



HALF-YEAR REPORT **2018**

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1

COMMENTS ON THE CONDENSED CONSOLIDATED INTERIM ACCOUNTS PREPARED ACCORDING TO IFRS STANDARDS

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 unaudited condensed consolidated interim statement of financial position.

Unaudited condensed consolidated interim income statement in Euro

	Half year ended 30/06/2018	Half year ended 30/06/2017
Product sales	280,158,173	251,077,220
Revenues from research and development	916,919	826,694
Total sales	281,075,092	251,903,913
Cost of sales	(152,142,823)	(135,866,843)
Gross margin	128,932,269	116,037,071
Research and development expenses	(37,689,710)	(34,408,120)
General and administrative expenses	(14,326,922)	(11,535,242)
Selling expenses	(7,183,418)	(5,478,760)
Operating result (EBIT)	69,732,219	64,614,948
Financial results (net)	294,479	1,810,995
Result before Taxes	70,026,698	66,425,943
Income Taxes	(13,124,561)	(10,177,410)
Net result of the period	56,902,136	56,248,533
Net profit of the Group	56,902,136	56,248,533
Attributable to owners of the parent	56,902,136	56,248,533

Unaudited condensed consolidated interim statement of financial position

in Euro

	Half year ended 30/06/2018	Year ended 31/12/2017
Current Assets	233,775,514	254,338,177
Non current assets	171,148,940	149,022,413
Current liabilities	70,398,352	100,015,166
Non current liabilities	15,000,000	9,042,728
Equity	319,526,102	294,302,696

1.2 EXCHANGE RATES

Since the introduction of the Euro on January 1st, 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	USD
Melexis GmbH	EUR
Melexis Bulgaria Ltd.	BGN
Melexis Ukraine	UAH
Melexis Technologies SA	CHF
Melexis NV French branch	EUR
Sentron AG	CHF
Melefin NV	EUR
Melexis Technologies NV	EUR
Melexis NV Philippine branch	PHP
Melexis Japan	JPY
Melexis Electronic Technology Co. Ltd	CNY
Melexis Switzerland SA	CHF
Melexis (Malaysia) Sdn. Bhd.	MYR
Melexis Technologies NV (Malaysian)branch	MYR
Melexis Dresden GmbH	EUR
Melexis France SAS	EUR

Assets and liabilities of Melexis Inc., Melexis Technologies SA, Sentron AG, Melexis Switzerland SA, Melexis Ukraine, Melexis Bulgaria Ltd., Melexis NV Philippine Branch, Melexis Electronic Technology (Shanghai) Co. Ltd, Melexis Technologies NV Malaysian branch, Melexis (Malaysia) Sdn. Bhd. and Melexis Japan 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

The total sales amounted to EUR 281,075,092, an increase of 12% compared to the first half year of 2017. Specific research and development activities are performed under contract for customers. For the first half year of 2018, the company invoiced EUR 916,919 research and development costs to its customers, compared to EUR 826,694 in the first half year of 2017.

Cost of sales

Costs of sales consist of materials (raw material and semi finished parts), subcontracting, labor, depreciation and other direct production expenses. They increased from EUR 135,866,843 in the first half year of 2017 up to EUR 152,142,823 in the first half year of 2018. Expressed as a percentage of sales, the cost of sales was 54% in the first half year of 2018, the same as in the first half year of 2017.

Gross margin

The gross margin, expressed as a percentage of sales, was 46% in the first half year of 2018, the same compared to the first half year of 2017.

Research and development expenses

Research and development expenses amounted to EUR 37,689,710 in the first half year of 2018, representing 13% of sales. Research and development activities were

more focused on researching and developing Hall Effect Sensors, MEMS Sensors and Signal Conditioning Interface Sensors, LIN and motor Control IC's, Infrared and Optical Sensors and wireless IC's.

General, administrative and selling expenses

General, administrative and selling expenses consist mainly of salaries and salary related expenses, office equipment and related expenses, commissions, travel and advertising expenses. The general, administrative and selling expenses increased by 26% compared to the first half year of 2017, mainly as a result of increased spending in general supporting activities.

Financial result

The net financial result decreased from EUR 1,810,995 gain in the first half year of 2017 to EUR 294,479 gain in the first half year of 2018. The (net) interest result increased from a loss of EUR 194,424 in the first half year of 2017 to a loss of EUR 161,266 in the first half year of 2018. The net exchange results (both realized and unrealized) in the first half year of 2018 amounted to a gain of EUR 617,724, compared to a gain of EUR 2,112,725 during the first half year of 2017.

Net income

There was a small increase in net income from EUR 56,248,533 in 2017 to EUR 56,902,136 in 2018, lower than sales growth, mainly due to lower financial income and a higher tax rate.

1.4 LIQUIDITY, WORKING CAPITAL AND CAPITAL RESOURCES

Cash and cash deposits amounted to EUR 28,762,778 as of June 30, 2018, in comparison to EUR 75,477,538 as of December 31, 2017.

In the first half year of 2018, operating cash flow before working capital changes amounted to EUR 76,706,303 compared to EUR 69,272,466 in 2017. Working capital changes in the first half year of 2018 resulted in a net operating cash flow of EUR 25,401,956 compared to EUR 49,869,015 in 2017. The high decrease in working capital is mainly due to the increase in tax prepayments and the increase in inventory.

The cash flow from investing activities was negative for an amount of EUR 40,249,760.

The cash flow from financing activities was negative for an amount of EUR 31,897,907 mainly due to the payment of the final dividend during the first half year of 2018.

1.5 RISK FACTORS

Melexis is, as with any company, continuously confronted with – but not exclusively – a number of market and competition risks or more specific risks related to the company (eg. 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 2017.

Melexis believes that the most noteworthy risks facing the company for the coming half year would be the volatility in supply and demand, and fluctuations in the USD exchange rate.

1.6 EVENTS AFTER THE BALANCE SHEET DATE

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

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 unaudited 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 UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

in Euro

			Half year ended 30/06/2018	Year ended 31/12/2017
ASSETS				
Current assets	Cash and Cash equivalents	Note 2.6.5 A	28,762,778	75,477,538
	Current investments, derivatives		154,122	414,640
	Accounts receivable - trade		75,901,027	68,753,161
	Accounts receivable - related companies	Note 2.6.5 I	136,277	357,339
	Assets for current tax		873,088	1,589,146
	Inventories		115,271,374	97,625,417
	Other current assets	Note 2.6.5 B	12,676,847	10,120,936
Total current assets			233,775,514	254,338,177
Non current assets	Deferred tax assets	Note 2.6.5 D	25,259,690	26,681,870
	Other non-current assets		4,600	5,200
	Property, plant and equipment	Note 2.6.5 C	140,514,507	116,779,765
	Intangible assets		5,370,143	5,555,578
Total non current assets			171,148,940	149,022,413
TOTAL ASSETS			404,924,454	403,360,590

in Euro

			Half year ended 30/06/2018	Year ended 31/12/2017
LIABILITIES				
Current liabilities	Derivative financial instruments	Note 2.6.5 E	-	159,708
	Current portion of long-term debt	Note 2.6.5 F	48,077	6,042,728
	Accounts payable - trade		25,802,649	22,262,141
	Accounts payable - related companies	Note 2.6.5 I	17,390,865	17,449,174
	Accrued expenses, payroll and related taxes		10,366,941	10,715,940
	Accrued taxes		10,522,968	36,434,023
	Other current liabilities	Note 2.6.5 G	4,511,157	4,055,281
	Deferred income		1,755,696	2,896,171
Total current liabilities			70,398,352	100,015,166
Non current liabilities	Long-term debt less current portion	Note 2.6.5 F	15,000,000	9,042,728
Total non current liabilities			15,000,000	9,042,728
Shareholders' capital			564,814	564,814
Reserve treasury shares			(3,817,835)	(3,817,835)
Revaluation reserve hedge			-	(48,598)
Legal reserve			56,520	56,520
Retained earnings			328,238,851	303,381,229
Cumulative translation adjustment			(5,526,718)	(5,843,905)
Equity attributable to company owners			319,515,631	294,292,225
Non controlling interest			10,471	10,471
Total equity			319,526,102	294,302,696
TOTAL LIABILITIES AND EQUITY			404,924,454	403,360,590

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

2.2 UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS

in Euro

	Half year ended 30/06/2018	Half year ended 30/06/2017
Product sales	280,158,173	251,077,220
Revenues from research and development	916,919	826,694
Total sales	281,075,092	251,903,913
Cost of sales	(152,142,823)	(135,866,843)
Gross margin	128,932,269	116,037,071
Research and development expenses	(37,689,710)	(34,408,120)
General and administrative expenses	(14,326,922)	(11,535,242)
Selling expenses	(7,183,418)	(5,478,760)
Result from operations (EBIT)	69,732,219	64,614,948
Financial income	3,304,637	4,284,215
Financial charges	(3,010,158)	(2,473,220)
Result before Taxes	70,026,698	66,425,943
Income Taxes	(13,124,561)	(10,177,410)
Net result of the period	56,902,136	56,248,533
Earnings per share non-diluted	1.41	1.39
Earnings per share diluted	1.41	1.39

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

2.3 UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

in Euro

	Half year ended 30/06/2018	Half year ended 30/06/2017
Net result	56,902,136	56,248,533
Other comprehensive income		
Recyclable components		
Fair value adjustments cash flow hedges	48,598	88,927
Cumulative translation adjustment	317,187	512,115
Total other comprehensive income/ (loss) for the period, net of related tax effects	365,785	601,043
Total comprehensive income/ (loss) for the period	57,267,921	56,849,576
Total comprehensive income attributable to attributable to owners of the parent	57,267,921	56,849,576

2.4 UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

in Euro

	Number of shares	Share capital	Legal reserve	Retained earnings
December 31st, 2016	40,400,000	564,814	56,520	272,534,270
Net result	-	-	-	56,248,533
CTA movement	-	-	-	-
Hedge reserves	-	-	-	-
Other comprehensive income	-	-	-	-
Dividend	-	-	-	(28,037,701)
Transactions with owners of the parent	-	-	-	(28,037,701)
June 30th, 2017	40,400,000	564,814	56,520	300,745,101
Net result	-	-	-	54,706,145
CTA movement	-	-	-	-
Hedge reserves	-	-	-	-
Other comprehensive income	-	-	-	-
Dividend	-	-	-	(52,070,017)
Transactions with owners of the parent	-	-	-	(52,070,017)
December 31st, 2017	40,400,000	564,814	56,520	303,381,229
Net result	-	-	-	56,902,136
CTA movement	-	-	-	-
Hedge reserves	-	-	-	-
Other comprehensive income	-	-	-	-
Dividend	-	-	-	(32,044,515)
Transactions with owners of the parent	-	-	-	(32,044,515)
June 30th, 2018	40,400,000	564,814	56,520	328,238,851

Melexis NV holds 1.785 own shares and Melexis Technologies NV holds 344.356 shares of Melexis NV, in total representing 0.86% of shares outstanding. During 2017 and 2018 no additional purchase of own shares was done, therefore the amount of own shares held by Melexis NV and Melexis Technologies NV remains the same.

Reserve treasury shares	Hedge reserve	CTA	Non controlling interest	Total equity
(3,817,835)	(226,013)	(6,657,562)	10,471	262,464,664
-	-	-	-	56,248,533
-	-	512,115	-	512,115
-	88,927	-	-	88,927
-	88,927	512,115	-	601,043
-	-	-	-	(28,037,701)
-	-	-	-	(28,037,701)
(3,817,835)	(137,086)	(6,145,447)	10,471	291,276,538
-	-	-	-	54,706,145
-	-	301,542	-	301,542
-	88,488	-	-	88,488
-	88,488	301,542	-	390,029
-	-	-	-	(52,070,017)
-	-	-	-	(52,070,017)
(3,817,835)	(48,598)	(5,843,905)	10,471	294,302,696
-	-	-	-	56,902,136
-	-	317,187	-	317,187
-	48,598	-	-	48,598
-	48,598	317,187	-	365,785
-	-	-	-	(32,044,515)
-	-	-	-	(32,044,515)
(3,817,835)	-	(5,526,718)	10,471	319,526,102

2.5 UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

in Euro (indirect method)

		Half Year Ended 30/06/2018	Half Year Ended 30/06/2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net result		56,902,136	56,248,533
Adjustments for operating activities:			
Deferred taxes	Note 2.6.5 D	1,422,180	(925,906)
Unrealized exchange results		(837,912)	(2,133,539)
Government grants		116,838	427,445
Depreciations		18,231,689	15,921,923
Financial results		871,372	(265,990)
Operating cash flow before working capital changes		76,706,303	69,272,466
Accounts receivable, net		(7,127,370)	4,553,448
Other current assets		(1,903,027)	(3,645,892)
Other non-current assets		600	(800)
Due to related companies	Note 2.6.5 I	(58,309)	(1,864,161)
Due from related companies	Note 2.6.5 I	221,062	(5,759,175)
Accounts payable		3,466,068	(624,252)
Accrued expenses		8,840,507	7,269,622
Other current liabilities		448,659	575,075
Deferred income and derivative financial instruments		(1,300,183)	(1,374,743)
Inventories		(18,910,676)	(7,632,066)
Interest paid		118,884	(156,385)
Income tax paid		(35,100,562)	(10,744,122)
Net cash from operating activities		25,401,956	49,869,015
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	Note 2.6.5 C	(39,826,185)	(19,527,846)
Purchase of intangible assets		(689,570)	(496,904)
Interests received		5,477	20,441
Investments, proceeds from current investments		260,518	(2,558,160)
Net cash used in investing activities		(40,249,760)	(22,562,469)

Unaudited condensed consolidated interim statement of cash flow (continued)

CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment from long-term debts	Note 2.6.5 F	(37,379)	(41,702)
Proceeds of long-term debts		-	-
Impact of exchange results on financing items		183,987	3,045,340
Dividend payment		(32,044,515)	(28,037,701)
Net cash used in financing activities		(31,897,907)	(25,034,063)
Effect of exchange rate changes on cash		30,951	(20,585)
(Decrease) increase in cash		(46,714,760)	2,251,898
Cash at beginning of the period		75,477,538	75,789,465
Cash at the end of the period	Note 2.6.5 A	28,762,778	78,041,363

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

The movement in net debt is as follows:

in Euro

	Jan 1st, 2018	Cash flows	Non-cash changes	Jun 30th, 2018
			Foreign exchange movements	
Current portion of long-term debts	6,042,728	(6,000,000)	5,349	48,077
Long term debts	9,042,728	5,957,272	-	15,000,000
Total debt	15,085,456	(42,728)	5,349	15,048,077

2.6 NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.6.1 Company information

Melexis NV is a mixed signal semiconductor manufacturer. Melexis designs, develops, tests and markets advanced integrated semiconductor devices for the automotive industry. Our core experience supplying ICs for automotive electronics sustains the expansion into Application Specific Standard Products for industrial and consumer product applications. Melexis enthusiastically pursues its role as a component supplier whose innovations are the essential element in nearly every one of our customers' extraordinary systems. Melexis' products include sensor, communication, actuator ICs and Application Specific Integrated Circuits (ASICs).

The Melexis Group of companies employed, on average 1,280 people at the end of June in 2017 and 1,385 at the end of June in 2018.

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 August 20th, 2018 in Tessenderlo.

2.6.2 Statement of compliance

The unaudited 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 December 31st, 2017. Melexis has not applied early any new IFRS requirements that are not yet effective in 2018.

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 December 31st, 2017, 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 June 30th, 2018. The Group has not applied new IFRS requirements that are not yet effective as per June 30th, 2018.

The following amendments and annual improvements to standards are mandatory for the first time for the financial year beginning 1 January 2018 and have been endorsed by the European Union:

- IFRS 9, 'Financial instruments' (effective 1 January 2018). This standard, which covers financial instruments on both the asset as well as the liability side, describes the criteria for recognition, classification and derecognition of such instruments, in addition to the allowed measurement methods.
- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018). The IASB and FASB have jointly published a standard regarding revenue from contracts with customers. The standard will result in improvement of the comparability of the top line in financial statements globally. Companies using IFRS will be required to apply the revenue standard for annual periods beginning on or after 1 January 2018.
- Amendments to IFRS 15, 'Revenue from contracts with customers' - Clarifications (effective 1 January 2018). These amendments comprise clarification guidance on identifying performance obligations, accounting for licences of intellectual property and the principle versus agent assessment. The amendment also includes more illustrative examples.

The following new standards and amendments to standards have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2018 and have been endorsed by the European Union:

- IFRS 16, 'Leases' (effective 1 January 2019). This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The following new standards, amendments and interpretation to standards have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2018 and have not been endorsed by the European Union:

- IFRIC 23, 'Uncertainty over income tax treatments' (effective 1 January 2019). This interpretation clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

At any time, management aims at providing a fair representation of the financial statements to its stakeholders according 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 im-

act on Melexis' financial statements. There is no impact expected, except as described below.

Melexis is implementing IFRS 15 on the basis of the modified retrospective method, accounting for the aggregate amount of any transition effects by way of an adjustment to retained earnings as of January 1, 2018, and presenting the comparative period in line with previous accounting policies.

All of the established business models and revenue streams of the Group were examined in the course of the IFRS 15 implementation project. The previous assessment that the new standard is not expected to materially affect the timing of revenue recognition for the transactions concerned or their components was confirmed.

Melexis has one revenue stream and revenue is recognised at a point in time when the control transfers to the customer.

The Group develops, manufactures and sells semiconductors. Sales are recognized when control over the product has transferred, being when the products are shipped to or delivered at the customer.

The Group is involved in several consignment arrangements. Revenue is not recognized upon delivery of a product if the product is held on consignment, but when the control is transferred to the customer.

The Group doesn't have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money

For development services revenue is recognised upon delivery of the finished products because development phase is not a separately identifiable performance obligation in the contracts with customers. Rather, the customer

is purchasing the final goods (tailor made semiconductors) that those development activities create, combined with subsequent manufacturing. The revenue for this combined performance obligation is recognised at a point in time when control over the finished goods transfers to the customer. Fulfillment costs incurred during the development phase usually do not meet asset recognition criteria because of significant risks and uncertainties involved in the development process. They are recognised in the profit or loss as incurred. There are no contract assets and liabilities.

Variable consideration - some of the contracts contain commercial discounts and rebates. These incentives are included in the transaction price. A reduction of revenue is recognized as a liability when it is expected that the customer will achieve the expected volume to receive a discount, so it is highly probably that no significant reversal of revenue would take place in the future.

For the disaggregated revenue we refer to note 2.6.5 H Operating segments

Melexis concluded that the implementation of IFRS 9 does not have a material impact. Melexis has only one financial

derivative; a foreign currency hedge contract (SWAP). The accounting policy for this hedge has not changed under the new model.

Trade receivables are subject to IFRS 9's credit loss model. The Group analysed its receivables against the requirements of the expected credit loss model and concluded that no significant difference is expected between the previous model applied and the expected credit model that is applied under IFRS 9.

Melexis is also not materially impacted by the new classification and measurement requirements of IFRS 9.

Management is reviewing the impact of IFRS 16. Melexis has recognized three different types of leases; building, company cars and office equipment. These are currently treated as operational leases. The expected impact will be limited. The Group plans to use the modified retrospective method.

2.6.4 Changes in Group's organization

In the first half year of 2018 Melexis France SAS was incorporated. Melexis France SAS is a 100% subsidiary of Melexis NV.

2.6.5 Notes

A. CASH AND CASH EQUIVALENTS

in Euro

	Half year ended 30/06/2018	Year ended 31/12/2017
Cash at bank and in hand	28,762,778	75,477,538
Total	28,762,778	75,477,538

B. OTHER CURRENT ASSETS

In Euro

	Half year ended 30/06/2018	Year ended 31/12/2017
Other receivables	9,088,688	8,647,427
Prepaid expenses	3,588,159	1,473,509
Total	12,676,847	10,120,936

The other receivables mainly relate to VAT.

C. PROPERTY, PLANT AND EQUIPMENT

in Euro

	Land & buildings	Machinery & equipment	Furniture & vehicles	Fixed assets under construction	Total
Cost:					
Balance year ended December 31st, 2017	43,829,479	249,548,950	15,078,579	4,800,261	313,257,270
Additions of the year	4,216,084	28,981,258	1,711,232	4,574,782	39,483,356
Retirements (-)	-	(234,993)	(377,914)	-	(612,907)
Transfers	-	1,085,632	-	(1,085,632)	-
CTA	84,721	595,769	37,604	3,802	721,897
Total half year ended June 30th, 2018	48,130,284	279,976,616	16,449,501	8,293,213	352,849,615
Accumulated depreciation:					
Balance year ended December 31st, 2017	15,495,714	171,146,112	9,835,679	-	196,477,505
Additions of the period	1,005,418	13,967,676	1,131,551	-	16,104,645
Retirements (-)	-	(229,586)	(280,279)	-	(509,865)
Transfers	-	-	-	-	-
CTA	30,031	205,870	26,923	-	262,824
Total half year ended June 30th, 2018	16,531,163	185,090,071	10,713,874	-	212,335,108
Carrying amount half year ended June 30th, 2018	31,599,121	94,886,546	5,735,628	8,293,213	140,514,507
Carrying amount year ended December 31st, 2017	28,333,765	78,402,838	5,242,900	4,800,261	116,779,765

Additions of the year mainly relate to test equipment.

Retirements: no material amount of compensation from

third parties which have been included in the unaudited consolidated interim statement of comprehensive income.

D. COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES

Components of deferred tax assets are as follows:

in Euro

	01/01/2018	Charged to income statement	Charged to equity	30/06/2018
Amortization and depreciation of intangible assets, property, plant and equipment	24,450,000	(1,402,000)	-	23,048,000
Fair value adjustments financial instruments	(95,823)	50,234	-	(45,589)
Tax losses carried forward	2,020,000	(50,000)	-	1,970,000
Fair value adjustments hedge accounting	20,414	-	(20,414)	-
Other	287,279	-	-	287,279
Total	26,681,870	(1,401,766)	(20,414)	25,259,690

E. 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 30/06/2018	Year ended 31/12/2017
Outstanding FX hedge contracts, not exceeding 1 year	USD	22,000,000	71,000,000
Outstanding FX hedge contracts, not exceeding 1 year	CHF	15,000,000	24,000,000
Outstanding interest hedge contracts, not exceeding 1 year	EUR	-	15,000,000
Outstanding inflation hedge contracts, not exceeding 1 year	EUR	-	10,000,000

FX hedge contracts are entered into in order to hedge (part of) the outstanding balance sheet exposure in foreign currency (USD/CHF).

Interest hedge contracts are entered into in order to hedge (part of) the Group's borrowings at floating interest rate. Inflation hedge contracts are entered into in order to hedge (part of) the salary inflation risk of the Group.

Fair value

The fair value of derivatives is based upon mark to market valuations. The following table presents an overview of the fair value of outstanding derivatives, classified as an asset under current investment, derivatives:

Fair value in Euro

Assets	Half year ended 30/06/2018	Year ended 31/12/2017
Outstanding FX hedge contracts - level 2	154,122	414,460
Total, classified under current investment	154,122	414,460

These financial instruments are classified as financial assets at fair value through profit or loss.

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

Fair value in Euro

Liabilities	Half year ended 30/06/2018	Year ended 31/12/2017
Outstanding FX hedge contracts - level 2	-	(86,024)
Outstanding interest hedge contracts (hedge acc.) - level 2	-	(69,012)
Outstanding inflation hedge contracts - level 2	-	(4,672)
Total, classified under derivative financial instruments	-	(159,708)

The following table presents an overview of the fair value of outstanding derivatives, for which hedge accounting is applied. Changes in the fair value of the hedging instrument are recognized in a hedging reserve, classified as 're-valuation reserve hedge'.

Fair value in Euro

Fair value of instruments through equity	Half year ended 30/06/2018	Year ended 31/12/2017
Outstanding interest hedge contracts	-	(69,012)
Subtotal	-	(69,012)
Deferred tax asset	-	20,414
Total, classified under revaluation reserve hedge	-	(48,598)

F. LONG AND SHORT TERM DEBTS

in Euro

	Half year ended 30/06/2018	Year ended 31/12/2017
Secured loans		
Bank loan (in CHF) at floating interest rate, average rate for 1H18 was 2.50% (1); maturing in 2019	48,077	85,455
Total secured loans	48,077	85,455
Unsecured loans		
Unsecured loans (in EUR) at floating interest rate, repaid in 2018	-	4,000,000
Unsecured loans (in EUR) at floating interest rate, average rate for 1H18 was 0.53%, maturing in 2022	7,500,000	-
Unsecured loans (in EUR) at floating interest rate, average rate for 1H18 was 0.85%, maturing in 2022	7,500,000	11,000,000
Total unsecured loans	15,000,000	15,000,000
Total debt	15,048,077	15,085,455
Current maturities	48,077	6,042,728
Long-term portion of debts	15,000,000	9,042,728

(1) The loan is secured by a mortgage on the building of Bevaix, Switzerland.

As per June 30th, 2018 there are engagements for the following financial covenants:

For Melexis NV:

- Net debt/EBITDA ratio $\leq 2,5$
- Tangible net worth/total assets $\geq 35\%$

As per June 30th, 2018 Melexis is respecting all its financial covenants.

G. OTHER CURRENT LIABILITIES

in Euro

	Half year ended 30/06/2018	Year ended 31/12/2017
Accrued real estate withholding tax	86,000	35,000
Accrued financial services	241,356	169,486
Accrued design services	240,827	400,910
Accrued management services	371,399	219,000
Accrued HR services	217,617	80,000
Accrued transport services	103,250	444
Accrued insurances	151,858	67,000
Accrued IT services	134,573	177,533
Accrued grant	2,236,901	2,191,901
Accrued licenses and royalties	483,000	452,224
Other	244,376	261,782
Total	4,511,157	4,055,281

The other current liabilities relate to services rendered by both third party suppliers and affiliated companies for which we did not yet receive an invoice. EUR 4,326,302

refers to third party supplier services and EUR 184,855 refers to rendered services from affiliated companies.

H. OPERATING SEGMENTS

Operating segments

Melexis products and production processes that are regularly evaluated by the chief operating decision maker have only one operating segment. Operating decisions are taken for each individual product during a committee lead 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.

in%

	Half year ended 30/06/2018	Half year ended 30/06/2017	Year ended 31/12/2017
Customer A	16	18	18
Customer B	6	8	7
Customer C	6	6	6
Customer D	6	6	6
Customer E	3	4	3
Customer F	3	3	3
Customer G	3	3	3
Customer H	2	3	2
Customer I	2	2	2
Customer J	2	2	2
Total	48	54	52

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).

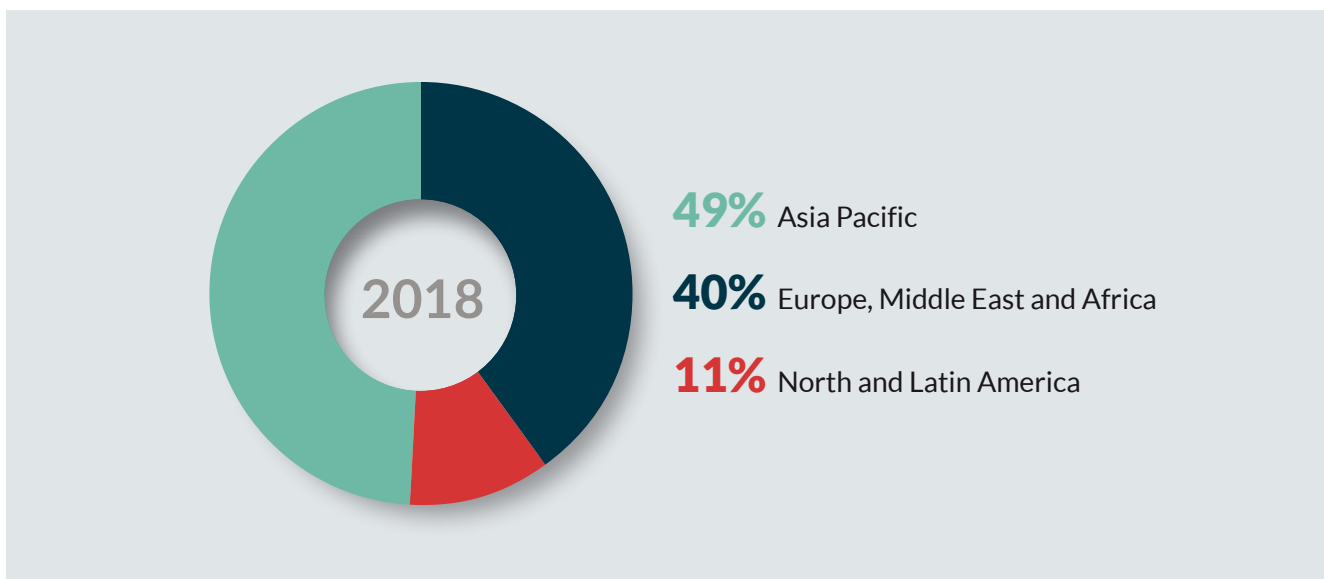
The origin of all revenue is in Belgium, as the invoicing entity is located in Belgium.

in Euro

	Europe, Middle East and Africa	North and Latin America	Asia Pacific	Total
Half year ended 30/06/2018				
Non current assets	158,441,465	1,543,314	11,164,161	171,148,940
Half year ended 30/06/2017				
Non current assets	125,957,535	326,299	9,214,887	135,498,720
Year ended 31/12/2017				
Non current assets	139,212,572	285,771	9,524,070	149,022,413

Due to the fact that the production sites are mainly located in Europe, the assets are also centralized in Europe (see table above).

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



in Euro

	Half year ended 30/06/2018	Half year ended 30/06/2017
Europe, Middle East and Africa	112,790,616	100,902,741
Germany	54,329,290	46,415,118
France	6,559,130	5,895,118
United Kingdom	6,600,381	6,162,273
Poland	7,633,462	6,076,452
Switzerland	5,980,841	6,730,685
Ireland	2,111,317	2,125,537
Czech Republic	1,924,683	2,465,921
Austria	7,028,980	5,614,317
Netherlands	751,751	1,052,228
Romania	9,133,741	7,303,325
Bulgaria	2,468,905	1,976,683
Spain	620,671	562,520
South Africa	411,019	1,767,835
Hungary	1,973,750	2,549,130
Italy	2,562,242	2,350,396
Other	2,700,453	1,855,204
North and Latin America	32,079,466	30,772,209
United States	21,168,939	20,107,112
Canada	2,954,699	3,092,221
Mexico	7,881,216	7,524,884
Brazil	74,613	47,992
Asia Pacific	136,205,011	120,228,963
Japan	22,237,398	18,811,419
China	32,500,525	29,313,932
Hong Kong	18,116,644	14,395,695
Thailand	29,263,559	31,051,076
Korea	12,931,654	11,424,608
Philippines	3,718,220	3,179,821
Taiwan	7,242,713	4,986,314
India	1,333,591	1,004,219
Singapore	8,144,716	5,457,585
Other	715,991	604,296
TOTAL	281,075,092	251,903,913

I. RELATED PARTIES

1. Shareholders' structure and identification of major related parties

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

Melexis Inc	US entity
Melexis GmbH	German entity
Melexis Bulgaria Ltd.	Bulgarian entity
Melexis Ukraine	Ukraine entity
Melexis Technologies SA	Swiss entity
Melexis NV French branch	French branch
Sentron AG	Swiss entity
Melefin NV	Belgian entity
Melexis Technologies NV	Belgian entity
Melexis NV Philippine branch	Philippine branch
Melexis Japan	Japanese Entity
Melexis Electronic Technology Co. Ltd	Chinese entity
Melexis Switzerland SA	Swiss entity
Melexis Technologies NV Malaysian branch	Malaysian branch
Melexis (Malaysia) Sdn. Bhd.	Malaysian entity
Melexis Dresden GmbH	German entity
Melexis France SAS	French entity

The shareholders of Melexis NV and related parties are as follows:

- Xtrion NV owns 53.58% of the outstanding Melexis shares. The shares of Xtrion are controlled directly and/or indirectly by Mr. Roland Duchâtelet, Mr. Rudi De Winter and Mrs. Françoise Chombar. Mr. Roland Duchâtelet and Mrs. Françoise Chombar are directors at Melexis NV.
- Elex NV is 99.9% owned by Mr. Roland Duchâtelet. One share is held by Mr. Roderick Duchâtelet.
- Xtrion NV owns 47.2% 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 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 Mrs Françoise Chombar and one share is held by Mr Roland Duchâtelet.
- Xtrion NV owns 90% of the outstanding shares of X-Celeprint Ltd.
- Xtrion NV owns 56% of the outstanding shares of Microgen Systems Inc.
- Xtrion NV owns 24% of the outstanding shares of Anvo-Systems Dresden GmbH.
- Elex NV owns 99.9% of the outstanding share of Fremach International NV.

2. Outstanding balances at June 30th, 2018

The following balances were outstanding:

Receivables of in Euro

	Half year ended 30/06/2018	Year ended 31/12/2017
Elex	2,033	2,033
Xtrion	9,680	4,840
Fremach	2,840	40,215
X-FAB Group	98,089	222,497
Xpeqt Group	23,635	13,233
Anvo-Systems Dresden	-	74,521
Total	136,277	357,339

Payables to In Euro

	Half year ended 30/06/2018	Year ended 31/12/2017
Elex	7,054	375
Xtrion	97,301	127,149
X-FAB Group	15,864,262	15,163,804
Xpeqt Group	1,378,247	2,113,340
Anvo-Systems Dresden	-	473
X-Celeprint	44,000	44,000
Other	-	32
Total	17,390,865	17,449,174

3. Transactions during the year

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

Sales/ purchases of goods and equipment

in Euro

Sales to	Half year ended 30/06/2018	Half year ended 30/06/2017
Fremach	17,485	42,358
Xpeq Group	1,040	1,854

in Euro

Purchases from	Half year ended 30/06/2018	Half year ended 30/06/2017
X-FAB Group (mainly wafers)	101,959,423	84,501,037
Xpeq Group (mainly equipment and goods)	7,519,070	2,461,374
X-Celeprint	-	200,000
Elex	226,374	-
Xtrion (mainly IT infrastructure)	178,807	107,018
Anvo-Systems Dresden	-	32,355

Sales/purchases of services

in Euro

Sales to	Half year ended 30/06/2018	Half year ended 30/06/2017
Elex	10,080	10,130
Xpeq Group (infrastructure office building)	64,985	69,181
Xtrion (infrastructure office building)	24,000	24,000
X-FAB Group	324,572	352,245
Anvo-Systems Dresden (mainly test services)	40,663	47,392

in Euro

Purchases from	Half year ended 30/06/2018	Half year ended 30/06/2017
Xtrion NV (mainly IT and related support)	861,687	958,119
Elex (mainly IT and related support)	597,312	354,801
X-Celeprint	33,727	-
Xpeq Group	1,851,530	938,669
X-FAB Group	1,079,184	961,468
Anvo-Systems Dresden (mainly R&D services)	44,226	223,972
Other	-	14,786

The Board of Directors and the Audit Committee have reviewed and analyzed the major transactions and concluded these transactions are within the normal course of business and that there are sufficient elements to conclude that the remuneration is based on arm's length principles.

On May 15th, 2018, the Board of Director proposed to purchase a plot of land owned by Xpeq Group. In accordance with article 523 of the Company Code, one of the directors, Roland Duchâtelet, has notified and informed the other directors of the existence of a conflict of interest.

The Board of Directors, excluding Roland Duchâtelet, reviewed the information regarding the purchase of the plot, including an independent valuation report and discussed the possible purchase. The Board of Directors, excluding Roland Duchâtelet, decided to approve the purchase of the above mentioned plot.

J. COMMITMENTS & ESTIMATED LIABILITIES

Purchase commitments

The Group had purchase commitments for a total of EUR 23,311,709 at June 30th, 2018.

K. LITIGATION

Since 2009 Melexis has been involved in a patent case filed by ams AG concerning a patent on magnetic angle sensing.

The Court in Düsseldorf (1st instance) had ruled in favor of ams AG, against which Melexis lodged an appeal with the Higher Regional Court of Düsseldorf. In 2017, the Higher Regional Court of Düsseldorf has ruled in Melexis' favor by dismissing the complaint of ams AG.

L. 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 uses derivative financial instruments to manage the foreign exchange risks.

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

(1) Credit risks

The Group has no significant concentration of credit risk with any single counterparty or Group of counterparties having similar characteristics. The Group has a policy to ensure that sales are only made to new and existing customers with an appropriate credit history.

(2) Interest rate risk

The Group doesn't use derivatives to manage interest rate risks of the outstanding bank debt.

The schedule of long-term-debt repayments is disclosed in Note 2.6.5.F.

The table with outstanding derivatives is disclosed in Note 2.6.5.E.

(3) Liquidity risk

Liquidity 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.

(4) Foreign exchange risk

The currency risk of the Group mainly occurs due to the fact that the Group operates and has sales in USD. The Group uses derivative contracts to manage foreign exchange risks. The table with outstanding derivatives is taken up in Note 2.6.5.E.

Fair value of financial assets and liabilities

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

Management believes that the exposure to interest rate risk of financial assets and liabilities as of June 30th, 2018 was minimal since their deviation from their respective fair values was not significant.



The unaudited consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 20th, 2018 and were signed on its behalf by Françoise Chombar.

Françoise Chombar
Managing Director, Chief Executive Officer (CEO)

A handwritten signature in black ink, consisting of a stylized 'F' followed by a series of loops and a long horizontal stroke.

3

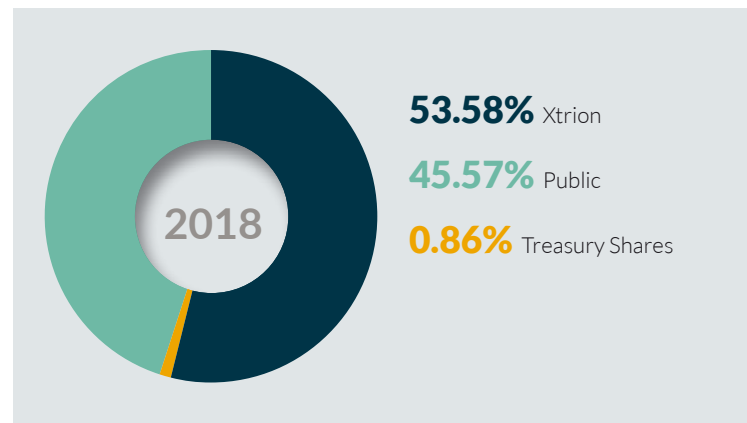
SHAREHOLDER INFORMATION

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

3.1 SHAREHOLDER STRUCTURE

Situation on June 30th, 2018.

Company	Number of Shares	Participation Rate
Xtrion	21,644,399	53.58%
Treasury Shares	346,141	0.86%
Public	18,409,460	45.57%
Total	40,400,000	100.00%



3.2 SHAREHOLDER CONTACT INFO

Investor Relations

Phone: +32 13 67 07 79
 Fax: +32 13 67 21 34
 Rozendaalstraat 12, B-8900 Ieper, Belgium
www.melexis.com/investor.asp

3.3 FINANCIAL CALENDAR 2018

Announcement of Q3 results October 24th, 2018
Announcement of Full Year Results February 6th, 2019

The Board of Directors decided to pay out an interim dividend of 1.30 EUR gross per share, payable as from October 25th, 2018.

3.4 DIVIDEND

Gross (interim-) dividend per share for accounting year

- 1999:** EUR 0.30 interim dividend
- 2002:** EUR 0.50 interim dividend
- 2003:** EUR 0.50 interim dividend
- 2004:** EUR 0.2762 dividend and EUR 0.7238 capital decrease
- 2005:** EUR 0.50 interim dividend
- 2006:** EUR 0.50 interim dividend
- 2007:** EUR 0.60 interim dividend
- 2008:** EUR 0.60 interim dividend
- 2010:** EUR 0.30 interim dividend
- 2011:** EUR 0.60 interim dividend
- 2012:** EUR 0.65 interim dividend
- 2013:** EUR 0.70 interim dividend
- 2014:** EUR 1.00 interim dividend
- 2015:** EUR 1.30 interim dividend and EUR 0.60 final dividend
- 2016:** EUR 1.30 interim dividend and EUR 0.70 final dividend
- 2017:** EUR 1.30 interim dividend and EUR 0.80 final dividend

4

STATUTORY AUDITOR'S REVIEW OPINION ON THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF MELEXIS NV FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2018



To the Board of Directors
MELEXIS NV

Statutory auditor's report on review of consolidated condensed financial information for the period ended June 2018.

Introduction

We have reviewed the accompanying consolidated condensed statement of financial position of Melexis nv and its subsidiaries as of June 30, 2018 and the related consolidated condensed statement of profit and loss and other comprehensive income, changes in equity and cash flows 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, 27 August 2018

The statutory auditor
PwC Reviseurs d'Entreprises scrl / Bedrijfsrevisoren bevb
Represented by

Sofie Van Grieken
Réviseur d'Entreprises / Bedrijfsrevisor

Koen Vanstraelen
Réviseur d'Entreprises / Bedrijfsrevisor

*PwC Bedrijfsrevisoren cvba, burgerlijke vennootschap met handelsvorm - PwC Reviseurs d'Entreprises scrl, société civile à forme commerciale - Financial Assurance Services
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BTW/TVA BE 0429.501.944 / RPR Brussel - RPM Bruxelles / ING BE43 3101 3811 9501 - BIC BBRUBEBB / BELFIUS BE92 0689 0408 8123 - BIC GKCC BEBB*

5

GLOSSARY

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.

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

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)

Net cash from operating activities

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

Capital expenditure

Investments in property, plant and equipment

ROE (Return On Equity)

Net income/shareholders' equity

Liquidity

Current assets/current liabilities

Solvency

Shareholders' equity/total assets

Melexis 

www.melexis.com