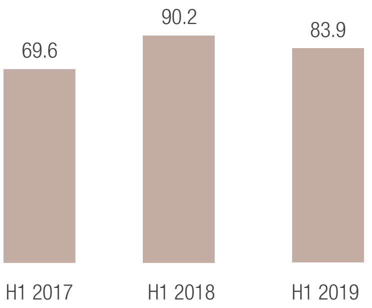
INTERIM REPORT 2019

SENSIRION
THE SENSOR COMPANY

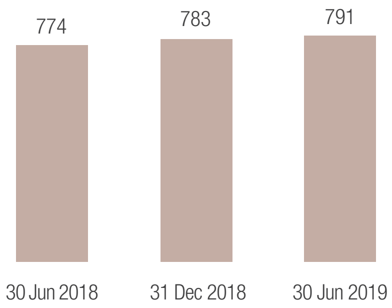
Table of Contents

Revenue CHF 83.9 million (-7.0 % YoY)
Adjusted EBITDA margin 10.0 %

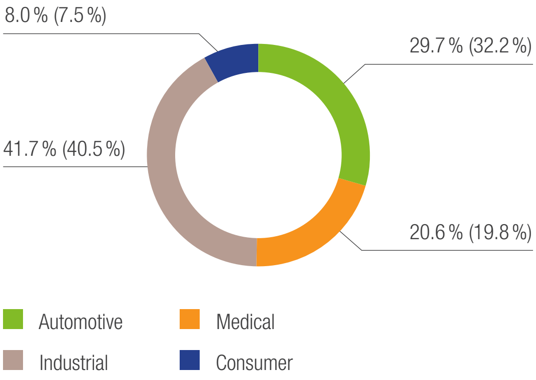
REVENUE (IN CHF MILLION)



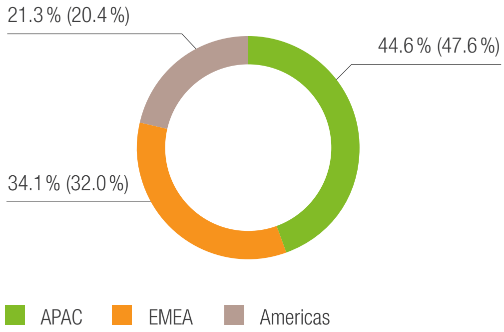
NUMBER OF EMPLOYEES (FTE) AS OF



REVENUE BY MARKET H1 2019 (H1 2018)



REVENUE BY REGION H1 2019 (H1 2018)



Key Figures

Consolidated, in millions of CHF	H1 2019	Δ in %	H1 2018
Revenue	**83.9**	**(7.0 %)**	**90.2**
Gross profit	**44.6**		**47.3**
– as % of revenue	53.2 %		52.4 %
Operating profit (loss)	**(2.0)**	**159.9 %**	**(0.8)**
– as % of revenue	(2.3 %)		(0.8 %)
Profit (loss) for the period	**(1.9)**	**(5.1%)**	**(2.0)**
– as % of revenue	(2.2 %)		(2.2 %)
Earnings per share (in CHF)	**(0.12)**		**(0.14)**
EBITDA[1]	**4.8**	**(22.1 %)**	**6.1**
– as % of revenue	5.7 %		6.8 %
Adjusted EBITDA[2]	**8.4**	**(45.6 %)**	**15.4**
– as % of revenue	10.0 %		17.1 %
Cash flow from operating activities	**11.1**		**14.8**
Capital expenditures[3]	**(10.1)**		**(5.8)**
Free cash flow[4]	**1.0**		**12.6**
As of	**30 Jun 2019**		**31 Dec 2018**
Total assets	**216.1**		**214.9**
Total liabilities	**57.4**		**54.5**
Total equity	**158.7**		**160.4**
Net cash[5]	**39.9**		**42.6**
Number of employees (FTE)	**791**	**1.0 %**	**783**

[1] EBITDA	Defined as profit (loss) for the period excluding net interest expenses, income taxes, depreciation and amortization.
[2] Adjusted EBITDA	Defined as EBITDA adjusted for net finance costs excluding net interest expenses, share of profit or loss of equity-accounted investees, costs related to IPO Loyalty Share Program, expenses on social security relating to gain in excess of formula value, and other costs related to IPO.
[3] Capital expenditures	Defined as the sum of acquisition of property, plant, and equipment, proceeds from the sale of property, plant, and equipment, acquisition of intangible assets, and development expenditure.
[4] Free cash flow	Defined as the sum of cash flows from operating activities and cash flows from investing activities.
[5] Net cash	Defined as the sum of cash and cash equivalents less loans and borrowing less lease liabilities (current and non-current).

Dear Shareholders

We look back on a challenging first half of 2019. We are currently experiencing reduced demand and continued low visibility in all markets. The main reasons for this are the current crisis in the automotive industry, the significantly lower than expected global industrial production, and the ongoing global trade disputes. We continue to see no signs from our customers of the recovery in the second half of 2019 that was originally expected at the beginning of the year. As a result, we lowered our outlook for the full year 2019 at the beginning of July. Despite the currently difficult market environment, the long-term market trends, the technology, and the product pipeline remain strong. Important project wins in the automotive and industrial markets that have been achieved in the past half year as well as newly launched products in the environmental sector (including CO_2 and PM2.5 sensors) will support sales growth in the coming years. Sensirion therefore confirms its medium and long-term growth perspectives.

Decline in Revenue, but Stable Gross Margin

Consolidated revenue amounted to CHF 83.9 million. The percentage decline of 7.0 % compared to the same period last year was primarily influenced by the sharp decline in the automotive end market. Revenue in the other end markets (medical, industrial, and consumer) fell only slightly thanks to new business. Compared with the already weaker second half of 2018, group revenue in the first half of 2019 showed an overall stable development, -0.8 % period-over-period. The decline in revenue is exclusively attributable to reduced demand volumes; market prices developed as expected. In addition, we did not lose any customers or ongoing projects in the year under review.

The gross margin was stable at 53.2 % and the EBITDA margin adjusted for one-time effects reached 10.0 %. Due to the low variable product costs, EBITDA suffered disproportionately from the decline in revenue. Adjusted for one-time effects, the operating result was CHF 1.6 million and net income CHF 1.7 million. Taking into account the one-time costs (mainly in connection with the IPO), an operating loss of CHF 2.0 million and a net loss of CHF 1.9 million resulted for the period. Resulting operating cash flow was CHF 11.1 million, free cash flow CHF 1.0 million.

Weak Automotive Market, Slightly Weaker Other Markets

The distribution of consolidated revenue by market changed slightly compared to the previous year in favor of the industrial market (automotive 29.7 %, medical 20.6 %, industrial 41.7 %, consumer 8.0 %), while by region, EMEA and the Americas increased at the expense of Asia-Pacific (APAC 44.6 %, EMEA 34.1 %, Americas 21.3 %).

Revenue in the automotive end market amounted to CHF 24.9 million, -14.1 % compared with the same period last year. The sharp percentage decline year-over-year is the result of a pronounced weakness in demand in the automotive industry coupled with inventory optimization throughout the supply chain. Despite the current market situation, new customer projects are proceeding as planned, both for components and modules. In the new area of automotive modules, we were able to record important nominations that will generate revenue in approximately three years' time.

In the medical market, we generated revenue of CHF 17.3 million, -3.3 % year-over-year. The medical area is dominated by the sleep apnea therapy device (CPAP) business that had a strong prior year. In the six months under review, this business was again in line with the usual long-term trend.

With CHF 35.0 million, consolidated revenue in the broadly diversified industrial market was lower than in the first half of 2018, -4.3 % compared to the same period of the previous year. New business with our differential pressure sensors in heating, ventilation and air-conditioning applications and for process automation, as well as growing sales of gas meters, partially compensated for the decline in demand in ongoing business as a result of the trade disputes. In the volatile hard drives market, there was a sharp cyclical downturn.

With CHF 6.7 million, the consumer market recorded a stable result, -0.8 % year-over-year. In this market, too, new projects were only just able to offset the reduction in current business due to the on-going trade disputes.

Announcement of an Innovative New CO_2 Sensor

The new carbon dioxide (CO_2) and particulate matter (PM2.5) product lines, both launched in 2018, remain on track. Very good market feedback as well as other important nominations lay the foundation for continuous and sustainable sales growth in the coming years. As usual in our markets, it typically takes two to three years from project win to start of series production. To further strengthen our environmental sensor portfolio, we recently presented a second generation carbon dioxide sensor. Innovative measurement and packaging technologies make it possible to make the sensor significantly smaller while maintaining the same performance. This size, together with a very attractive cost structure, opens up new CO_2 applications and thus further long-term growth opportunities in this strategically important market. The new CO_2 sensor recently won the “Best of Sensors Award 2019” at the leading Sensor Expo in San José (USA). Production is scheduled to start in the first half of 2020.

Medium- and Long-Term Prospects Remain Strong

Despite the current difficult market environment, the long-term market trends, technology and the product pipeline as well as the medium- and long-term growth prospects remain strong. In the automotive sector, we have won several important new design-wins for module projects in recent months that will contribute to revenue in about three years’ time. In the industrial sector, we see increasing demand for higher-quality combo-modules that enable several environmental parameters to be measured in a single unit. These two additions to our product portfolio enable us to increase the content in important customer applications. We are therefore maintaining our current R&D intensity and the ongoing expansion of our production site in China. At the same time, we are responding to the challenging market environment with intensified cost management.

To achieve longer-term growth, we are currently investing in additional sensor technologies that will further strengthen our position as an innovation and technology leader. In this context, we acquired the intellectual property of an electrochemical sensor technology in the reporting period. With the support of the world’s leading experts in this field, we have begun the long-term development of a novel electrochemical-based gas sensor.

Two New Members of the Board of Directors

On 14 May 2019, the 20th Annual General Meeting, the first as a listed company, took place in Rapperswil-Jona. The shareholders approved all proposals of the Board of Directors with clear majorities. François Gabella and Franz Studer were elected as new members of the Board of Directors to replace Markus Glauser, a long-standing member of the Board. We would like to take this opportunity to thank Markus Glauser for his almost 20 years of loyalty and support as a valuable member of our Board of Directors. He played a key role in the development of Sensirion from an ETH start-up to a listed company.

Outlook Until the End of the Year

At the beginning of July, we lowered our outlook for the current fiscal year due to the current challenging market conditions. We confirm the updated outlook made at the beginning of July and expect revenue of CHF 160-170 million, an unchanged strong gross margin of 52-54 %, and an adjusted EBITDA margin of 9-12 % for financial year 2019.

Many Thanks to Our Employees

On behalf of the Board of Directors and the Executive Committee, we would like to thank all our employees for their dedication and loyalty to Sensirion. We are also particularly proud that Sensirion was named Switzerland's best employer in the "large companies" category by "Great Place to Work" in April of this year. This underscores our special corporate culture that attracts talent and offers them room to develop. We want to continue to cultivate this culture. We would also like to thank you, our shareholders, for your loyalty.

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

Condensed Consolidated Interim Financial Statements

Consolidated Income Statement

In thousands of CHF, for the six months ended 30 June	Note	2019	Δ in %	2018
Revenue	5	**83,888**	**(7.0 %)**	**90,203**
Cost of sales		(39,299)		(42,895)
Gross profit		**44,589**	**(5.7 %)**	**47,308**
– as % of revenue		53.2 %		52.4 %
Other income		–		612
Research and development expenses		(21,154)		(17,966)
Selling and distribution expenses		(13,909)		(13,219)
Administrative expenses		(11,483)		(17,488)
Operating profit (loss)		**(1,957)**	**(159.9 %)**	**(753)**
– as % of revenue		(2.3 %)		(0.8 %)
Finance income		233		679
Finance costs		(942)		(1,386)
Share of profit or loss of equity-accounted investees, net of tax		(182)		(138)
Profit (loss) before tax		**(2,848)**	**78.2 %**	**(1,598)**
Income taxes		982		(369)
Profit (loss) for the period, attributable to the owners of Sensirion Holding AG		**(1,866)**	**5.1 %**	**(1,967)**
– as % of revenue		(2.2 %)		(2.2 %)
Earnings per registered share				
Basic earnings per registered share (in CHF)	7	(0.12)		(0.14)
Diluted earnings per registered share (in CHF)	7	(0.12)		(0.14)
Earnings before interest, tax, depreciation and amortization (EBITDA)				
Earnings before interest, tax, depreciation and amortization (EBITDA)	6	**4,784**	**(22.1 %)**	**6,145**
– as % of revenue		5.7 %		6.8 %
Adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA)		**8,387**	**(45.6 %)**	**15,406**
– as % of revenue		10.0 %		17.1 %

The notes on pages 13 to 21 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	2019	Δ in %	2018
Profit (loss) for the period, attributable to the owners of Sensirion Holding AG		**(1,866)**	**5.1 %**	**(1,967)**
Remeasurements of defined benefit obligation		(1,517)		718
Equity investments at FVOCI – net change in fair value	10.2	15		(254)
Related tax		767		(149)
Items that will not be reclassified to profit or loss		**(735)**		**315**
Foreign operations – foreign currency translation differences		(1,688)		(2,533)
Items that are or may be reclassified to profit or loss		**(1,688)**		**(2,533)**
Other comprehensive income for the period, net of tax		**(2,423)**		**(2,218)**
Total comprehensive income for the period, attributable to the owners of Sensirion Holding AG		**(4,289)**	**2.5 %**	**(4,185)**

The notes on pages 13 to 21 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Financial Position

In thousands of CHF	Note	30 June 2019	in %	31 December 2018	in %
Assets					
Cash and cash equivalents		53,351		53,938	
Trade receivables		21,262		22,140	
Prepaid expenses		2,642		2,245	
Other receivables		3,910		3,843	
Inventories		27,863		30,176	
Total current assets		**109,028**	**50.5%**	**112,342**	**52.3%**
Property, plant and equipment		64,878		64,840	
Right-of-use assets		13,100		11,066	
Financial assets	10	3,460		3,445	
Equity-accounted investees		3,032		3,214	
Intangible assets		17,181		14,271	
Goodwill		5,404		5,737	
Deferred tax assets		5		–	
Total non-current assets		**107,060**	**49.5%**	**102,573**	**47.7%**
Total assets		**216,088**	**100.0%**	**214,915**	**100.0%**
Liabilities					
Trade payables		7,498		8,802	
Accrued expenses		3,120		4,320	
Employee benefits		4,800		4,393	
Lease liabilities		1,802		1,387	
Other liabilities		5,521		2,198	
Total current liabilities		**22,741**	**10.5%**	**21,100**	**9.8%**
Employee benefits		22,945		21,316	
Lease liabilities		11,679		9,978	
Deferred tax liabilities		–		2,088	
Total non-current liabilities		**34,624**	**16.0%**	**33,382**	**15.6%**
Total liabilities		**57,365**	**26.5%**	**54,482**	**25.4%**
Equity					
Share capital		1,529		1,514	
Capital reserve		143,692		144,530	
Treasury shares reserve		(1,735)		(5,137)	
Translation reserve		(666)		1,022	
Revaluation reserve		2,335		1,856	
Retained earnings		13,568		16,648	
Total equity, attributable to owners of Sensirion Holding AG	9	**158,723**	**73.5%**	**160,433**	**74.6%**
Total liabilities and equity		**216,088**	**100.0%**	**214,915**	**100.0%**

The notes on pages 13 to 21 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Changes in Equity

In thousands of CHF	Share capital	Capital reserve	Treasury shares reserve	Translation reserve	Revaluation reserve	Retained earnings	Total equity
	Attributable to owners of Sensirion Holding AG						
Balance at 1 January 2018 (as reported)	**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)
Transactions with 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**
Balance at 1 January 2019 (as reported)	**1,514**	**144,530**	**(5,137)**	**1,022**	**1,856**	**16,648**	**160,433**
Profit (loss) for the period	–	–	–	–	–	(1,866)	(1,866)
Other comprehensive income for the period	–	–	–	(1,688)	479	(1,214)	(2,423)
Total comprehensive income for the period	**–**	**–**	**–**	**(1,688)**	**479**	**(3,080)**	**(4,289)**
Capital increases	15	**–**	–	–	–	–	15
Transactions with treasury shares	–	(3,402)	3,402	–	–	–	–
Equity-settled share-based payment transactions	–	2,564	–	–	–	–	2,564
Transactions with owners – contributions and distributions	**15**	**(838)**	**3,402**	**–**	**–**	**–**	**2,579**
Balance at 30 June 2019	**1,529**	**143,692**	**(1,735)**	**(666)**	**2,335**	**13,568**	**158,723**

The notes on pages 13 to 21 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	2019	2018
Cash flows from operating activities		
Profit (loss) for the period	**(1,866)**	**(1,967)**
Adjustments for:		
– Depreciation, amortization, and impairment	7,416	7,331
– Loss (gain) on sale of intangible assets and property, plant and equipment and asset held for sale	(11)	(565)
– Other non-cash expense (income)	(774)	741
– Net finance costs	709	707
– Share of loss (profit) of equity-accounted investees, net of tax	182	138
– Equity-settled share-based payment transactions	2,674	4,275
– Tax expense (income)	(982)	369
Changes in:		
– Trade and other receivables	811	(3,018)
– Prepaid expenses	(397)	(786)
– Inventories	2,313	(239)
– Trade and other payables	2,019	7,958
– Accrued expenses	(1,200)	635
– Employee benefits	393	(281)
Interest and bank charges paid	(36)	(322)
Income taxes paid	(90)	(95)
Short-term lease payments and payments for leases of low-value assets not included in the measurement of the lease liability	(78)	(40)
Net cash from operating activities	**11,083**	**14,841**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(5,440)	(4,672)
Proceeds from sale of property, plant and equipment	11	741
Repayment of contingent consideration	–	3,724
Acquisition of financial assets	–	(163)
Acquisition of intangible assets	(3,562)	(752)
Development expenditure	(1,139)	(1,121)
Net cash from investing activities	**(10,130)**	**(2,243)**
Cash flows from financing activities		
Payment of lease liabilities	(1,102)	(874)
Proceeds from issue of share capital	15	93,169
Transaction costs related to issue of share capital	–	(1,700)
Repayment of loans and borrowings	–	(67,560)
Repurchase of treasury shares and participation certificates	–	(66)
Net cash from financing activities	**(1,087)**	**22,969**
Net change in cash and cash equivalents	**(134)**	**35,567**
Cash and cash equivalents at 1 January	53,938	9,393
Effect of movements in exchange rates on cash held	(453)	83
Cash and cash equivalents at 30 June	**53,351**	**45,043**

The notes on pages 13 to 21 are an integral part of these consolidated 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 manufacturers of digital microsensors and microsystems. 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 unaudited 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 2018. 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.

These interim financial statements were authorized for issue by the Board of Directors on 20 August 2019.

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.

3.1 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 9.

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 2018.

A number of new requirements – such as IFRIC 23 *Uncertainty over Income Tax Treatments* – are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements. 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 2019.

5 Segment Reporting and Disaggregation of Revenue

5.1 Basis for Segmentation

The Group operates in one industry segment that 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 and Disaggregation of Revenue

In thousands of CHF, for the six months ended 30 June, and as % of revenue	2019		2018	
Revenue – Geographic information by countries				
Switzerland	1,926	2.3 %	1,859	2.1 %
Germany	15,308	18.2 %	15,779	17.5 %
USA	15,256	18.2 %	15,442	17.1 %
South Korea	11,332	13.5 %	11,240	12.5 %
China	9,570	11.4 %	12,472	13.8 %
Australia	6,864	8.2 %	8,214	9.1 %
Other foreign countries	23,632	28.2 %	25,197	27.9 %
Total	**83,888**	**100.0 %**	**90,203**	**100.0 %**

In thousands of CHF, for the six months ended 30 June, and as % of revenue	2019		2018	
Revenue – Geographic information by regions				
APAC	37,411	44.6 %	42,902	47.6 %
EMEA	28,605	34.1 %	28,854	32.0 %
Americas	17,872	21.3 %	18,447	20.4 %
Total	**83,888**	**100.0 %**	**90,203**	**100.0 %**

In thousands of CHF, and as % of revenue	30 Jun 2019		31 Dec 2018	
Non-current assets – Geographic information				
Switzerland	82,078	79.2 %	78,372	79.0 %
South Korea	16,131	15.6 %	17,199	17.3 %
China	4,761	4.6 %	3,189	3.2 %
USA	460	0.4 %	359	0.4 %
Other foreign countries	165	0.2 %	9	< 0.1 %
Total	**103,595**	**100.0 %**	**99,128**	**100.0 %**

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

As 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	2019		2018	
Revenue – per end market				
Automotive	24,940	29.7 %	29,040	32.2 %
Medical	17,261	20.6 %	17,854	19.8 %
Industrial	34,960	41.7 %	36,528	40.5 %
Consumer	6,727	8.0 %	6,781	7.5 %
Total	**83,888**	**100.0 %**	**90,203**	**100.0 %**

6 Adjusted EBITDA

Management uses EBITDA and Adjusted EBITDA as key performance indicators because it believes that 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 loss (profit) 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 the IPO Loyalty Share Program, including social security expenses, expenses on social security relating to the gain in excess of formula value that were incurred in the course of the unification of the share capital prior to the initial public offering, and other costs related to the initial public offering.

The same definition of Adjusted EBITDA is applied as in the latest consolidated financial statements for the year ended 31 December 2018. In addition, the definition is consistent with the one in the IPO prospectus of 2018. The comparative information for the six months ended 30 June 2018 is presented accordingly.

In thousands of CHF, for the six months ended 30 June	**2019**	**2018**
Reconciliation of profit (loss) to Adjusted EBITDA for the period		
Profit (loss) for the period	**(1,866)**	**(1,967)**
Net interest expenses	216	412
Income taxes	(982)	369
Depreciation	5,328	5,530
Amortization	2,088	1,801
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**4,784**	**6,145**
Adjusted for:		
– Net finance costs excluding net interest expenses	493	295
– Share of loss (profit) of equity-accounted investees, net of tax	182	138
– IPO Loyalty Share Program, including social security expenses	2,928	5,087
– Expenses on social security relating to the gain in excess of formula value	–	697
– Costs related to initial public offering	–	3,044
Adjusted earnings before interest, taxes, depreciation, and amortization (Adjusted EBITDA)	**8,387**	**15,406**

7 Earnings per Registered Share

The weighted-average number of registered shares for the period ended 30 June 2019 for the purpose of calculating both basic and diluted earnings per registered share amounts to 15,057,974 (30 June 2018: 13,680,714).

8 Share Based Payment Arrangement

8.1 IPO Loyalty Share Program (Equity-Settled and Cash-Settled)

In March 2018, the Group established a program under which restricted share units (RSU) were 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 had not resigned by 31 December 2018 or if the Group had 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. 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 2018, reference is made to note 17 of the Company's last annual consolidated financial statements for the year ended 31 December 2018.

At 30 June 2019, the Group has recognized an employee benefits liability for the IPO Loyalty Share Program of the reporting period based on its obligation to its employees. At the end of the reporting period 2019, all liabilities out of the IPO Loyalty Share Program will be recognized in employee benefits expenses (approx. CHF 5.8 million in 2019, CHF 16.2 million in 2018).

9 Equity

9.1 Share Capital

In 2019, the Company increased its share capital from its conditional capital by CHF 15,000. At 30 June 2019, the share capital of Sensirion Holding AG is composed of 15,292,984 (31 December 2018: 15,140,172) registered shares with a nominal value of CHF 0.10 each.

9.2 Dividends

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

10 Financial Instruments

10.1 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 2019	Carrying amount				Fair value			
In thousands of CHF	Financial assets at amortized cost	FVOCI – equity instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity securities	–	3,460	–	**3,460**	–	–	3,460	**3,460**
Total financial assets measured at fair value	**–**	**3,460**	**–**	**3,460**	**–**	**–**	**3,460**	**3,460**
Financial assets not measured at fair value								
Trade receivables	21,262	–	–	**21,262**	–	–	–	**–**
Cash and cash equivalents	53,351	–	–	**53,351**	–	–	–	**–**
Total financial assets not measured at fair value	**74,613**	**–**	**–**	**74,613**	**–**	**–**	**–**	**–**
Financial liabilities not measured at fair value								
Trade payables	–	–	7,498	**7,498**	–	–	–	**–**
Lease liabilities	–	–	13,481	**13,481**	–	13,650	–	**13,650**
Total financial liabilities not measured at fair value	**–**	**–**	**20,979**	**20,979**	**–**	**13,650**	**–**	**13,650**

As of 31 December 2018	Carrying amount				Fair value			
In thousands of CHF	Financial assets amortized cost	FVOCI – equity instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity securities	–	3,445	–	**3,445**	–	–	3,445	**3,445**
Total financial assets measured at fair value	**–**	**3,445**	**–**	**3,445**	**–**	**–**	**3,445**	**3,445**
Financial assets not measured at fair value								
Trade receivables	22,140	–	–	**22,140**	–	–	–	**–**
Cash and cash equivalents	53,938	–	–	**53,938**	–	–	–	**–**
Total financial assets not measured at fair value	**76,078**	**–**	**–**	**76,078**	**–**	**–**	**–**	**–**
Financial liabilities not measured at fair value								
Trade payables	–	–	8,802	**8,802**	–	–	–	**–**
Lease liabilities	–	–	11,365	**11,365**	–	11,692	–	**11,692**
Total financial liabilities not measured at fair value	**–**	**–**	**20,167**	**20,167**	**–**	**11,692**	**–**	**11,692**

10.2 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 securities	*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 2019: 1.2 % / 31 December 2018: 1.2 %) – Forecast average EBITDA (30 June 2019: CHF 2,306 thousand / CHF 2,979 thousand, 31 December 2018: CHF 2,139 thousand / CHF 2,458 thousand) – Risk-adjusted discount rate (2019: 10.0 % / 36.3 %, 2018: 10.0 % / 36.3 %)	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	2019 Equity securities	2018 Equity securities
Balance at 1 January	**3,445**	**3,328**
Acquisition of capital	–	163
Profit (loss) recognized in other comprehensive income	15	(254)
Balance at 30 June	**3,460**	**3,237**

11 Subsequent Events

No events took place between 30 June 2019 and 21 August 2019 that would require adjustments to the carrying amounts of the assets or liabilities in these condensed consolidated interim financial statements or would need to be disclosed here.

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 (as recorded in the commercial register)	15,292,984
Nominal value	CHF 0.10
Accounting standard	IFRS (International Financial Reporting Standard)

Financial Calendar

10 March 2020	Financial Year 2019 Results and Annual Report
11 May 2020	Annual General Meeting 2020

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