-looking statements

This report contains statements directed to the future that are based on assumptions and estimates made by the management of Elmos. Even though we assume the underlying expectations of our forward-looking statements to be realistic, we cannot guarantee these expectations will prove right. The assumptions may carry risks and uncertainties, and as a result actual events may differ materially from the current statements made with respect to the future. Among the factors that could cause material differences are changes in general economic and business conditions, changes in exchange and interest rates, the introduction of competing products, lack of acceptance of new products, and changes in business strategy. Elmos neither intends nor assumes any obligation to update its statements with respect to future events.

This English translation is for convenience purposes only.