INTERIM REPORT 2018

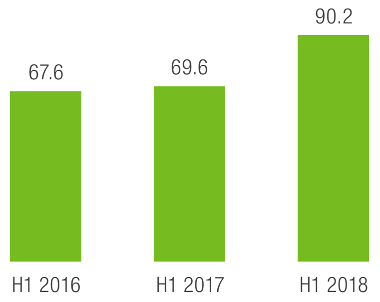
SENSIRION
THE SENSOR COMPANY

Contents

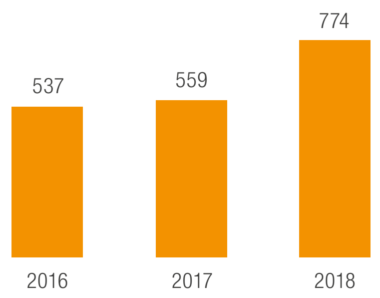
Revenue CHF 90.2 million (+30 %)
18 % organic, 11 % inorganic growth, 1% FX effects

Adjusted EBITDA margin 17 %

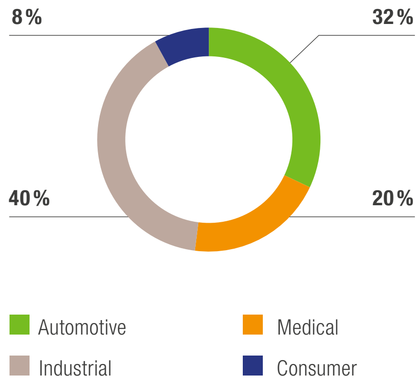
REVENUE
(IN CHF MILLON)



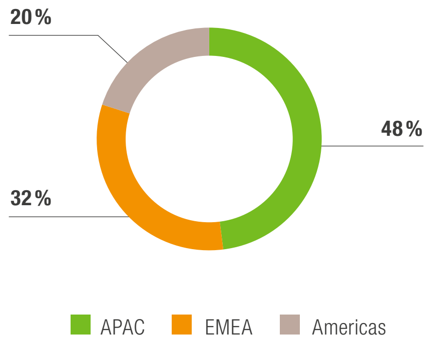
NUMBER OF EMPLOYEES (FTE)
AS OF 30 JUNE



REVENUE BY MARKET
H1 2018



REVENUE BY REGION
H1 2018



- **Double-digit organic growth in all end markets**
- **Free cash flow CHF 12.6 million**
- **Successful initial public offering with strong demand**

Key Figures

Consolidated, in millions of CHF	1 January – 30 June 2018	1 January – 30 June 2017
Revenue	**90.2**	**69.6**
Gross profit	**47.3**	**39.9**
– as % of revenue	52.4 %	57.4 %
Operating profit (loss)	**(0.8)**	**4.7**
– as % of revenue	(0.8 %)	6.7 %
Profit (loss) for the period	**(2.0)**	**1.4**
– as % of revenue	(2.2 %)	2.0 %
Earnings per share (in CHF)	**(0.14)**	**0.12**
Diluted earnings per share (in CHF)	**(0.14)**	**0.12**
EBITDA[1]	**6.1**	**10.1**
– as % of revenue	6.8 %	14.6 %
Adjusted EBITDA[2]	**15.0**	**11.3**
– as % of revenue	16.6 %	16.3 %
R&D expenses	**(18.0)**	**(17.0)**
– as % of revenue	(19.9 %)	(24.5 %)
Cash flow from operating activities	**14.8**	**2.5**
Capital expenditures[3]	**(5.8)**	**(6.7)**
Free cash flow[4]	**12.6**	**(4.2)**
	As of 30 June 2018	**As of 31 December 2017**
Total assets	**210.7**	**176.1**
Total liabilities	**58.2**	**115.1**
Total equity	**152.5**	**61.0**
Net cash (Net debt)	**32.9**	**(69.3)**
Number of employees (FTE)	**774**	**735**

[1] Defined as profit (loss) for the period excluding net interest expenses, income taxes, depreciation and amortization.

[2] Defined as EBITDA adjusted for net finance costs excluding net interest expenses, share of profit or loss of equity-accounted investees, net of tax, in H1 2017; acquisition-related costs in H1 2017; costs related to IPO loyalty share program including social security expenses, expenses on social security relating to the gain in excess of formula value, and external costs related to IPO in H1 2018.

[3] Defined as the sum of acquisition of property, plant, and equipment, proceeds from sale of property, plant, and equipment, acquisition of intangible assets, and development expenditure.

[4] Defined as the sum of cash flows from operating activities and cash flows from investing activities.

Dear Shareholders,

Sensirion has experienced a good first half-year 2018: Consolidated revenue reached CHF 90.2 million, +30 % compared to the previous year's period, of which 18 % was organic, 11 % inorganic growth, and 1 % due to movements of foreign currencies. Organic growth was above expectations thanks to the robust global macroeconomic conditions and increased demand from some main customers. The gross margin of 52 % lies within the expected range. After adjustment for IPO-related costs, the adjusted EBITDA and adjusted EBITDA margin results were CHF 15.0 million and 17 %, respectively. These results lie slightly above expectations due to higher revenues. The influence of the one-off effects of IPO-related costs and the IPO loyalty share program for employees, in total CHF 8.8 million, resulted in an operating loss of CHF 0.8 million and a net loss of CHF 2.0 million. Generated free cash flow amounted to CHF 12.6 million. IPO proceeds resulted in net cash of CHF 32.9 million.

Diversified growth in all end markets

Organic growth amounted to 11 % to 25 % across all end markets, compared to the first half of 2017. Revenue breakdown by markets (automotive 32 %, medical 20 %, industrial 40 %, consumer 8 %) as well as by region (APAC 48 %, EMEA 32 %, Americas 20 %) remained roughly stable.

In the automotive market, revenue increased by 69 % to CHF 29.0 million. An increased demand for humidity sensors, especially the newest generation, applied in anti-fogging and climate-control modules led to 25 % organic growth. The new generation of mass flow sensors employed in combustion-engine control achieved its first significant revenues. The acquisition of the sensor module business of Automotive Industrial Company (AIC), fully consolidated from 1 September 2017 onward, contributed inorganic growth of 44 %. Sales volumes of the acquired anti-fogging, ambient temperature and ionizer module lines developed as expected.

Revenue in the medical market increased from CHF 16.2 million to CHF 17.9 million (+11 %). This growth was mainly contributable to increased volumes from ongoing customer projects both for differential pressures sensors used in continuous positive airway pressure (CPAP) devices and mass flow meters used in ventilators.

The industrial market, composed of the appliances, smart gas meters, industrial automation, and heating, ventilation, and air conditioning (HVAC) markets, showed strong revenue growth of 21 % to CHF 36.5 million. Sales of humidity sensors through distributors, both to existing and new customers, developed strongly. We experienced further growth for our gas meter solutions, mainly driven by the Italian market. In the appliance market, a first substantial project employing our air quality sensor in air purifiers also contributed to growth.

Revenue in the consumer market accounted to CHF 6.8 million (+15 %). In particular, sales of humidity sensors for smart home applications through distributors increased. The gas sensor (air quality sensor), launched in summer 2017, contributed its first significant revenues and was incorporated into a smartphone for the first time. We do not expect this market launch to set a trend for the overall smart phone market since the integration was into a niche market phone.

Solid development of new product lines

In addition to the first notable revenues from the gas sensor, Sensirion introduced its first carbon dioxide sensor in the first half of 2018. It complements the environmental sensor node by introducing an additional parameter and generated a positive response from the market. The development of the particulate matter sensor (PM2.5 sensor), with a targeted market launch in the second half of 2018, is proceeding according to plan.

Integration of AIC on track

In September 2017 we acquired the sensor business of AIC with the goal of strengthening our position as a sensor manufacturer for the automotive market and expanding our manufacturing capacities in South Korea and China. The integration of this business, now called Sensirion Automotive Solutions, is proceeding according to plan. Besides the cultural integration of the new employees, we have focused on synchronizing the production, development and quality management processes between China, South Korea and Switzerland. In order to meet the high quality expectations of our customers, the site in Shanghai was moved to a new production building in July 2018.

Initial Public Offering

On 22 March 2018, Sensirion shares were successfully listed on the SIX Swiss Exchange. With the Initial Public Offering (IPO), Sensirion aimed to broaden its shareholder base including committed anchor shareholders in order to secure sustainable business development based on targeted in the long-term investments and a distinct entrepreneurial spirit. The Founders and Co-Chairmen, Felix Mayer and Moritz Lechner, remain fully invested in and committed in the long-term to Sensirion and will participate in the future development of Sensirion.

The IPO consisted predominantly of existing shares held by the majority shareholder, Gottlieb Knoch, and, in addition, newly issued shares by Sensirion. The net proceeds from the primary offering will provide Sensirion with enhanced flexibility for its future financing and corporate strategy and will enable Sensirion to exploit additional growth opportunities. The offered shares were several times oversubscribed due to strong demand from Swiss and international institutional shareholders as well as domestic private investors.

Ricarda Demarmels becomes new member of the Board of Directors

Gottlieb Knoch resigned from Sensirion's Board of Directors at the time of the IPO. We cordially thank Mr. Knoch for his valuable support over many years, both as the majority shareholder and as a member of the Board. In the early years, he joined the company as a business angel and has supported the company's development for almost two decades. We are very pleased to welcome Ricarda Demarmels as a new member of the Board. As CFO of Orior AG, Ms. Demarmels has extensive experience in finance and controlling. Sensirion looks forward to a successful cooperation. There were no changes in the Executive Committee in the first half of 2018.

Outlook for Financial Year 2018

Under the assumption that macroeconomic and foreign currency conditions will remain stable, we expect full-year 2018 revenue of CHF 175 – 180 million (18 – 22 % growth YoY) and an adjusted EBITDA margin of 15 – 16 %, after excluding IPO-related costs. Gross margin is expected to remain stable at 52 – 54 %.

Many Thanks to Employees

On behalf of the Board of Directors and the Executive Committee, we cordially thank all of our employees for their great commitment. We are especially pleased that many of our employees are also shareholders of the company. The Board of Directors and the Executive Committee are committed to further develop Sensirion's unique company culture, the 'SensiSpirit', as a foundation of our success.

Moritz Lechner	Felix Mayer	Marc von Waldkirch
Co-Chairman of the Board	Co-Chairman of the Board	CEO
Co-Founder	Co-Founder	

Condensed Consolidated Interim Financial Statements

Consolidated Statement of Financial Position

In thousands of CHF	Note	30 June 2018	restated 31 December 2017
Assets			
Cash and cash equivalents		45,043	9,393
Trade receivables		22,923	21,135
Prepaid expenses		2,299	1,513
Other receivables		4,442	6,936
Inventories		26,031	25,792
Assets held for sale		6,322	6,511
Total current assets		**107,060**	**71,280**
Property, plant and equipment		65,202	66,736
Right-of-use assets		11,957	11,067
Financial assets	11.2	3,237	3,328
Equity-accounted investees		3,659	3,796
Intangible assets		13,776	13,913
Goodwill*	6	5,764	5,936
Total non-current assets		**103,595**	**104,776**
Total assets		**210,655**	**176,056**
Liabilities			
Trade payables		9,273	3,014
Accrued expenses		2,721	2,404
Employee benefits		5,057	3,464
Lease liabilities		1,469	1,185
Other liabilities		3,215	1,820
Loans and borrowings		–	67,560
Total current liabilities		**21,735**	**79,447**
Employee benefits		23,193	23,411
Lease liabilities		10,707	9,993
Deferred tax liabilities		2,523	2,235
Total non-current liabilities		**36,423**	**35,639**
Total liabilities		**58,158**	**115,086**
Equity			
Share and participation certificate capital		1,514	1,246
Capital reserve		132,988	40,017
Treasury shares and participation certificates reserve		(5,137)	(7,636)
Translation reserve		1,611	4,144
Revaluation reserve		1,930	2,133
Retained earnings		19,591	21,066
Total equity, attributable to the owners of Sensirion Holding AG	10	**152,497**	**60,970**
Total liabilities and equity		**210,655**	**176,056**

* Goodwill was revised, see note 6.

The notes on pages 12 to 22 are an integral part of these condensed consolidated interim financial statements.

Consolidated Income Statement

In thousands of CHF, for the six months ended 30 June	Note	2018	2017
Revenue	5	**90,203**	**69,584**
Cost of sales		(42,895)	(29,656)
Gross profit		**47,308**	**39,928**
Other income		612	–
Research and development expenses		(17,966)	(17,045)
Selling and distribution expenses		(13,219)	(10,795)
Administrative expenses		(17,488)	(7,423)
Operating profit (loss)		**(753)**	**4,665**
Finance income		679	9
Finance costs		(1,386)	(1,048)
Share of profit or loss of equity-accounted investees, net of tax		(138)	(32)
Profit (loss) before tax		**(1,598)**	**3,594**
Income taxes		(369)	(2,206)
Profit (loss) for the period, attributable to the owners of Sensirion Holding AG		**(1,967)**	**1,388**
Earnings per registered share			
Basic earnings per registered share (in CHF)	8	(0.14)	0.12
Diluted earnings per registered share (in CHF)	8	(0.14)	0.12
Adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA)			
Adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA)	7	**14,973**	**11,339**

The notes on pages 12 to 22 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income (OCI)

In thousands of CHF, for the six months ended 30 June	Note	2018	2017
Profit (loss) for the period, attributable to the owners of Sensirion Holding AG		**(1,967)**	**1,388**
Remeasurements of defined benefit obligation		718	1,687
Equity investment at FVOCI – net change in fair value	11.2	(254)	–
Related tax		(149)	(338)
Items that will not be reclassified to profit or loss		**315**	**1,349**
Foreign operations – foreign currency translation differences		(2,533)	(49)
Available-for-sale financial assets – net change in fair value	11.2	–	541
Related tax		–	(108)
Items that are or may be reclassified to profit or loss		**(2,533)**	**384**
Other comprehensive income for the period, net of tax		**(2,218)**	**1,733**
Total comprehensive income for the period, attributable to the owners of Sensirion Holding AG		**(4,185)**	**3,121**

The notes on pages 12 to 22 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Changes in Equity

In thousands of CHF	Share and participation certificate capital*	Capital reserve	Treasury shares and participation certificates reserve	Translation reserve	Reval-uation reserve	Retained earnings	Total equity
	Attributable to the owners of Sensirion Holding AG						
Balance at 1 January 2017	**1,246**	**14,503**	**(2,016)**	**77**	**1,267**	**20,874**	**35,951**
Profit (loss) for the period	–	–	–	–	–	1,388	1,388
Other comprehensive income for the period	–	–	–	(49)	433	1,349	1,733
Total comprehensive income for the period	**–**	**–**	**–**	**(49)**	**433**	**2,737**	**3,121**
Exchange of treasury participation certificates against ordinary shares	–	5,326	(5,326)	–	–	–	–
Repurchase of treasury shares and participation certificates	–	–	(61)	–	–	–	(61)
Sale of treasury shares and participation certificates	–	(1,387)	1,387	–	–	–	–
Transactions with owners – contributions and distributions	**–**	**3,939**	**(4,000)**	**–**	**–**	**–**	**(61)**
Balance at 30 June 2017	**1,246**	**18,442**	**(6,016)**	**28**	**1,700**	**23,611**	**39,011**
Balance at 31 December 2017 (as reported)	**1,246**	**40,017**	**(7,636)**	**4,144**	**2,133**	**21,066**	**60,970**
Adjustment of initial application of IFRS 9, net of tax	–	–	–	–	–	(26)	(26)
Adjusted balance at 1 January 2018	**1,246**	**40,017**	**(7,636)**	**4,144**	**2,133**	**21,040**	**60,944**
Profit (loss) for the period	–	–	–	–	–	(1,967)	(1,967)
Other comprehensive income for the period	–	–	–	(2,533)	(203)	518	(2,218)
Total comprehensive income for the period	**–**	**–**	**–**	**(2,533)**	**(203)**	**(1,449)**	**(4,185)**
Capital increases	268	91,204	–	–	–	–	91,472
Repurchase of treasury shares and participation certificates	–	–	(66)	–	–	–	(66)
Sale of treasury shares and participation certificates	–	(2,508)	2,565	–	–	–	57
Equity-settled share-based payment transactions	–	4,275	–	–	–	–	4,275
Transactions with owners – contributions and distributions	**268**	**92,971**	**2,499**	**–**	**–**	**–**	**95,738**
Balance at 30 June 2018	**1,514**	**132,988**	**(5,137)**	**1,611**	**1,930**	**19,591**	**152,497**

* Unification of shares, see note 10.1

The notes on pages 12 to 22 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Cash Flows

In thousands of CHF, for the six months ended 30 June	Note	2018	2017
Cash flows from operating activities			
Profit (loss) for the period		**(1,967)**	**1,388**
Adjustments for:			
– Depreciation and amortization		7,331	6,373
– Loss (gain) on sale of intangible assets and property, plant and equipment		(565)	(86)
– Other non-cash expense (+) / income (–)		741	329
– Net finance costs		707	1,039
– Share of profit or loss of equity-accounted investees, net of tax		138	32
– Equity-settled share-based payment transactions	9	4,275	–
– Tax expense		369	2,206
Changes in:			
– Trade and other receivables		(3,018)	(8,379)
– Prepaid expenses		(786)	(937)
– Inventories		(239)	(2,267)
– Trade and other payables		7,958	1,785
– Accrued expenses		635	447
– Employee benefits		(281)	1,090
Interest paid		(322)	(187)
Income taxes paid		(95)	(238)
Short-term lease payments and payments for leases of low-value assets not included in the measurement of the lease liability		(40)	(134)
Net cash from operating activities		**14,841**	**2,461**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(4,672)	(4,802)
Proceeds from sale of property, plant and equipment		741	86
Repayment of contingent consideration		3,724	–
Acquisition of financial assets		(163)	–
Acquisition of intangible assets		(752)	(578)
Development expenditure		(1,121)	(1,357)
Net cash from investing activities		**(2,243)**	**(6,651)**
Cash flows from financing activities			
Payment of lease liabilities		(874)	(757)
Proceeds from issue of share capital	10	93,169	–
Transaction costs related to issue of share capital	10	(1,700)	–
Proceeds from loans and borrowings		–	214
Repayment of loans and borrowings		(67,560)	–
Repurchase of treasury shares and participation certificates		(66)	(61)
Net cash from financing activities		**22,969**	**(604)**
Net change in cash and cash equivalents		**35,567**	**(4,794)**
Cash and cash equivalents at 1 January		9,393	13,976
Effect of movements in exchange rates on cash held		83	55
Cash and cash equivalents at 30 June		**45,043**	**9,237**

The notes on pages 12 to 22 are an integral part of these condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

1 Reporting Entity

Sensirion Holding AG (the 'Company') is domiciled in Switzerland. The Company's registered office is at Laubisrütistrasse 50, 8712 Stäfa. These condensed consolidated interim financial statements comprise the Company, its subsidiaries (collectively the 'Group' and individually 'Group companies') and equity-accounted investees.

Sensirion is one of the world's leading manufacturer of digital microsensors and -systems. The product range includes gas and liquid flow sensors, differential pressure, as well as environmental sensors for the measurement of humidity and temperature, volatile organic compounds (VOCs), carbon dioxide (CO_2) and particulate matter (PM2.5). Using Sensirion's microsensor solutions, OEM customers benefit from the proven CMOSens® Technology.

2 Basis of Accounting

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Company's last annual consolidated financial statements as at and for the year ended 31 December 2017 (detailed information can be found at www.sensirion.com/investors). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

This is the first set of the Group's financial statements where IFRS 9 has been applied. Changes to significant accounting policies are described in note 4.

These interim financial statements were authorized for issue by the Board of Directors on 21 August 2018.

These interim financial statements are available both in English and German. The English version is considered to be the binding one.

3 Use of Judgments and Estimates

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainties were the same as those described in the last annual financial statements.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or 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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 11.

4 Changes in Significant Accounting Policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Company's consolidated financial statements as at and for the year ended 31 December 2017. The changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as at and for the year ending 31 December 2018.

The Group has initially adopted IFRS 9 Financial Instruments from 1 January 2018. The new classification requirements included in IFRS 9 have not had a significant impact on the Group's accounting for financial instruments. Under IFRS 9, the Group has designated an equity investment which was classified as available-for-sale under IAS 39 as measured at FVOCI. Consequently, all fair value gains and losses are reported in OCI, no impairment losses are recognized in profit or loss and no gains or losses will be reclassified to profit or loss on disposal. The carrying amount at 1 January 2018 of this financial asset remained unchanged compared to IAS 39. Furthermore, IFRS 9 replaced the 'incurred loss' impairment model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost and to contract assets. Management believes that impairment losses are likely to increase and become more volatile for assets in the scope of the IFRS 9 impairment model. The corresponding decrease in retained earnings at 1 January 2018 amounted to CHF 26 thousand.

A number of other new requirements are effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

5 Segment Reporting

5.1 Basis for segmentation

The Group operates in one industry segment which encompasses the development, production, sales and servicing of sensor systems, modules and components. The allocation of resources and performance assessment is made at Group level. The Group's organization is not divided into business units, neither in the management structure nor in the internal reporting system.

5.2 Entity-wide disclosures

In thousands of CHF, for the six months ended 30 June	2018	2017
Revenue - Geographic information by country		
Switzerland	1,859	1,741
Germany	15,779	14,499
USA	15,442	12,660
Australia	8,214	7,968
China	12,472	6,905
South Korea	11,240	6,386
Other foreign countries	25,197	19,425
Total	**90,203**	**69,584**

In thousands of CHF, for the six months ended 30 June, and as % of revenue		2018		2017
Revenue - Geographic information by region				
APAC	47.6 %	42,902	44.3 %	30,853
EMEA	32.0 %	28,854	34.0 %	23,616
Americas	20.4 %	18,447	21.7 %	15,115
Total		**90,203**		**69,584**

In thousands of CHF	30 June 2018	31 December 2017
Non-current assets - Geographic information		
Switzerland	79,803	82,050
South Korea	17,003	18,081
USA	594	654
China	2,876	662
Other foreign countries	82	1
Total	**100,358**	**101,448**

The geographic information on revenues in the table above is based on the customers' location.

For the six months ended 30 June 2018, revenues from one customer of the Group represented approximately CHF 8,172 thousand (2017: CHF 7,840 thousand) of the Group's revenues.

As an additional voluntary information, revenue is allocated to end markets as follows:

In thousands of CHF, for the six months ended 30 June, and as % of revenue		**2018**		**2017**
Revenue - per end market				
Automotive	32.2 %	29,040	24.8 %	17,224
Medical	19.9 %	17,854	23.2 %	16,156
Industrial	40.4 %	36,528	43.5 %	30,302
Consumer	7.5 %	6,781	8.5 %	5,902
Total		**90,203**		**69,584**

6 Business Combination – Measurement Period Adjustments

The provisional consideration transferred upon the acquisition of the automotive business of Auto Industrial Co. Ltd. in September 2017 (see note 8 of the consolidated financial statements as at and for the year ended 31 December 2017) contains contingent consideration which is subject to the settlement of customary acquisition conditions.

As a result of obtaining additional information in the first half year 2018 about facts and circumstances that existed at the date of acquisition, the Group received an amount of KRW 558 million (equals CHF 482 thousand at the date of acquisition and CHF 507 thousand at the date of cash flow) from the escrow account which reduces the provisional consideration transferred. Consequently and in accordance with the provisions on measurement-period adjustments, the goodwill resulting from the business combination was adjusted retrospectively to CHF 10,731 thousand instead of CHF 11,213 thousand (before impairment loss, see note 22 of the consolidated financial statements as at and for the year ended 31 December 2017); the consolidated statement of financial position at 31 December 2017 was restated for this effect.

Additionally, the Group received an amount of KRW 3,541 million (equals CHF 3,053 thousand at the date of acquisition, CHF 3,281 thousand at 31 December 2017 and CHF 3,217 thousand at the date of cash flow), which was already included in other receivables at 31 December 2017 (see note 25 of the consolidated financial statements as at and for the year ended 31 December 2017).

As a result of the above – at the date of transaction – the provisional acquisition accounting is presented as follows.

In thousands of CHF	
Consideration transferred	
Cash paid	32,588
thereof included in other receivables	(3,535)
Total provisional consideration transferred	**29,053**
Fair value of assets (liabilities)	
Cash and cash equivalents	165
Trade and other receivables	1,137
Inventories	3,142
Assets held for sale	6,057
Property, plant and equipment	7,940
Intangible assets	2,659
Trade and other payables	(1,123)
Employee benefits	(1,373)
Deferred tax liabilities	(282)
Total net identifiable assets	**18,322**
Provisional goodwill before impairment loss	**10,731**

The acquisition accounting for this business combination remains provisional for the settlement of further customary acquisition conditions until September 2018 which sets the end to the measurement period.

7 Adjusted EBITDA

Management uses EBITDA and Adjusted EBITDA as key performance indicators because it believes they provide a more accurate assessment of the Group's business operations than the most closely comparable IFRS measure, profit (loss) before tax, and management believes that they and similar measures are frequently used by securities analysts, investors and other interested parties in evaluating companies in the Group's industry.

Management defines EBITDA as profit (loss) for the period before net interest expenses, income taxes, depreciation and amortization. We define Adjusted EBITDA as EBITDA, adjusted for net finance costs excluding net interest expenses, share of profit or loss of equity-accounted investees, net of tax, and certain non-recurring items that management believes are not indicative of operational performance. These non-recurring items are expenses from IPO loyalty share program; expenses on social security relating to the gain in excess of formula value which were incurred in the course of the unification of the share capital prior to the initial public offering; other costs related to the initial public offering; and costs related to acquisitions.

In thousands of CHF, for the six months ended 30 June	2018	2017
Reconciliation of Adjusted EBITDA to profit (loss) for the period		
Profit (loss) for the period	**(1,967)**	**1,388**
Net interest expenses	412	182
Income taxes	369	2,206
Depreciation	5,530	5,264
Amortization	1,801	1,109
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**6,145**	**10,149**
Adjusted for:		
– Net finance costs excluding net interest expenses	–	857
– Share of (profit) loss of equity-accounted investees, net of tax	–	32
– IPO loyalty share program, including social security expenses*	5,087	–
– Expenses on social security relating to the gain in excess of formula value*	697	–
– Costs related to initial public offering*	3,044	–
– Acquisition-related costs	–	301
Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)	**14,973**	**11,339**

* Allocated to administrative expenses.

8 Earnings per Registered Share

Following the unification of ordinary shares of the Company on 8 March 2018 (see note 10) from previously three classes of ordinary shares (ordinary shares, voting shares and participation certificates) into a single class of registered shares, the calculation of earnings per share has been based on the profit or loss attributable to shareholders as presented in the consolidated income statement and the weighted-average number of registered shares outstanding. As a result of applying IAS 33, the number of shares outstanding for the comparative period is adjusted as if the consolidation of shares without a corresponding change in resources had occurred at the beginning of the earliest period presented (i.e. 1 January 2017).

The weighted-average number of registered shares for the period ended 30 June 2018 for the purpose of calculating basic earnings per registered share amounts to 13,680,714 (2017: 11,126,827) whereas the weighted-average number of registered shares for the purpose of calculating diluted earnings per registered share amounts to 13,805,621 (2017: 11,219,054).

9 Share-Based Payment Arrangement

At 30 June 2018, the Group had the following share-based payment arrangement.

IPO loyalty share program (equity-settled and cash-settled)

In March 2018, the Group established a program under which restricted share units (RSU) are granted to its employees. The amount of RSU under the plan is allocated to the participants in relation to the accumulated bonus amounts of each employee. Under the terms of the plan, 50 % of the allocated amount of RSU vest if the employee has not resigned by 31 December 2018 or if the Group has not terminated the services of the employee. The remaining 50 % of the allocated RSU vest at 31 December 2019 if the employee is not under notice by that time. The RSU are directly converted into registered shares of the Company upon vesting for a payment of CHF 0.10.

If the allocation to an individual employee amounts to less than 200 RSU, a corresponding cash amount replaces the respective RSU.

The Group granted 560,267 RSU under the IPO loyalty share program. The fair value of one RSU at grant date amounts to CHF 35.90 whereas the amount that is paid in cash amounts to CHF 36 for a RSU equivalent. The values are derived from the book-building process ahead of the IPO of the Company.

For the share-based payment arrangements in place for the first half year 2017, reference is made to note 18 of the Company’s last annual consolidated financial statements for the year ended 31 December 2017.

At 30 June 2018, the Group has recognized an employee benefits liability for the bonus of the reporting period based on its constructive obligation to grant a bonus to its employees. Currently, management is discussing the details of how the bonus plan will be settled which may result in changes to the classification in the statement of financial position at year end.

10 Equity

10.1 Share capital

The Company unified its share capital in advance of its IPO at a general meeting on 8 March 2018. Previously, the Company had three different classes of ordinary shares (ordinary shares, voting shares, participation certificates). As a result of the unification, the Company has solely registered shares with a nominal value of CHF 0.10. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued

	Registered shares	Ordinary shares	Voting shares	Participation certificates
In shares and participation certificates	**2018**	**2018**	**2018**	**2018**
Total in issue at 1 January	**–**	**5,595**	**58,975**	**965,672**
Unification of shares	12,458,172	(5,595)	(58,975)	(965,672)
Capital increase	1,530,000	–	–	–
Capital increase from authorized share capital	1,152,000	–	–	–
Total in issue at 30 June	**15,140,172**	**–**	**–**	**–**

In 2018, the Company increased its share capital by CHF 268 thousand which had the effect to increase the capital reserve of CHF 96,283 thousand (premium). The corresponding cost for the capital increase that were deducted from the capital reserve amounted to CHF 5,079 thousand.

10.2 Conditional capital

As of 30 June 2018, the Company's conditional capital amounts to CHF 347 thousand, encompassing 3,472,251 shares each with a nominal value of CHF 0.10 and reserved for the following purposes:

	Conditional shares
In shares	**2018**
Conditional share capital for employee participations	1,455,817
Conditional share capital for financing, acquisitions and other purposes	1,455,817
Conditional share capital for employee participations in connection with the IPO loyalty share program	560,617
Total conditional share capital at 30 June	**3,472,251**

10.3 Dividends

The Company has not paid any dividends in the periods presented.

11 Financial Instruments

11.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities at the reporting date, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As of 30 June 2018	Carrying amount				Fair value			
In thousands of CHF	Financial assets at amortized cost	FVOCI	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity security	–	3,237	–	**3,237**	–	–	3,237	**3,237**
Total financial assets measured at fair value	**–**	**3,237**	**–**	**3,237**	**–**	**–**	**3,237**	**3,237**
Financial assets not measured at fair value								
Trade and other receivables	24,869	–	–	**24,869**	–	–	–	**–**
Cash and cash equivalents	45,043	–	–	**45,043**	–	–	–	**–**
Total financial assets not measured at fair value	**69,912**	**–**	**–**	**69,912**	**–**	**–**	**–**	**–**
Financial liabilities not measured at fair value								
Trade and other payables	–	–	10,164	**10,164**	–	–	–	**–**
Accrued expenses and employee benefits	–	–	3,672	**3,672**	–	–	–	**–**
Lease liabilities	–	–	12,176	**12,176**	–	12,539	–	**12,539**
Total financial liabilities not measured at fair value	**–**	**–**	**26,012**	**26,012**	**–**	**12,539**	**–**	**12,539**

As of 31 December 2017	Carrying amount				Fair value			
In thousands of CHF	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity security	–	3,328	–	3,328	–	–	3,328	3,328
Total financial assets measured at fair value	**–**	**3,328**	**–**	**3,328**	**–**	**–**	**3,328**	**3,328**
Financial assets not measured at fair value								
Trade and other receivables	27,553	–	–	27,553	–	–	–	–
Cash and cash equivalents	9,393	–	–	9,393	–	–	–	–
Total financial assets not measured at fair value	**36,946**	**–**	**–**	**36,946**	**–**	**–**	**–**	**–**
Financial liabilities not measured at fair value								
Trade and other payables	–	–	4,834	4,834	–	–	–	–
Accrued expenses and employee benefits	–	–	5,281	5,281	–	–	–	–
Bank loans	–	–	67,560	67,560	–	–	–	–
Lease liabilities	–	–	11,178	11,178	–	11,894	–	11,894
Total financial liabilities not measured at fair value	**–**	**–**	**88,853**	**88,853**	**–**	**11,894**	**–**	**11,894**

11.2 Measurement of fair values

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used and their inter-relationship with the fair value measurement for Level 3 fair values. Related valuation processes are described in note 3.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Financial instruments measured at fair value			
Equity security	Discounted cash flows: The fair value is determined by discounting the estimated future cash flows of the investee using a rate of return that comprises the time value of money and the risk of the investment.	– Forecast annual revenue growth rate (30 June 2018: 0.00 %, 31 December 2017: 0.00 %) – Forecast average EBITDA (30 June 2018: CHF 8,998 thousand, 31 December 2017: CHF 8,998 thousand) – Risk-adjusted discount rate (30 June 2018: 24.14 %, 31 December 2017: 24.14 %)	The estimated fair value would increase (decrease) if: – the annual revenue growth rate were higher (lower); – the EBITDA were higher (lower); or – the risk-adjusted discount rate were lower (higher).
Financial instruments not measured at fair value			
Lease liabilities	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using an incremental borrowing rate.	–	–

The following table shows a reconciliation in respect of recurring level 3 fair values.

In thousands of CHF	2018 Equity security	2017 Equity security
Balance at 1 January	**3,328**	**2,084**
Acquisition of capital	163	–
Gain (loss) recognized in other comprehensive income	(254)	541
Balance at 30 June	**3,237**	**2,625**

12 Subsequent Events

No events took place between 30 June 2018 and 21 August 2018 that would require adjustments to the carrying amounts of the assets or liabilities in these condensed consolidated financial statements or would need to be disclosed here.

Independent Auditor's Report on the Review

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Independent Auditor's Report on the Review of Consolidated Interim Financial Information

To the Board of Directors of Sensirion Holding AG, Staefa

Introduction

We have been engaged to review the accompanying consolidated statement of financial position of Sensirion Holding AG as at June 30, 2018 and the related consolidated income statement, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 6-month period then ended, and selected explanatory notes (the consolidated interim financial information) on pages 7 to 22. The Board of Directors is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information as at June 30, 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

KPMG AG

Juerg Meisterhans
Licensed Audit Expert

Patrick Biedermann
Licensed Audit Expert

Zurich, August 21, 2018

Shareholder Information

Valor symbol	SENS
Reuters symbol	SENSI.S
Bloomberg symbol	SENS.SW
Valor number	40,670,512
ISIN	CH 040 670512 6
End of fiscal year	31 December
Exchange	SIX Swiss Exchange
Trading currency	CHF
Listed since	22 March 2018
Number of issued shares	15,170,172
Nominal value	CHF 0.10
Accounting standard	IFRS (International Financial Reporting Standard)

Financial Calendar

07 March 2019	Full-year results 2018
14 May 2019	Annual General Meeting

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Disclaimer

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