

# Melexis

INSPIRED ENGINEERING



## HALF-YEAR REPORT 2023

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## 1

# COMMENTS ON THE CONDENSED CONSOLIDATED INTERIM ACCOUNTS PREPARED ACCORDING TO IFRS STANDARDS AS ADOPTED BY THE EU

## 1.1 SELECTED FINANCIAL FIGURES

The tables below set out the components of Melexis' operating income and operating expenses, as well as the key elements of the condensed consolidated interim statement of financial position.

### Condensed consolidated interim income statement

in EUR

	Half year ended 30/06/2023	Half year ended 30/06/2022
<b>Total sales</b>	<b>465,251,318</b>	<b>392,472,583</b>
Cost of sales	(251,191,328)	(215,679,644)
<b>Gross margin</b>	<b>214,059,991</b>	<b>176,792,939</b>
Research and development expenses	(50,468,413)	(42,545,727)
General and administrative expenses	(24,290,958)	(19,494,249)
Selling expenses	(10,727,257)	(7,635,414)
<b>Operating result (EBIT)</b>	<b>128,573,362</b>	<b>107,117,550</b>
Financial result (net)	(2,319,929)	10,209,512
<b>Result before taxes</b>	<b>126,253,433</b>	<b>117,327,062</b>
Income taxes	(23,437,368)	(21,122,355)
<b>Net result of the period</b>	<b>102,816,065</b>	<b>96,204,706</b>
Net profit of the Group	102,816,065	96,204,706
Attributable to owners of the parent	102,816,065	96,204,706



## Condensed consolidated interim statement of financial position

in EUR

	Half year ended 30/06/2023	Year ended 31/12/2022
Current assets	405,620,068	407,735,150
Non-current assets	333,286,023	172,497,818
Current liabilities	100,241,006	88,079,092
Non-current liabilities	142,906,975	10,070,647
Equity	495,758,110	482,083,231

## 1.2 EXCHANGE RATES

Since the introduction of the euro on 1 January 1999, and in accordance with Belgian law, Melexis NV keeps its books and prepares its consolidated financial statements in euro. The functional currency of its subsidiaries is as follows:

Melexis Inc.	<b>USD</b>
Melexis GmbH	<b>EUR</b>
Melexis Bulgaria EOOD	<b>BGN</b>
Melexis Ukraine	<b>UAH</b>
Melexis Technologies SA	<b>CHF</b>
Melexis NV/BO France	<b>EUR</b>
Melefin NV	<b>EUR</b>
Melexis Technologies NV	<b>EUR</b>
Melexis NV/BO Philippines	<b>PHP</b>
K.K. Melexis Japan Technical Research Center	<b>JPY</b>
Melexis Electronic Technology (Shanghai) Co., Ltd	<b>CNY</b>
Melexis (Malaysia) Sdn. Bhd.	<b>MYR</b>
Melexis Technologies NV/BO Malaysia	<b>MYR</b>
Melexis Dresden GmbH	<b>EUR</b>
Melexis France SAS	<b>EUR</b>
Melexis Korea Yuhan Hoesa	<b>KRW</b>

Assets and liabilities of Melexis Inc., Melexis Technologies SA, Melexis Ukraine, Melexis Bulgaria EOOD, Melexis NV/BO Philippines, Melexis Electronic Technology (Shanghai) Co., Ltd, Melexis Technologies NV/BO Malaysia, Melexis (Malaysia) Sdn. Bhd., Melexis Korea Yuhan Hoesa and K.K. Melexis Japan Technical Research Center are translated at exchange rates at the end of the reporting period. Revenues and expenses are translated at the average exchange rate during the period. Equity components have been translated at historical exchange rates. Gains or losses resulting from this translation are reflected in the component 'cumulative translation adjustment' (CTA) in the statement of financial position.

## 1.3 RESULT OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations should be read in conjunction with the company's financial statements of prior years.

### Revenues

Total sales amounted to EUR 465,251,318, an increase of 19% compared to the first half year of 2022. Sales to automotive customers represented 91% of sales in the first half of 2023. ASSP sales represented 76% of all sales.

The increase in sales is driven by strong demand and order intake. Customer price increases also had a material impact on revenue growth in the first half year. The outperforming product lines were current sensors, embedded motor drivers, magnetic sensors and embedded lighting.

#### Cost of sales

Cost of sales consists of materials (raw material and semi-finished parts), subcontracting, labor, depreciation and other direct production expenses. They increased from EUR 215,679,644 in the first half year of 2022 to EUR 251,191,328 in the first half year of 2023, mainly due to wafer price increases. Expressed as a percentage of sales, the cost of sales was 54% in the first half year of 2023, compared to 55% in the first half year of 2022.

#### Gross margin

The gross margin, expressed as a percentage of sales, increased from 45.0% in the first half year of 2022 to 46.0% in the first half year of 2023, mainly because of sales leverage and customer price increases.

#### Research and development expenses

Research and development expenses amounted to EUR 50,468,413 in the first half year of 2023, representing 10.8% of sales. The main research and development activities focused on magnetic sensors, inductive sensors, pressure sensors, temperature sensors, optical sensors, sensor interfaces, embedded drivers, embedded lighting and smart drivers.

#### General, administrative and selling expenses

General, administrative and selling expenses consist mainly of salaries and salary related expenses, office equipment and related expenses, commissions and advertising expenses. The general, administrative and selling expenses increased by 29% compared to the first half year of 2022, mainly as a result of increased sales.

#### Financial result

The net financial result amounted to EUR 2,319,929 loss in the first half of 2023 compared to EUR 10,209,512 profit in the first half of 2022. In the first half of 2022, the fair value of our inflation swaps resulted in an unrealized financial gain of EUR 13,188,634. In the first half of 2023, the remainder of the inflation swaps was sold for a total of EUR 11,154,000.

The (net) interest result changed from a loss of EUR 266,218 in the first half year of 2022 to a loss of EUR 918,296 in the first half of 2023.

The net exchange results (both realized and unrealized) in the first half year of 2023 amounted to a loss of EUR 510,734, compared to a loss of EUR 2,728,027 in the first half year of 2022.

#### Net income

There was an increase in net income from EUR 96,204,706 in the first half of 2022 to EUR 102,816,065 in the first half of 2023, mainly due to higher sales.

## 1.4 LIQUIDITY, WORKING CAPITAL AND CAPITAL RESOURCES

Cash and cash deposits amounted to EUR 35,709,575 as of 30 June 2023, in comparison to EUR 85,080,008 as of 31 December 2022.

In the first half year of 2023, operating cash flow before working capital changes amounted to EUR 152,088,595 compared to EUR 139,150,388 in the first half year of 2022. Net operating cash flow including working capital changes amounted to EUR -68,401,459, compared to EUR 77,412,629 in the first half year of 2022. The decrease in net operating cash flow was mainly impacted by the increase in other non-current assets, related to operational advance payments to an important supplier.

The cash flow from investing activities was negative for an amount of EUR 26,807,069, mainly as a result of investments in fixed assets (mostly infrastructure, machinery and test equipment under construction), partially compensated by the sale of the inflation swaps.

The cash flow from financing activities amounted to EUR 46,266,755, mainly driven by the proceeds of long-term debt, partially compensated by the dividend payment.

## 1.5 RISK FACTORS

Melexis, as any company, is continuously confronted with a number of market and competition risks or more specific risks related to the company (including but not limited to currency fluctuations, customer concentration, dependence on key personnel, product liability, IP or litigation). More information on risk factors can be found in the annual report 2022.

Melexis believes that the most noteworthy risks that the company is facing for the coming half year would be the volatility in supply and demand, geopolitical tensions and inflationary pressures.

## 1.6 EVENTS AFTER THE BALANCE SHEET DATE

There are no events after the balance sheet date that have a material impact on the condensed consolidated interim financial statements per 30 June 2023.

## 1.7 STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Melexis certifies, on behalf and for the account of the company, that, to their knowledge,

- a. the condensed consolidated interim financial statements which have been prepared in accordance with International Financial Reporting Standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the entities included in the consolidation as a whole and
- b. the comments on the consolidated accounts include a fair review of the development and performance of the business and the position of the company and the entities included in the consolidation as a whole, together with a description of the principal risks and uncertainties they face.

## 2

# UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 2.1 CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

in EUR

			Half year ended 30/06/2023	Year ended 31/12/2022
<b>ASSETS</b>				
Current assets	Cash and cash equivalents	Note 2.6.5 A	35,709,575	85,080,008
	Current investments, derivatives	Note 2.6.5 B	–	12,500,754
	Accounts receivable - trade	Note 2.6.5 C	133,068,820	107,547,507
	Accounts receivable - related companies	Note 2.6.5 D	1,253,318	1,285,880
	Assets for current tax	Note 2.6.5 E	581,081	1,593,576
	Inventories	Note 2.6.5 F	212,759,105	179,648,793
	Other current assets	Note 2.6.5 G	22,248,169	20,078,633
<b>Total current assets</b>			<b>405,620,068</b>	<b>407,735,150</b>
Non-current assets	Deferred tax assets	Note 2.6.5 H	29,735,662	27,832,233
	Other non-current assets	Note 2.6.5 D	141,512,525	2,369,107
	Property, plant and equipment	Note 2.6.5 I	155,785,864	135,078,652
	Intangible assets	Note 2.6.5 J	2,513,632	3,049,458
	Leased assets	Note 2.6.5 K	3,738,339	4,168,369
<b>Total non-current assets</b>			<b>333,286,023</b>	<b>172,497,819</b>
<b>TOTAL ASSETS</b>			<b>738,906,091</b>	<b>580,232,969</b>

in EUR

			Half year ended 30/06/2023	Year ended 31/12/2022
<b>LIABILITIES</b>				
Current liabilities	Derivative financial instruments	Note 2.6.5 B	358,605	—
	Lease liabilities	Note 2.6.5 K	893,547	1,709,951
	Accounts payable - trade	Note 2.6.5 L	31,360,223	28,728,082
	Accounts payable - related companies	Note 2.6.5 D	33,895,382	26,195,316
	Short-term employee benefits accruals	Note 2.6.5 M	17,767,352	21,103,825
	Accrued taxes	Note 2.6.5 N	3,571,136	1,283,753
	Other current liabilities	Note 2.6.5 O	7,599,579	5,105,614
	Deferred income	Note 2.6.5 P	4,795,182	3,952,550
<b>Total current liabilities</b>			<b>100,241,006</b>	<b>88,079,092</b>
Non-current liabilities	Long-term debt less current portion	Note 2.6.5 R	134,967,605	—
	Lease liabilities	Note 2.6.5 K	2,910,495	2,538,904
	Other non-current liabilities	Note 2.6.5 Q	4,904,000	4,272,000
	Deferred tax liabilities	Note 2.6.5 H	124,874	3,259,743
<b>Total non-current liabilities</b>			<b>142,906,975</b>	<b>10,070,647</b>
Equity:	Shareholders' capital		564,814	564,814
	Legal reserve		56,520	56,520
	Retained earnings		499,177,736	485,241,671
	Cumulative translation adjustment		(4,041,370)	(3,780,184)
<b>Equity attributable to company owners</b>			<b>495,757,700</b>	<b>482,082,821</b>
	Non-controlling interest		410	410
<b>Total equity</b>			<b>495,758,110</b>	<b>482,083,231</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>738,906,091</b>	<b>580,232,969</b>

The accompanying notes to this interim statement of financial position form an integral part of these condensed consolidated interim financial statements.



## 2.2 CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS

in EUR

	Half year ended 30/06/2023	Half year ended 30/06/2022
<b>Total sales</b>	<b>465,251,318</b>	<b>392,472,583</b>
Cost of sales	(251,191,328)	(215,679,644)
<b>Gross margin</b>	<b>214,059,991</b>	<b>176,792,939</b>
Research and development expenses	(50,468,413)	(42,545,727)
General and administrative expenses	(24,290,958)	(19,494,249)
Selling expenses	(10,727,257)	(7,635,414)
<b>Result from operations (EBIT)</b>	<b>128,573,362</b>	<b>107,117,550</b>
Financial income	4,393,085	15,963,081
Financial charges	(6,713,014)	(5,753,569)
<b>Result before taxes</b>	<b>126,253,433</b>	<b>117,327,062</b>
Income taxes	(23,437,368)	(21,122,355)
<b>Net result of the period</b>	<b>102,816,065</b>	<b>96,204,706</b>
Earnings per share non-diluted	2.54	2.38
Earnings per share diluted	2.54	2.38

The accompanying notes to this condensed consolidated interim income statement form an integral part of these condensed consolidated interim financial statements.

## 2.3 CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

in EUR

	Half year ended 30/06/2023	Half year ended 30/06/2022
Net result	102,816,065	96,204,706
<b>Other comprehensive income</b>		
<b>Recyclable components</b>		
Cumulative translation adjustment	(261,186)	1,679,039
<b>Total other comprehensive income/(loss) for the period, net of related tax effects</b>	<b>(261,186)</b>	<b>1,679,039</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>102,554,879</b>	<b>97,883,745</b>
<b>Total comprehensive income attributable to owners of the parent</b>	<b>102,554,879</b>	<b>97,883,745</b>

## 2.4 CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

in EUR

	Number of shares	Share capital	Legal reserve	Retained earnings	CTA	Non-controlling interest	Total equity
<b>31 December 2021</b>	<b>40,400,000</b>	<b>564,814</b>	<b>56,520</b>	<b>393,129,007</b>	<b>(4,694,303)</b>	<b>410</b>	<b>389,056,448</b>
Net income		–	–	96,204,706	–	–	96,204,706
CTA movement		–	–	–	1,679,039	–	1,679,039
Dividends		–	–	(52,520,000)	–	–	(52,520,000)
<b>30 June 2022</b>	<b>40,400,000</b>	<b>564,814</b>	<b>56,520</b>	<b>436,813,713</b>	<b>(3,015,263)</b>	<b>410</b>	<b>434,420,193</b>
Net income		–	–	100,947,958	–	–	100,947,958
CTA movement		–	–	–	(764,920)	–	(764,920)
Dividends		–	–	(52,520,000)	–	–	(52,520,000)
<b>31 December 2022</b>	<b>40,400,000</b>	<b>564,814</b>	<b>56,520</b>	<b>485,241,671</b>	<b>(3,780,184)</b>	<b>410</b>	<b>482,083,231</b>
Net income		–	–	102,816,066	–	–	102,816,066
CTA movement		–	–	–	(261,186)	–	(261,186)
Dividends		–	–	(88,880,000)	–	–	(88,880,000)
<b>30 June 2023</b>	<b>40,400,000</b>	<b>564,814</b>	<b>56,520</b>	<b>499,177,736</b>	<b>(4,041,370)</b>	<b>410</b>	<b>495,758,110</b>

## 2.5 CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

in EUR

		Half year ended 30/06/2023	Half year ended 30/06/2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net result		102,816,065	96,204,706
<b>Adjustments for operating activities</b>			
Unrealized financial result		1,010,041	(9,287,375)
Other provisions		631,244	4,148,000
Deferred income		842,632	1,243,253
Depreciation and amortization		21,844,963	22,781,878
Depreciations leased assets		925,947	910,824
Financial result		580,334	2,026,746
Income tax expense/income		23,437,368	21,122,355
<b>Operating cash flow before working capital changes</b>		<b>152,088,595</b>	<b>139,150,388</b>
Accounts receivable, net		(25,598,942)	(20,477,925)
Other current assets		(2,201,330)	(8,730,319)
Other non-current assets		(139,143,471)	213,431
Due to related companies	Note 2.6.5 D	7,700,066	8,534,894
Due from related companies	Note 2.6.5 D	32,562	4,120,908
Accounts payable		2,678,223	737,002
Short-term employee benefits accruals		(3,310,928)	(3,030,627)
Other current liabilities		2,585,365	2,523,673
Inventories		(36,825,673)	(26,411,366)
<b>Cash generated from operations</b>		<b>(41,995,533)</b>	<b>96,630,060</b>
Interest paid		(1,215,406)	(58,586)
Income tax paid		(25,190,520)	(19,158,845)
<b>Net cash from operating activities</b>		<b>(68,401,459)</b>	<b>77,412,629</b>

		Half year ended 30/06/2023	Half year ended 30/06/2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	Note 2.6.5 I	(38,769,223)	(15,343,378)
Purchase of intangible assets		(323,010)	(277,345)
Interests received		656,518	2,302
Investments, proceeds from current investments		11,628,646	—
<b>Net cash used in investing activities</b>		<b>(26,807,069)</b>	<b>(15,618,422)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment leasings		(370,547)	(884,171)
Proceeds of long-term debts		134,967,605	—
Impact of exchange results on financing items		549,696	(4,087,828)
Dividend payment		(88,880,000)	(52,520,000)
<b>Net cash used in financing activities</b>		<b>46,266,755</b>	<b>(57,491,999)</b>
Effect of exchange rate changes on cash and cash equivalents		(428,659)	16,956
(Decrease) increase in cash		(49,370,433)	4,319,164
<b>Cash at beginning of the period</b>		<b>85,080,008</b>	<b>34,950,394</b>
<b>Cash at end of the period (Note 2.6.5 A)</b>		<b>35,709,575</b>	<b>39,269,557</b>

The accompanying notes to this interim statement of cash flows form an integral part of the condensed consolidated interim financial statements.



## 2.6 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 2.6.1 Company information

Melexis is a limited liability company incorporated under Belgian law. The company has been operating since 1988. The company designs, develops, tests and markets advanced integrated semiconductor devices mainly for the automotive industry. The company sells its products to a wide customer base in the automotive industry in Europe, Asia and North America.

The Melexis Group of companies employed, on average (in FTE) 1,885 people at the end of June in 2023 and 1,649 at the end of June in 2022.

The registered office address of the company is located at Rozendaalstraat 12, 8900 Ieper, Belgium. The company is listed on Euronext.

The consolidated statements were authorized for issue by the Board of Directors subsequent to their meeting held on 16 August 2023 in Tessenderlo.

### 2.6.2 Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the company for the year ended 31 December 2022. Melexis has not applied early any new IFRS requirements that are not yet effective in 2023.

### 2.6.3 Summary of significant accounting policies

The accounting policies applied, computation and presentation are consistent with those applied in the annual consolidated financial statements ended 31 December 2022, except as described below.

During the current financial year, the company has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, that are relevant to its operations and effective as per 30 June 2023. The Group has not applied new IFRS

requirements that are not yet effective as per 30 June 2023.

The following new standard and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2023 and have been endorsed by the European Union:

**1. IFRS 17 'Insurance contracts' (effective 1 January 2023).** This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. On 17 March 2020, IASB decided to defer the effective date to annual reporting periods beginning on or after 1 January 2023. The endorsement includes the amendments issued by the Board in June 2020, which are aimed at helping companies implement the Standard and making it easier for them to explain their financial performance.

The EU regulation provides an optional exemption from applying the annual cohort requirement that relates to the timing of the recognition of the profit in the contract, the contractual service margin, in profit or loss. Entities making use of the exemption are not applying IFRSs as issued by the IASB and need to disclose the fact.

**2. Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective 1 January 2023).** The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The IAS 1 amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).

**3. Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective 1 January 2023).** The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how

companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).

**4. Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023 but immediate application permitted).** The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in the amendments is an exemption from the initial recognition exemption of IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.

**5. Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective 1 January 2023).** The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

The following amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2023 and have not been endorsed by the European Union:

**1. Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as current or non-current' (effective 01/01/2024),** affect only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- Clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the

reporting period" should affect the classification of a liability;

- Clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
- Clarify how conditions with which an entity must comply within 12 months after the reporting period, such as covenants, affect the corresponding liability's classification.

**2. Amendments to IFRS 16 'Leases': Lease Liability in a Sale and Leaseback (effective 1 January 2024).** The amendments explain how an entity accounts for a sale and leaseback after the date of the transaction, specifically where some or all the lease payments are variable lease payments that do not depend on an index or rate. They state that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use it retains. Any gains and losses relating to the full or partial termination of a lease continue to be recognized when they occur as these relate to the right of use terminated and not the right of use retained.

**3. Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures': Supplier Finance Arrangements (effective 1 January 2024).** The amendment describes the characteristics for which reporters will have to provide additional disclosures regarding the impact of supplier finance arrangements on liabilities, cash flows and exposure to liquidity risk.

The following standard is mandatory since the financial year beginning 1 January 2016 (however not yet subjected to EU endorsement). The European Commission has decided not to launch the endorsement process of this interim standard but to wait for the final standard:

**1. IFRS 14, 'Regulatory deferral accounts' (effective 1 January 2016).** It concerns an interim standard on the accounting for certain balances that arise from rate-regulated activities. IFRS 14 is only applicable to entities that apply IFRS 1 as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement,

impairment and derecognition of regulatory deferral accounts. The interim standard also provides guidance on selecting and changing accounting policies (on first-time adoption or subsequently) and on presentation and disclosure.

At any time, management aims at providing a fair representation of the financial statements to its stakeholders according to IFRS legislation. In case of

changes in IFRS legislation that materially impact, but are not yet adopted by Melexis, management ensures timely disclosure of the impact on Melexis' financial statements. There is no impact expected.

The Group elected not to adopt early the new Standards, Interpretations and Amendments, which have been issued but are not yet effective as per 30 June 2023.

## 2.6.4 Changes in Group's organization

There have been no changes in the Group structure in the first half of 2023.

## 2.6.5 Notes

### A. CASH AND CASH EQUIVALENTS

in EUR

	Half year ended 30/06/2023	Year ended 31/12/2022
Cash at bank and in hand	35,709,575	85,080,008
<b>Total</b>	<b>35,709,575</b>	<b>85,080,008</b>

### B. DERIVATIVES

#### Notional amounts

The following table presents the evolution of the aggregate notional amounts of the Group's outstanding derivative financial instruments:

		Half year ended 30/06/2023	Year ended 31/12/2022
Outstanding FX hedge contracts, not exceeding 1 year	USD	50,000,000	50,000,000
Outstanding inflation hedge contracts, exceeding 1 year	EUR	—	30,000,000

FX hedge contracts are entered into in order to hedge (part of) the outstanding balance sheet exposure in foreign currency (USD) while inflation hedge contracts are used to hedge Belgian salary payments. All inflation swaps were sold in the first half of 2023.

#### Fair value

The fair value of derivatives is based upon mark to market valuations. All derivative financial instruments are measured at fair value derived from level 2 input criteria. For FX swaps, this is calculated using the forward rate of the appropriate currency pair on 30 June.

The following table presents an overview of the fair value of outstanding derivatives, classified as an asset under Current investments, Derivatives:

*Fair value in EUR*

<b>Assets</b>	<b>Half year ended 30/06/2023</b>	<b>Year ended 31/12/2022</b>
Outstanding FX hedge contracts - level 2	–	69,522
Outstanding inflation swaps - level 2	–	12,431,231
<b>Total, classified under current investment</b>	<b>–</b>	<b>12,500,754</b>

The following table presents an overview of the fair value of outstanding derivatives, classified as a liability under Derivative financial instruments:

*Fair value in EUR*

<b>Liabilities</b>	<b>Half year ended 30/06/2023</b>	<b>Year ended 31/12/2022</b>
Outstanding FX hedge contracts - level 2	358,605	–
<b>Total, classified under derivative financial instruments</b>	<b>358,605</b>	<b>–</b>

As of 30 June 2023, there were no outstanding derivatives for which hedge accounting was applied as defined under IFRS 9. As a result, no changes in the fair value of hedging instruments were recognized in a hedging reserve.

The purchase commitments of the group, as disclosed in note 2.6.5 T, are not accounted for under IFRS 9 as the settlement will be in wafers and not in cash or another financial instrument.

## C. TRADE RECEIVABLES

Trade receivables are measured at fair value and are subsequently measured at amortized cost, less allowance for credit losses. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

in EUR

	Half year ended 30/06/2023	Year ended 31/12/2022
Trade accounts receivable	133,130,198	107,608,885
Allowance for doubtful accounts	(61,378)	(61,378)
<b>Total</b>	<b>133,068,820</b>	<b>107,547,507</b>

As of 30 June 2023, trade receivables of EUR 17,533,610 were past due.

The aging analysis of these receivables, is as follows:

in EUR

	Half year ended 30/06/2023	Year ended 31/12/2022
Not due	115,535,210	93,363,617
<30 days	9,970,297	12,179,383
>30 <60 days	2,164,064	872,911
>60 days	5,399,249	1,131,596
<b>Total</b>	<b>133,068,820</b>	<b>107,547,507</b>

In the following aging analysis, the distinction is made between the receivables for which an allowance for doubtful accounts is made and the receivables for which no allowance for doubtful accounts is needed:

in EUR

30 June 2023	Allowance for doubtful accounts	No allowance for doubtful accounts	Total receivables
Not due	—	115,535,210	115,535,210
<30 days	—	9,970,297	9,970,297
>30 <60 days	—	2,164,064	2,164,064
>60 days	(61,378)	5,460,627	5,399,249
<b>Total</b>	<b>(61,378)</b>	<b>133,130,198</b>	<b>133,068,820</b>

The credit control department reviews on a regular basis the outstanding balances of customers. When there is a significant increase in the credit risk of a customer, an allowance for doubtful accounts is made. The analysis of the increased credit risk is performed according to the credit loss model of IFRS 9. The output of the analysis did not result in material amounts to be accounted for.

Melexis uses an early warning system to detect potential bad debtors. In this system, the most recent available financial information of the customer (with focus on credit ratios) is combined with an analysis of their (future) order and payment



behavior. The analysis is done on a weekly basis and thoroughly investigated by the credit control team. No additional impairment or credit losses needed to be taken in the first half year of 2023.

## D. RELATED PARTIES

### 1. Shareholder structure and identification of major related parties

Melexis NV is the parent company of the Melexis Group that includes following entities and branches which have been consolidated:

<b>Melexis Inc.</b>	US entity
<b>Melexis GmbH</b>	German entity
<b>Melexis Bulgaria EOOD</b>	Bulgarian entity
<b>Melexis Ukraine</b>	Ukrainian entity
<b>Melexis Technologies SA</b>	Swiss entity
<b>Melexis NV/BO France</b>	French branch
<b>Melefin NV</b>	Belgian entity
<b>Melexis Technologies NV</b>	Belgian entity
<b>Melexis NV/BO Philippines</b>	Philippine branch
<b>K.K. Melexis Japan Technical Research Center</b>	Japanese entity
<b>Melexis Electronic Technology (Shanghai) Co., Ltd</b>	Chinese entity
<b>Melexis (Malaysia) Sdn. Bhd.</b>	Malaysian entity
<b>Melexis Technologies NV/BO Malaysia</b>	Malaysian branch
<b>Melexis Dresden GmbH</b>	German entity
<b>Melexis France SAS</b>	French entity
<b>Melexis Korea Yuhan Hoesa</b>	South Korean entity

- Xtrion NV owns 50% + 1 share of the outstanding Melexis shares. The shares of Xtrion NV are controlled directly and/or indirectly by Mr. Roland Duchâtelet, Mr. Rudi De Winter and Ms. Françoise Chombar. Mr. Duchâtelet and Ms. Chombar are directors at Melexis NV.
- Xtrion NV owns 48.4% of the outstanding shares of X-FAB Silicon Foundries SE, producer of wafers, which are the main raw materials for the Melexis products. X-FAB Silicon Foundries SE sells the majority of its products also to third parties. X-FAB Silicon Foundries SE is listed on Euronext Paris since 2017.
- Melexis, as in prior years, purchases part of its test equipment from the Xpeqt Group. Xpeqt Group develops, produces and sells test systems for the semiconductor industry. Xpeqt Group is owned by Xtrion NV for 99.99%. One share is held by Ms. Françoise Chombar and one share is held by Mr. Roland Duchâtelet.
- Sensinnovat BV is controlled by Ms. Françoise Chombar and Mr. Rudi De Winter.
- Mr. Roland Duchâtelet is a member of Elex NV's key management personnel.
- Elex NV owns 99.9% of the outstanding shares of Fremach International NV.
- Fremach International NV has significant influence over WorkNomads AD.

## 2. Outstanding balances on 30 June 2023

The following balances were outstanding:

### Receivables

in EUR

	Half year ended 30/06/2023	Year ended 31/12/2022
Elex NV	2,701	6,183
Xtrion NV	7,454	4,840
Fremach Group	2,914	—
X-FAB Group	1,227,012	1,263,742
Xpeqt Group	13,237	11,116
<b>Total</b>	<b>1,253,318</b>	<b>1,285,880</b>

### Payables

in EUR

	Half year ended 30/06/2023	Year ended 31/12/2022
Elex NV	130,399	8,104
Xtrion NV	22,773	37,959
X-FAB Group	32,406,105	24,767,617
Xpeqt Group	1,329,455	1,366,833
Worknomads EAD	6,651	14,803
<b>Total</b>	<b>33,895,382</b>	<b>26,195,316</b>

### Long-term receivables, part of other non-current assets

in EUR

	Half year ended 30/06/2023	Year ended 31/12/2022
X-FAB Group	141,465,562	2,323,381
<b>Total</b>	<b>141,465,562</b>	<b>2,323,381</b>

The long-term (and short-term) receivable from the X-FAB group is related to pre-financing agreements for equipment purchased and owned by X-FAB to guarantee the production capacity towards Melexis.

The recent mismatch between supply and demand related to automotive semiconductors has led market participants to establish new ways of contracting aimed at the long-term relationship between suppliers and their customers. Likewise, in recent years, Melexis and its subsidiaries have entered into a variety of long-term agreements (LTAs) with suppliers, in line with the developments in the industry. The most important goal of the LTAs is to secure volumes and more predictable prices.

Given that these X-Fab LTAs require significant capacity expansions at X-Fab, Melexis agreed to prepay a part of the committed wafers, in line with current market practices. For more details about this transaction, we refer to note 2.6.5 T.

### 3. Transactions during the year

In the course of the year, following transactions have taken place:

#### Sales/purchases of goods and equipment

in EUR

Sales to	Half year ended 30/06/2023	Year ended 31/12/2022
Fremach Group (mainly integrated circuits or ICs)	13,050	18,129
Xpeqt Group	1,040	2,080
X-FAB Group	2,884	9,723
Purchases from	Half year ended 30/06/2023	Year ended 31/12/2022
X-FAB Group (mainly wafers)	172,139,799	276,217,084
Xpeqt Group (mainly equipment and goods)	4,275,934	9,790,597
Xtrion NV (mainly IT infrastructure)	50,369	140,976

#### Sales/purchases of services

in EUR

Sales to	Half year ended 30/06/2023	Year ended 31/12/2022
Elex NV	7,967	21,112
Xpeqt Group (infrastructure office building)	60,404	108,175
Xtrion NV (infrastructure office building)	36,960	48,000
X-FAB Group	291,928	544,272
Worknomads EAD	324	—
Purchases from	Half year ended 30/06/2023	Year ended 31/12/2022
Xtrion NV (mainly IT and related support)	1,018,050	2,352,507
Elex NV (mainly IT and related support)	426,756	73,354
Xpeqt Group	2,222,749	1,491,930
X-FAB Group (mainly test & assembly services)	4,135,136	3,940,626
Worknomads EAD (R&D Services)	84,074	104,480
Sensinnovat BV	271,467	—

In April 2023, Melexis announced the application of article 7:97 of the Belgian Code on Companies and Associations. The procedure was applied in the context of the approval of operational advance payments by its subsidiary, Melexis Technologies, to an important supplier.

## E. ASSETS FOR CURRENT TAX

The most important component of the current tax assets is the overpayment of Belgian taxes for financial year 2023 amounting to EUR 0.4 million.

## F. INVENTORIES

In order to support our sales growth and because of price increases, inventories increased from EUR 179,648,793 to EUR 212,759,105 in the first half year of 2023, an increase of 18% compared to December 2022.

## G. OTHER CURRENT ASSETS

in EUR

	Half year ended 30/06/2023	Year ended 31/12/2022
Other receivables	15,207,827	14,405,988
Prepaid expenses	7,040,342	5,672,645
<b>Total</b>	<b>22,248,169</b>	<b>20,078,633</b>

The other receivables mainly relate to VAT.

Prepaid expenses are expenses paid in advance for the whole year, for example insurance fees, license fees, etc. These increase at the beginning of the year and decrease towards the end.

## H. COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES

Components of deferred tax assets are as follows:

in EUR

	1 January 2023	Charged to income statement	Charged to equity	30 June 2023
Amortization and depreciation of intangible assets, property, plant and equipment	26,043,000	576,000	—	26,619,000
Fair value adjustments financial instruments	—	89,651	—	89,651
Tax attributes carried forward	944,000	1,232,000	—	2,176,000
Other	845,233	5,778	—	851,011
<b>Total</b>	<b>27,832,233</b>	<b>1,903,429</b>	<b>—</b>	<b>29,735,662</b>

Components of deferred tax liabilities are as follows:

in EUR

	1 January 2023	Charged to income statement	Charged to equity	30 June 2023
Fair value adjustments financial instruments	(3,125,188)	3,125,188	—	—
Other	(134,555)	9,681	—	(124,874)
<b>Total</b>	<b>(3,259,743)</b>	<b>3,134,869</b>	<b>—</b>	<b>(124,874)</b>

## I. PROPERTY, PLANT AND EQUIPMENT

in EUR

	Land and buildings	Machinery and equipment	Furniture and vehicles	Fixed assets under construction	Total 30 June 2023	Total 30 June 2022
<b>Cost</b>						
Balance year ended 31 December 2022	73,865,066	359,030,112	26,824,040	12,022,728	471,741,947	448,458,030
Additions of the year	238,617	9,878,200	2,061,698	26,031,392	38,209,907	15,051,875
Retirements (-)	(118,925)	(5,296,952)	(383,422)	(110,864)	(5,910,163)	(10,235,039)
Transfers	281,234	12,170,320	1,076,346	(13,527,900)	–	(152,752)
CTA	(24,295)	(1,171,156)	(39,963)	(81,844)	(1,317,259)	1,791,057
<b>End of the period</b>	<b>74,241,697</b>	<b>374,610,524</b>	<b>29,538,699</b>	<b>24,333,511</b>	<b>502,724,432</b>	<b>454,913,171</b>
<b>Accumulated depreciation</b>						
Balance year ended 31 December 2022	27,865,711	289,856,390	18,941,197	–	336,663,297	316,437,937
Additions of the year	1,423,338	14,163,115	1,682,928	–	17,269,380	19,357,502
Retirements (-)	(34,675)	(5,296,953)	(383,422)	–	(5,715,049)	(11,326,115)
CTA	6,712	(1,232,015)	(53,758)	–	(1,279,061)	1,310,826
<b>End of the period</b>	<b>29,261,086</b>	<b>297,490,536</b>	<b>20,186,945</b>	<b>–</b>	<b>346,938,567</b>	<b>325,780,149</b>
<b>Carrying amount half year ended 30 June 2023</b>	<b>44,980,611</b>	<b>77,119,988</b>	<b>9,351,754</b>	<b>24,333,511</b>	<b>155,785,865</b>	<b>–</b>
<b>Carrying amount year ended 31 December 2022</b>	<b>45,999,355</b>	<b>69,173,722</b>	<b>7,882,844</b>	<b>12,022,728</b>	<b>135,078,652</b>	<b>–</b>

Additions of the year mainly relate to test equipment and infrastructure under construction.

Retirements: no material amount of compensation from third parties has been included in the consolidated statement of comprehensive income. The retirements are mainly linked to items with zero net book value which are not in use anymore by the company.

Fixed assets under construction: this mainly relates to the construction in progress of test equipment and infrastructure (new probing facility in Malaysia).

There are currently no restrictions in title for any of our PPE assets nor are they pledged as security for liabilities. The purchase commitments related to PPE assets are disclosed in note 2.6.5 T.

## J. INTANGIBLE ASSETS

Intangible assets mainly consist of software license fees and amount to EUR 2,513,632 per 30 June 2023.



## K. LEASED ASSETS AND LIABILITIES

This note provides information for leased assets where Melexis is a lessee. The balance sheet shows the following amounts related to leased assets:

in EUR

30 June 2023	Land and building	Furniture and vehicles	Total
<b>Leased assets</b>			
Balance year ended 31 December 2022	7,020,008	677,450	7,697,458
Additions of the year	452,778	145,212	597,990
Retirements ( - )	(759,470)	(61,416)	(820,886)
CTA	(112,330)	—	(112,330)
<b>End of the period</b>	<b>6,600,987</b>	<b>761,246</b>	<b>7,362,233</b>
<b>Accumulated depreciation</b>			
Balance year ended 31 December 2022	3,172,069	357,020	3,529,089
Additions of the period	848,531	80,595	929,126
Retirements ( - )	(759,470)	(61,416)	(820,886)
CTA	(13,435)	—	(13,435)
<b>End of the period</b>	<b>3,247,695</b>	<b>376,199</b>	<b>3,623,894</b>
<b>NET BOOK VALUE</b>	<b>3,353,292</b>	<b>385,047</b>	<b>3,738,339</b>

The additions are mainly related to the renewal of rented building contracts and some additional leased company cars.

The balance sheet shows the following amounts related to lease liabilities:

in EUR

30 June 2023	Current liabilities	Non-current liabilities	Total
Beginning of the period	1,709,951	2,538,904	4,248,855
<b>End of the period</b>	<b>893,547</b>	<b>2,910,495</b>	<b>3,804,043</b>

The table below shows the duration of the outstanding lease contracts:

in EUR

30 June 2023	Land and building	Furniture and vehicles	Total
< 1 year	812,239	81,309	893,548
> 1 year < 3 years	2,626,593	283,902	2,910,495
<b>TOTAL</b>	<b>3,438,832</b>	<b>365,211</b>	<b>3,804,043</b>

The statement of profit and loss shows the following amounts relating to leases:

in EUR

30 June 2023	Total
Depreciation charges leased buildings	845,352
Depreciation charges leased vehicles	80,595
Interest expense (included in finance cost)	58,610
Expenses related to short-term leases or low-value assets (included in admin expenses)	257,544

## L. ACCOUNTS PAYABLE

Trade payables are non-interest bearing and are normally settled on 30-day terms.

In the first half year of 2023, trade accounts payable increased from EUR 28,728,082 to EUR 31,360,223, an increase of 9% compared to December 2022. When combining accounts payable - trade and accounts payable - related companies (note 2.6.5 D2), the total increases from EUR 54,923,398 in December 2022 to EUR 65,255,605 in June 2023, an increase of 19% in line with sales growth.

## M. SHORT-TERM EMPLOYEE BENEFITS ACCRUALS

In the first half year of 2023, accrued expenses decreased from EUR 21,103,825 to EUR 17,767,352, a decrease of 16% compared to December 2022.

## N. ACCRUED TAXES

In the first half year of 2023, accrued taxes increased from EUR 1,283,753 to EUR 3,571,136 . Accrued taxes mainly consist of income taxes.

## O. OTHER CURRENT LIABILITIES

Other current liabilities comprise the following:

in EUR

	Half year ended 30/06/2023	Year ended 31/12/2022
Accrued real estate withholding tax	244,500	102,000
Accrued financial services	866,797	816,075
Accrued design services	1,885,183	1,321,656
Accrued management services	284,710	485,482
Accrued HR services	489,259	380,077
Accrued interests	1,146,664	158,136
Accrued insurances	324,385	155,229
Accrued software license fees	238,808	131,000
Accrued licenses and royalties	237,000	91,715
Other	1,882,273	1,464,243
<b>Total</b>	<b>7,599,579</b>	<b>5,105,614</b>

## P. DEFERRED INCOME

The deferred income relates to shipments that were not delivered to the customer before the half-year end. As this performance obligation was not met, revenue was not recognized at half-year end but will be recognized when the shipment will be delivered to the customer. The performance obligation was met shortly after half-year and revenue was recognized in July. A contract liability is recognized in case a payment for a customer is due before a related performance obligation is satisfied.

## Q. OTHER NON-CURRENT LIABILITIES

	Half year ended 30/06/2023	Year ended 31/12/2022
Other non-current liabilities	4,904,000	4,272,000
<b>Total</b>	<b>4,904,000</b>	<b>4,272,000</b>

As a change in business conditions led to an increased importance of the warranty risk (in accordance with the legal Melexis terms of sales), Melexis set up a warranty provision which is based on a reliable estimate of historical data. The estimation covers Melexis' experience of past claim rates and knowledge of current claims together with an assessment of rectification costs. The estimated period of usage of the underlying expenses is set at 1-2 years.

## R. LONG AND SHORT-TERM DEBT

in EUR

	Half year ended 30/06/2023	Year ended 31/12/2022
<b>Unsecured loans</b>		
Unsecured loan (in EUR) at floating interest rate, maturing in 2027	38,000,000	—
Unsecured loan (in EUR) at floating interest rate, maturing in 2028	25,000,000	—
Unsecured loan (in USD) at floating interest rate, maturing in 2032	71,967,605	—
<b>Total debt</b>	<b>134,967,605</b>	<b>—</b>
<b>Long-term portion of debt</b>	<b>134,967,605</b>	<b>—</b>

For Melexis NV:

- Net debt/EBITDA ratio  $\leq 3.5$
- Tangible net worth/total assets  $\geq 30\%$

As per 30 June 2023, Melexis is respecting all its financial covenants and expects that this will remain the case in the future. There are no major differences between the fair value and carrying amount of the debt, since the interest payable on those borrowings is close to current market rates. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

## S. OPERATING SEGMENTS

### Operating segments

Melexis products and production processes that are regularly evaluated have only one operating segment. They have evolved in such a way that the distinction between automotive and non-automotive segments is no longer relevant. Operating decisions are taken during a committee led by the CEO, based on performance assessments.

### Information about transactions with major customers

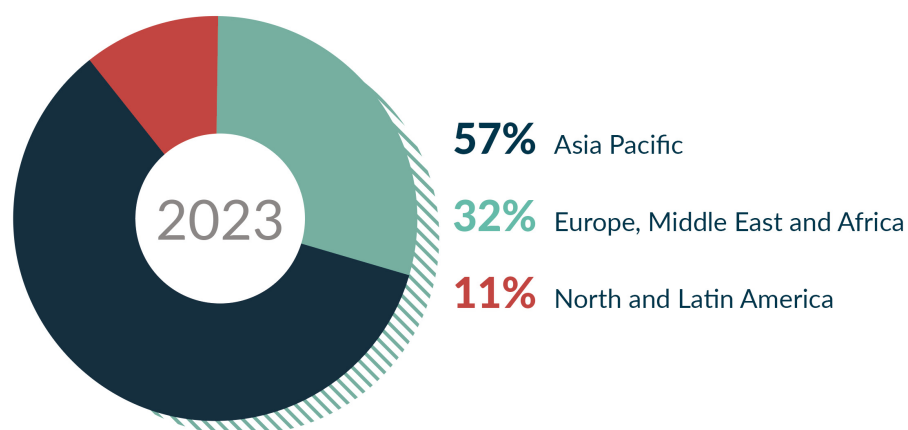
The following table summarizes sales by customer for the 10 most important customers, as % of total sales. It consists of the sales to the end customer and not to the subcontractors or distributors.

in %

	Half year ended 30/06/2023	Half year ended 30/06/2022	Year ended 31/12/2022
Customer A	12	14	13
Customer B	7	6	6
Customer C	5	5	5
Customer D	5	5	5
Customer E	4	5	3
Customer F	4	3	2
Customer G	3	2	2
Customer H	2	2	2
Customer I	2	2	2
Customer J	1	2	2
<b>Total</b>	<b>43</b>	<b>45</b>	<b>41</b>

### Information about geographical areas

The Melexis Group's activities are conducted predominantly in EMEA (Europe, Middle East and Africa), APAC (Asia Pacific) and NALA (North and Latin America).



The origin of all revenue is in Belgium, as the invoicing entity is located in Belgium.

The following table summarizes sales by destination, determined by the customer's billing address:

in EUR

	Half year ended 30/06/2023	Half year ended 30/06/2022
<b>Europe, Middle East and Africa (EMEA)</b>	<b>147,295,828</b>	<b>122,119,940</b>
Germany	61,385,404	49,239,284
France	10,139,494	8,183,981
United Kingdom	3,866,901	4,047,473
Poland	3,615,726	5,403,822
Switzerland	9,998,716	12,116,505
Czech Republic	4,420,880	3,815,497
Austria	7,159,405	5,584,772
The Netherlands	629,875	91,104
Romania	12,176,957	10,064,649
Bulgaria	2,261,651	2,227,638
Spain	1,134,207	1,131,718
Lithuania	7,582,816	5,407,707
Hungary	4,363,854	3,445,675
Italy	8,716,637	5,113,803
Other	9,843,305	6,246,313
<b>North and Latin America (NALA)</b>	<b>52,642,411</b>	<b>42,628,821</b>
United States	38,231,995	26,830,148
Canada	2,179,477	4,426,758
Mexico	12,228,668	11,367,423
Other	2,271	4,492
<b>Asia Pacific (APAC)</b>	<b>265,313,079</b>	<b>227,723,822</b>
Japan	37,035,623	29,955,856
China	72,183,316	51,340,540
Hong Kong	42,092,900	36,080,391
Thailand	35,881,175	32,064,234
South Korea	29,692,172	26,595,666
Philippines	9,643,813	11,961,481
Taiwan	10,232,347	17,142,720
India	6,272,015	4,942,016
Singapore	18,492,469	16,821,567
Other	3,787,249	819,350
<b>Total</b>	<b>465,251,318</b>	<b>392,472,583</b>

## T. COMMITMENTS AND ESTIMATED LIABILITIES

### Purchase commitments

On 30 June 2023 the Group had purchase commitments for a total of EUR 740,634,384, which is a combination of outstanding purchase orders and the long-term agreement (LTA) with X-FAB (one of the most important wafer suppliers of Melexis; the contract covers the 2023-2025 period). The recent mismatch between supply and demand related to automotive semiconductors has led market participants to establish new ways of contracting aimed at the long-term relationship between suppliers and their customers. During recent years, in line with developments within the sector, Melexis and its subsidiaries have also concluded various long-term agreements (LTAs) with different suppliers. The most important goal of the LTAs is to secure volumes and more predictable prices.

Given that these X-FAB LTAs require significant capacity expansions at X-FAB, Melexis Technologies agreed, in line with current market practices, to prepay a part of the committed wafers. For Melexis Technologies, the determination and allocation of such prepayments for capacity reservation involves the approval of an operational advance payment to X-FAB for a total amount of around EUR 189.2 million, i.e. 15% of the reserved capacity. The prepayments were scheduled to occur at the end of April 2023, end of September 2023, end of October 2023 and end of February 2024. The settlement of this prepayment will be done through wafer sales. For the impact on the balance sheet, we refer to note 2.6.5 D. There is no impact on the profit and loss accounts.

To mitigate the risk of supplier LTAs, Melexis also engaged in LTAs (2023-2025) with its main customers. These contracts do not contain financial components giving rise to material rights.

## U. LITIGATION

The company is currently not involved in any litigation.

## V. FINANCIAL INSTRUMENTS

### Financial risk management

Melexis operates internationally, which could give an exposure to market risks from changes in interest and foreign exchange rates. Melexis can use derivative financial instruments to manage the foreign exchange risk, interest risk and inflation risk.

Risk management policies have been defined on Group level and are carried out by the local companies of the Group.

#### (1) Credit risks

Credit risk arises from the possibility that customers may not be able to settle obligations to the company within the normal terms of trade. To manage the risk, the company periodically assesses the financial viability of customers. The Group has no significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics.

#### (2) Interest rate risk

On 30 June 2023, the Group does not use derivatives to manage interest rate risks of the outstanding bank debt.

#### (3) Liquidity risk

Liquidity risk arises from the possibility that the Group is unable to meet its financial obligations upon maturity, due to the inability to convert assets into cash without incurring a loss. To prevent this, the Group keeps a significant cash reserve in combination with multiple unused committed credit lines.

#### (4) Foreign exchange risk

The currency risk of the Group occurs due to the fact that the Group operates and has sales in USD. The Group uses derivative contracts to manage foreign exchange risk. The table with outstanding derivatives per 30 June is taken up in note 2.6.5 B.

### Fair value of financial instruments

The fair value of foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. For all of these instruments, the fair values are confirmed to the Group by the financial institutions through which the Group has entered into these contracts.

The Group's principal financial instruments not carried at fair value are cash and cash equivalents, trade receivables, other current assets, other non-current assets, trade and other payables, bank overdrafts and long-term borrowings.

The carrying amount of cash and cash equivalents and of bank overdrafts approximates their fair value due to the short-term maturity of these financial instruments. The fair value of current investments is calculated by

reference to the market value on the stock exchange on which the shares are listed.

The fair value of the long-term loans is based on the current rates available for debt with the same maturity profile and approximates their carrying amounts.

The operational advance payment towards X-FAB in the framework of the LTA (see note 2.6.5 T) has no interest component which is in line with current market practices.

Management believes that the exposure to interest rate risk of financial assets and liabilities as of 30 June 2023 was minimal since their deviation from their respective fair values was not significant.

## W. CLIMATE CHANGE

The world needs to continue the fight against climate change and seek solutions for both CO<sub>2</sub> and power consumption reduction. The call for green products has never been greater than today, a demand that will only increase in the coming years in all markets and impact mobility and energy consumption. The European Green Deal is striving to make Europe the first climate-neutral continent and will pave the way for a better future. Melexis is especially well positioned to contribute to the electrification trend in the automotive industry that is currently seeing an acceleration on the back of a heightened and justified attention to combating climate change. A decline in demand for Melexis' products, a large part of which support the transition to a lower carbon economy, is unlikely. Therefore, we have not impaired any assets in the first half of 2023.

Melexis is continuously looking for ways to reduce emissions and energy by designing sustainable products for our customers who are also increasingly looking to minimize their impact on the environment. To do so, Melexis adheres to the Greenhouse Gas or GHG Protocol and is now measuring its scope 1 and 2 emissions. In consultation with an external consultant, all our sites have now been assessed and their baseline

measurements regarding CO<sub>2</sub> emissions have been determined. These initial values provide the starting point for annual comparisons and allow for the establishment of future key performance indicators.

Besides that, Melexis continuously evaluates the possible impact of climate change in its business creation process. For more information on our initiatives with regard to a lower carbon economy, please refer to chapter 6 of our annual report 2022.

An important environmental risk that Melexis faces is linked primarily to climate change, such as the higher occurrence of natural hazards. Melexis is mapping, proactively and together with our suppliers, business continuity risks including natural hazards, at every stage of the supply chain and ensuring mitigation of the main risks.

Another risk related to climate change is the potential need for increased expenditures and investments by players in the semiconductor industry to ensure compliance with new regulations to reduce the CO<sub>2</sub> footprint. The production of wafers for instance is energy and water intensive. Moreover, the environmental footprint of transportation of ICs is high, given the global nature of the semiconductor supply chain. Therefore, regulation in view of climate change could put pressure on the industry and lead to substantial increases in the cost of doing business. In the first half of 2023, expenses related to climate change were not material.

There is no substantial impact of climate change considerations on the financial judgments and estimates made in this half-year report.

## X. RUSSIA'S INVASION OF UKRAINE

In Kyiv we have a team of around 60 people who perform R&D activities. There is no immediate impact on our manufacturing operations and current product delivery engagements. These events do not have a material impact on the figures.





The consolidated interim financial statements were approved and authorized for issue by the Board of Directors on 16 August 2023 and were signed on its behalf by Marc Biron.

Marc Biron

Managing Director, Chief Executive Officer (CEO)

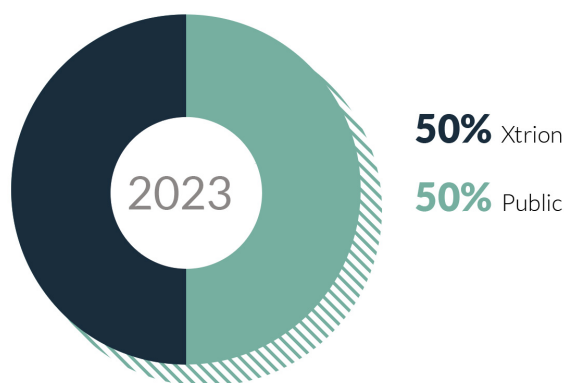
## 3 SHAREHOLDER INFORMATION

- Listing Euronext
- Reuters ticker MLXS.BR
- Bloomberg ticker MELE BB

### 3.1 SHAREHOLDER STRUCTURE

Situation on 30 June 2023

Company	Number of shares	Participation rate
Xtrion NV	20,200,001	50%
Public	20,199,999	50%
Total	40,400,000	100%



### 3.2 CONTACT INFO

#### Investor Relations

[investor@melexis.com](mailto:investor@melexis.com)

Rozendaalstraat 12, B-8900 Ieper, Belgium

[www.melexis.com/en/investors](http://www.melexis.com/en/investors)

### 3.3 FINANCIAL CALENDAR 2023

**19 October 2023 (ex-coupon 17 October 2023)**

Dividend pay date

**25 October 2023**

Announcement of Q3 results

**7 February 2024**

Announcement of full-year results

### 3.4 DIVIDEND POLICY

Taking into account the current and future cash flow situation and if no rewarding investment opportunities can be found, Melexis NV intends to pay out regular (interim) dividends, in order to maximize the return on equity for its shareholders.

Gross (interim) dividend per share out of distributable reserves:

2018	EUR 1.30 interim dividend EUR 0.90 final dividend
2019	EUR 1.30 interim dividend
2020	EUR 1.30 interim dividend EUR 0.90 final dividend
2021	EUR 1.30 interim dividend EUR 1.30 final dividend
2022	EUR 1.30 interim dividend EUR 2.20 final dividend
2023	EUR 1.30 interim dividend

The Board of Directors decided to pay out an interim dividend of 1.30 EUR gross per share. The Melexis shares will start trading ex coupon on 17 October 2023 (opening of the market). The record date is 18 October 2023 (closing of the market) and the dividend will be payable as from 19 October 2023.

4

STATUTORY AUDITOR'S REVIEW  
OPINION ON THE CONDENSED  
CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS OF MELEXIS NV FOR THE  
SIX-MONTH PERIOD ENDING 30 JUNE  
2023



For the attention of the Board of Directors  
MELEXIS NV

## **Statutory auditor's report on review of consolidated condensed financial information for the period ended 30 June 2023**

### **Introduction**

We have reviewed the accompanying consolidated condensed interim statement of financial position of Melexis NV and its subsidiaries as of 30 June 2023 and the related consolidated condensed interim statement of profit and loss, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flow for the six-month period then ended, as well as the explanatory notes.

The board of directors is responsible for the preparation and presentation of this consolidated condensed financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed financial information based on our review.

### **Scope of Review**


We conducted our review in accordance with 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 condensed financial information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Hasselt, 23 August 2023

The statutory auditor  
PwC Bedrijfsrevisoren BV  
Represented by

DocuSigned by:  
  
0B9CEA06F9DE46B...

Griet Helsen  
Réviseur d'Entreprises / Bedrijfsrevisor

# 11 GLOSSARY<sup>1</sup>

## Earnings per share

Profit attributable to equity holders of Melexis divided by the weighted average number of ordinary shares

## Earnings per share diluted

Profit attributable to equity holders of Melexis divided by the fully diluted weighted average number of ordinary shares

## Revenue

Product sales + revenues from research and development

## EBIT (Earnings before interests and taxes)

Turnover/Sales - cost of sales - research and development expenses - general and administrative expenses - selling expenses - other operating expenses

## EBITDA (Earnings before interests and taxes + depreciation, amortization and impairment)

EBIT + depreciation, amortization and impairment (including inventory write-offs)

Section 2.2 and 2.5: 128,573,362 + 21,844,963 + 925,947 = 151,344,272

## Shareholders' equity

Shareholders' capital + retained earnings (inclusive current year's result) +/- reserves (reserve treasury shares, revaluation reserve hedge, revaluation reserve fair value, legal reserve) +/- cumulative translation adjustment

## Net indebtedness

Current portion of long-term debt + long-term debt less current portion + bank loans and overdrafts - current investments - cash and cash equivalents + total liabilities linked to leased assets and liabilities (note 2.6.5 K)

Section 2.1: 0 + 134,967,605 + 0 - 0 - 35,709,575 + 3,804,043 = 103,062,073

## Working capital

(Total current assets - cash and cash equivalents - current investments) - (current liabilities - bank loans and overdrafts - current portion of long-term debt - derivative financial instruments + lease liabilities)

Section 2.1: (405,620,068 - 35,709,575 - 0) - (100,241,006 - 0 - 0 - 358,605 + 893,547) = 269,134,545

## Net cash from operating activities

Net result +/- adjustments for operating activities +/- changes in working capital

## Capital expenditure (CAPEX)

Investments in property, plant and equipment

## ROE (Return on equity)

Net income/Shareholders' equity

## Liquidity

Current assets/current liabilities

## Solvency

Shareholders' equity/total assets

## Tangible net worth

Total assets - liabilities - intangible assets.

<sup>1</sup> and calculations for 2023 in EUR



[www.melexis.com](http://www.melexis.com)