

# WAFER —

BASIS FOR DIGITAL PROGRESS

# Quarterly overview

In EUR million	Q2 2021	Q1 2021	Q2 2020	H1 2021	H1 2020
<b>Statement of profit or loss</b>					
Sales	341.1	316.1	323.1	657.1	623.3
Gross profit	105.2	88.6	99.1	193.8	188.5
Gross margin %	30.8	28.0	30.7	29.5	30.2
EBITDA	108.0	91.7	100.4	199.7	184.7
EBITDA margin %	31.7	29.0	31.1	30.4	29.6
EBIT	69.6	54.2	66.9	123.8	120.2
EBIT margin %	20.4	17.2	20.7	18.8	19.3
Financial result	1.4	0.7	2.2	2.2	-3.9
Income taxes	-7.0	3.5	-8.3	-3.5	-9.5
Result for the period	64.0	58.4	60.8	122.5	106.8
Earnings per share EUR	1.83	1.67	1.80	3.50	3.12
<b>Capital expenditure and net cash flow</b>					
Capital expenditure in property, plant and equipment, and intangible assets	52.8	36.9	48.3	89.7	94.3
Net cash flow	43.3	27.9	26.7	71.2	67.7

In EUR million	June 30, 2021	Dec. 31, 2020
<b>Statement of financial position</b>		
Total assets	2,005.6	1,919.4
Equity	1,083.6	871.8
Equity ratio %	54.0	45.4
Net financial assets	528.4	499.2

## Non-financial performance indicators

		H1 2021	FY 2020
Efficiency of the use of silicon (100 percent corresponds to the 2015 base)	%	99	99
Energy use per wafer area (100 percent corresponds to 2015 base)	%	91	99
Waste recycling ratio	%	72	70
Water usage for production per wafer area (100 percent corresponds to 2015 base)	%	90	99
Occupational accidents at work per million working hours	Number	2.9	2.1
Occupational accidents (per working days) with chemicals per year (number of affected employees)		0	0
<b>Employees (excluding temporary employees)</b>		<b>3,871</b>	<b>3,772</b>

# Company profile

Siltronic is one of the world's leading manufacturers of hyperpure silicon wafers with diameters up to 300 mm and partner of many leading semiconductor companies. The Company has a network of state-of-the-art production sites in Asia, Europe and the USA. Silicon wafers are the basis of modern micro- and nano-electronics and a key component in semiconductor chips in e.g., computers, smartphones, navigation systems and many other applications. Technology leadership and a consistent focus on improving efficiency form the bedrock for increasing the Company's value going forward.

## Contents

<b>Management Report on Interim Consolidated Financial Statements</b> .....	<b>4</b>
Group basics .....	4
Macroeconomic situation and industry trends.....	4
Overall statement by the Executive Board on business performance and economic position .....	5
Siltronic on the stock exchange.....	6
Economic development from January to June 2021.....	7
Risk and opportunity change report .....	12
Forecast update.....	14
<b>Condensed Interim Financial Statements</b> .....	<b>17</b>
Consolidated statement of profit or loss.....	17
Consolidated statement of financial position .....	18
Consolidated statement of cash flows .....	19
Consolidated statement of comprehensive income .....	20
Consolidated statement of changes in equity .....	21
Condensed consolidated notes.....	22
<b>Further Information</b> .....	<b>27</b>
Responsibility statement.....	27
Review Report.....	28
Financial calendar, contact and imprint .....	29

# Management Report on Interim Consolidated Financial Statements

## Group basics

The Annual Report 2020 provides a detailed overview of the business activities, objectives and strategy of Siltronic AG. The statements made therein are still valid. There were no significant changes in H1 2021.

The development of the key financial performance indicators in H1 2021 is shown in the following table. The exact definition of the key performance indicators can be found in the Annual Report 2020 on page 19.

### Financial key performance indicators

In EUR million	H1 2021	H1 2020	FY 2020
EBITDA margin in %	30.4	29.6	27.5
Net cash flow	71.2	67.7	77.4
Sales	657.1	623.3	1,207.0
EBIT	123.8	120.2	192.2
Capital expenditure	89.7	94.3	187.6
Net financial assets	528.4	509.4	499.2

## Macroeconomic situation and industry trends

According to the International Monetary Fund (IMF), global gross domestic product (GDP) in 2020 was 3.3 percent lower than in 2019. For 2021, the Fund forecasted growth of 6.0 percent, reflecting a significant recovery from the effects of the corona pandemic. Despite continued uncertainty caused by the corona pandemic, the global economy recovered stronger than expected as a result of widespread vaccination programs and the adaption to pandemic live. Fiscal policy support further boosted the global economy. High unemployment and growing social and economic inequality, particularly in relation to the uneven pace of economic recovery, continue to pose major challenges.

In its forecast, the IMF underlines the uncertainty associated with the forecast, considering that new virus variants, against which the vaccine is ineffective, could lead to an economic decline.

According to the OECD, GDP in the eurozone fell by 1.8 percent in Q1 2021 compared with Q1 2020.

The euro changed significantly against the US dollar compared to previous year, but only slightly during H1 2021. The Japanese yen showed only slight changes against the euro in H1 2021.

The market for semiconductor components has experienced massive growth so far this year. According to data from WSTS (World Semiconductor Trade Statistics), global sales in May 2021 were up 26.2 percent year-on-year due to the increase in demand.

According to the industry association SEMI, silicon wafer sales in Q2 2021 grew by 6 percent compared to Q1 of this year. Compared to Q2 2020, the increase was 12 percent.

Sources:  
IMF World Economic Outlook Update April 2021; OECD data, July 12, 2021; WSTS Press Release July 3, 2021; SEMI SMG Press Release July 27, 2021

# Overall statement by the Executive Board on business performance and economic position

Siltronic AG's business performance in H1 2021 was better than expected. This was mainly reflected in higher wafer area sold, while the increase in sales and earnings was less pronounced due to the strong euro.

This development, which exceeded our forecast, already became apparent in Q1 2021, so that we raised our forecast in an ad-hoc announcement on April 20, 2021.

Several factors contribute to this development. The driving force behind the strong demand for wafer area is the ongoing digitization push with the roll-out of a powerful 5G telecommunications network, the further build-out of high-performance cloud storage solutions, the government-supported increase in sales of electric or hybrid vehicles and the ongoing high demand for digital applications and products such as laptops, headsets or screens. Overall, demand in all end markets is growing. This trend should continue in the next years, albeit with some fluctuations. It is the basis for growth in the semiconductor and wafer industry.

In addition, the overall economic outlook has improved significantly, benefiting from massive government and monetary support. One example is the multi-billion US dollar program of the new US administration under President Joe Biden, which will be effective for more than a decade. Central banks around the world continue to contribute to the improved development with their ultra-light monetary policy. The easing of the corona pandemic since late spring has also contributed to increased consumer demand.

Apart from these opportunities possible negative factors persist. In addition to geopolitical tensions, the trade dispute between the United States and the People's Republic of China is developing towards a massive technological competition. More and more countries are recognizing the risk of over-dependence on China and are trying to strengthen their own value creation. The European Union, Japan, South Korea and the USA have announced major investments in the development and expansion of their own semiconductor industry to establish an alternative to Chinese manufacturers in this important field of technology.

Another challenge is the potential disruption of supply chains. Ports operating at their limits and often insufficient container capacities are already challenging numerous industries.

The wafer industry is currently close to fully loaded. The urgently needed increase in wafer production can only be ensured by building new leading-edge and cost-efficient fabs.

To support the strong market demand and expansion projects of important customers that cannot be served with current capacities, on July 27, 2021 the Supervisory Board of Siltronic AG agreed to the proposal of the Executive Board to build another leading-edge and cost-efficient 300 mm at its site fab in Singapore. The construction is planned to start this year. We intend to secure the utilization of a large part of the new capacities through long-term agreements with prepayments. The terms are currently being

negotiated with customers. Due to ongoing investments in new capacities, also at the Freiberg site, our capex will be around EUR 400 million this year. Based on current planning capex for the new fab will be around EUR 2 billion until end of 2024.

With these investments our central R&D hub in Burghausen, providing technological support for the planned expansion, will be further strengthened.

As in 2020, ensuring the health of our employees was very important in H1 2021. The established health and safety measures enabled us to produce without interruption and without any short-time work since the outbreak of the corona pandemic. We are monitoring the further development of the pandemic very closely and are adapting our internal measures in line with the pandemic situation.

We continue to work ambitiously on realizing further cost-saving opportunities, increasing productivity and our sustainability performance.

In May, the antitrust authorities in Singapore and Taiwan approved the merger with GlobalWafers. Foreign trade clearance in Germany and merger clearances in the USA, China and Japan are still pending. We still expect the transaction to close in H2 2021.

The Executive Board is satisfied with the business and earnings development in H1 2021. The outlined growth drivers for our business are intact and we consequently expect demand for wafer area to increase continuously in the medium and long term.

With the decision to invest in a cost-efficient fab, we are setting the course for Siltronic AG's continued successful future. With the new leading-edge production capacities, we will further strengthen our position as one of the technology leaders.

## Siltronic on the stock exchange

At the beginning of 2021, the Siltronic share price was EUR 128.40 and continuously rose to a peak of EUR 147.35 by January 22. During the further course of H1 2021, the share price moved mainly sideways in a corridor of around EUR 133.65 to EUR 146.00. The increased forecast based on Siltronic AG's improved business outlook which was communicated on April 20, 2021, was not reflected in the share price performance. H1 2021 ended with a share price of EUR 142.20. This corresponds to a share price gain of 11.0 percent compared to the year-end price in 2020.

Overall, Siltronic AG's share price performance was strongly influenced by GlobalWafers' voluntary public tender offer, in which GlobalWafers reached an acceptance threshold of 70.27 percent of Siltronic shares.

The two benchmark indices, the MDAX and TecDAX, ended H1 2021 with gains of 10.6 percent and 11.0 percent. The SOXX sector index rose by 20.2 percent in the first six months. The Siltronic shares moved from the MDAX to the SDAX as of June 21, 2021 due to the reduction in market capitalization resulting from the planned takeover.

At the end of April 2021, the Annual General Meeting approved a dividend of EUR 2.00 per share for 2020. This amount corresponds to a dividend yield of 1.6 percent on the closing price at the end of 2020.

Due to the reduction in the free float to 29.73 percent as a result of the tender offer, the daily trading volume of Siltronic shares in the Xetra system in H1 2021 was almost 40 percent below H1 2020, with 68,800 shares on average.

Wacker Chemie AG is currently still the largest single shareholder with 30.8 percent but has tendered all of its shares to GlobalWafers. Based on voting rights notifications as of June 30, 2021, the largest institutional investors were JP Morgan Chase with 6.5 percent, Goldman Sachs 5.07 percent, UBS 4.18 percent, Bank of America 4.07 percent, Morgan Stanley 4.01 percent, BlackRock 3.85 percent, Alec Litwitz 3.84 percent and Capital Group 3.03 percent.

A total of eleven analysts from renowned national and international banks analysed the Siltronic share as of June 30, 2021. Credit Suisse discontinued its analysis in H1 due to the departure of the lead analyst. At the end of June 2021, the analysts' average target price was EUR 146.50.

Up-to-date information on investor relations publications, voting rights announcements and analyst estimates can be found on the website at <https://www.siltronic.com/en/investors.html>.

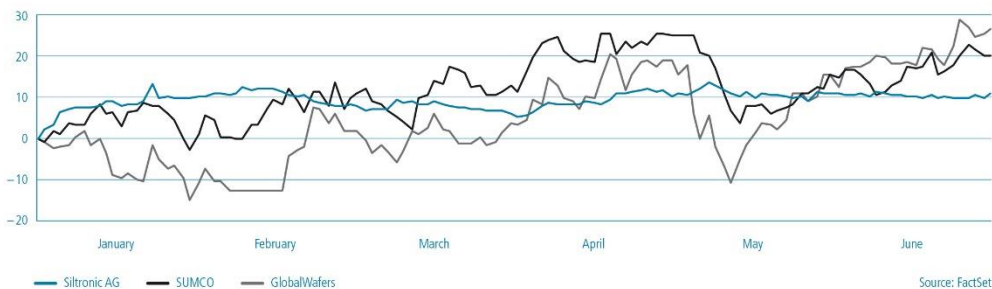
Performance of Siltronic shares vs. indices 2021

in %



Performance of Siltronic shares vs. competitors 2021

in %



# Economic development from January to June 2021

## Financial performance

### Strong sales due to increase in wafer area sold

		H1 2021	H1 2020	Change	Q2 2021	Q1 2021	Q2 2020	Change	
								Q2 to Q1	Q2 to Q2
Sales	In EUR million	657.1	623.3	33.8	341.1	316.1	323.1	25.0	18.0
	in %			5.4				7.9	5.6

#### Half-year comparison

Siltronic generated sales of EUR 657.1 million in H1 2021, an increase of 5.4 percent compared to the previous year which was driven by a very strong increase in wafer area sold.

This strong increase in wafer area more than offset the negative impact of the appreciation of the euro against the US dollar of around 9 percent. In H1 2021, the euro averaged 1.21 against the US dollar, compared with an average of 1.10 in H1 2020.

The ASP development in invoice currency was of lesser importance compared to the development of wafer area and to the development of the US dollar.

#### Sequential quarterly comparison

Sequentially, the quarterly sales development was very positive.

In Q2 2021, Siltronic generated sales of EUR 341.1 million, a 7.9 percent increase compared to Q1.

Again, the increase is attributable to the increased wafer area sold. Neither ASP in the invoicing currency nor changes in exchange rates had a significant impact on the development of sales. The euro traded at an average of 1.21 against the US dollar in Q2 2021, unchanged from Q1 2021.

### Decreasing cost of sales per wafer area drive gross profit

		H1 2021	H1 2020	Change	Q2 2021	Q1 2021	Q2 2020	Change	
								Q2 to Q1	Q2 to Q2
Cost of sales	in EUR million	463.3	434.8	28.5	235.9	227.5	224.0	8.4	11.9
	in %			6.6				3.7	5.3
Gross profit	in EUR million	193.8	188.5	5.3	105.2	88.6	99.1	16.6	6.1
	in %			2.8				18.7	6.2
Gross margin	in %	29.5	30.2		30.8	28.0	30.7		

#### Half-year comparison

The cost of sales increased from EUR 434.8 million to EUR 463.3 million in H1 2021 due to the increased wafer area sold.

Although wafer area sold and depreciation included in cost of sales have increased strongly, cost of sales per wafer area sold decreased noticeably. The decrease in cost of sales per wafer area sold is primarily due to economies of scale and productivity gains, which occur with rising sales volumes. Additionally, successful cost-saving measures have unburdened manufacturing costs, which have also decreased somewhat as a result of exchange rate movements.

The increase in wafer area sold and the decreasing cost of sales per wafer area led to a gross profit of EUR 193.8 million in H1 2021, an

increase of 2.8 percent year-on-year (H1 2020: EUR 188.5 million), despite increasing depreciation. Gross margin decreased slightly to 29.5 percent (H1 2020: 30.2 percent). If depreciation had remained unchanged, the gross margin would have increased.

#### Sequential quarterly comparison

In the sequential quarterly comparison, changes in depreciation and exchange rates did not play a significant role. Economies of scale and productivity gains are fully reflected in gross profit and gross margin.

Gross profit increased by 18.7 percent to EUR 105.2 million and the gross margin rose from 28.0 percent to 30.8 percent.

**Administrative costs burdened by tender offer from GlobalWafers**

In EUR million	H1 2021	H1 2020	Change	Q2 2021	Q1 2021	Q2 2020	Change	
							Q2 to Q1	Q2 to Q2
Selling expenses	17.2	16.1	1.1	8.4	8.7	7.9	-0.3	0.5
R&D expenses	39.4	36.5	2.9	20.2	19.3	19.0	0.9	1.2
Administration expenses	19.6	14.3	5.3	10.1	9.5	6.5	0.6	3.6
<b>Total</b>	<b>76.2</b>	<b>66.9</b>	<b>9.3</b>	<b>38.7</b>	<b>37.5</b>	<b>33.4</b>	<b>1.2</b>	<b>5.3</b>
In % of sales	11.6	10.7		11.3	11.9	10.3		

Selling expenses, research and development (R&D) and general administration expenses amounted to EUR 76.2 million in H1 2021. This corresponds to 11.6 percent of sales. Compared to the previous year, the increase of EUR 9.3 million mainly resulted from administrative expenses.

The increase in administrative expenses is driven by additional expenses for lawyers and consultants from the tender offer of GlobalWafers.

**Gains on currency hedges in Q1 and Q2**

In EUR million	H1 2021	H1 2020	Change	Q2 2021	Q1 2021	Q2 2020	Change	
							Q2 to Q1	Q2 to Q2
Balance of exchange rate effects	7.8	-3.0	10.8	3.8	4.0	0.4	-0.2	3.4
Sundry other operating income and expenses	-1.6	1.6	-3.2	-0.7	-0.9	0.8	0.2	-1.5
<b>Balance of other operating income and expenses</b>	<b>6.2</b>	<b>-1.4</b>	<b>7.6</b>	<b>3.1</b>	<b>3.1</b>	<b>1.2</b>	<b>-0.0</b>	<b>1.9</b>

The development of the US dollar and the Japanese yen had a negative impact on Siltronic's sales revenues and gross margin in H1 2021. As in previous periods, Siltronic is implementing currency hedging measures to mitigate future adverse exchange rate developments. These currency hedges have an opposite effect on the development of sales revenues and the gross margin in the balance of other operating income and expenses.

In H1 2021, there was a net gain from exchange rate effects of EUR 7.8 million while in H1 2020, there was an expense of EUR 3.0 million.

As the euro was little changed against the US dollar and the Japanese yen in Q2 2021 compared to Q1 2021, there was no significant difference in the sequential quarterly comparison. In Q2 2021, an exchange rate-related income of EUR 3.8 million was recorded after EUR 4.0 million in Q1 2021.

**EBITDA and EBITDA margin pick up strongly due to increased wafer area sold**

		H1 2021	H1 2020	Change	Q2 2021	Q1 2021	Q2 2020	Change	
								Q2 to Q1	Q2 to Q2
EBITDA	In EUR million	199.7	184.7	15.0	108.0	91.7	100.4	16.3	7.6
	in %			8.1				17.8	7.6
<b>EBITDA margin</b>	<b>in %</b>	<b>30.4</b>	<b>29.6</b>		<b>31.7</b>	<b>29.0</b>	<b>31.1</b>		
Depreciation, amortization and impairment less reversals thereof		-75.9	-64.5	-11.4	-38.4	-37.5	-33.5	-0.9	-4.9
<b>EBIT</b>	<b>In EUR million</b>	<b>123.8</b>	<b>120.2</b>	<b>3.6</b>	<b>69.6</b>	<b>54.2</b>	<b>66.9</b>	<b>15.4</b>	<b>2.7</b>
	<b>in %</b>			<b>3.0</b>				<b>28.4</b>	<b>4.0</b>
EBIT margin	in %	18.8	19.3		20.4	17.2	20.7		

*Half-year comparison*

In a half-year comparison, the EBITDA of EUR 199.7 million in 2021 was significantly higher than in 2020 (H1 2020: EUR 184.7 million). The EBITDA margin increased from 29.6 percent to 30.4 percent. The EBIT in H1 2021 of EUR 123.8 million was EUR 3.6 million above the previous year.

The most important driver for the positive development was the increase in wafer area sold.



*Sequential quarterly comparison*

The effect of increasing wafer area sold is even clearer in the sequential quarterly comparison than in the half-year comparison, as exchange rate effects are not significant.

EBITDA in Q2 2021 of EUR 108.0 million exceeded Q1 2021 by EUR 16.3 million. This increase is remarkable, as sales rose by EUR 25 million in the same period.

The EBITDA margin in Q2 2021 was 31.7 percent and around 3 percentage points higher than in Q1 2021.

The EUR 15.4 million improvement in EBIT is close to the improvement in EBITDA. In Q2 2021, the EBIT margin was 20.4 percent after 17.2 percent in the previous quarter.

**Profit of EUR 123 million in H1 2021**

		H1 2021	H1 2020	Change	Q2 2021	Q1 2021	Q2 2020	Change	
								Q2 to Q1	Q2 to Q2
Financial result	In EUR million	2.2	-3.9	6.1	1.4	0.7	2.2	0.7	-0.8
Result before income tax	In EUR million	126.0	116.3	9.7	71.0	54.9	69.1	16.1	1.9
	in %			8.3				29.3	2.7
Income taxes	In EUR million	-3.5	-9.5	6.0	-7.0	3.5	-8.3	-10.5	1.3
Tax rate	in %	3	8		10	-6	12		
<b>Result for the period</b>	<b>In EUR million</b>	<b>122.5</b>	<b>106.8</b>	<b>15.7</b>	<b>64.0</b>	<b>58.4</b>	<b>60.8</b>	<b>5.6</b>	<b>3.2</b>
<i>attributable to Siltronic AG shareholders</i>									
		105.1	93.5	11.6	54.9	50.1	54.0	4.8	0.9
<i>attributable to others</i>									
		17.4	13.3	4.1	9.1	8.3	6.8	0.8	2.3
<b>Earnings per share</b>	<b>In EUR</b>	<b>3.50</b>	<b>3.12</b>	<b>0.38</b>	<b>1.83</b>	<b>1.67</b>	<b>1.80</b>	<b>0.16</b>	<b>0.03</b>

The financial result improved in a half-year comparison mainly due to the development of Siltronic's special fund.

The tax income generated in Q1 2021 resulted primarily from deferred taxes. Due to an improved outlook, the recoverability of future tax benefits increased. In addition, tax income arose in Q1 2021 due to a change in tax law.

Income tax expense was low in H1 2021. The main reason for this is that most of the profit before income tax is generated by a (manufacturing) company that was granted tax exemption for a limited period of time. The tax exemption was part of the government's program to attract high-tech manufacturing companies.

In H1 2021, a profit for the period of EUR 122.5 million (H1 2020: EUR 106.8 million) was generated. The profit for the period was EUR 58.4 million for Q1 2021 and EUR 64.0 million for Q2 2021.

Earnings per share increased from EUR 1.67 in Q1 2021 to EUR 1.83 in Q2. In H1 2021 the earnings per share were EUR 3.50 after EUR 3.12 in H1 2020.

## Financial position

Total assets increased from EUR 1,919.4 million as of December 31, 2020 by 4.5 percent up to EUR 2,005.6 million as of June 30, 2021.

### Property, plant and equipment increase due to capital expenditure

In EUR million	June 30, 2021	Dec. 31, 2020	Change
Intangible assets	23.2	23.5	-0.3
Property, plant and equipment	985.7	961.7	24.0
Right-of-use assets	50.4	51.2	-0.8
Financial investments	21.0	46.7	-25.7
Other assets	19.6	12.2	7.4
<b>Non-current assets</b>	<b>1,099.9</b>	<b>1,095.3</b>	<b>4.6</b>

In H1 2021, capital expenditure including intangible assets totalled at EUR 89.7 million and depreciation added up to EUR 75.9 million. Property, plant and equipment and intangible assets increased by more than EUR 13.8 million due to the change in the exchange rate of the Singapore dollar against the euro.

Non-current assets accounted for 54.8 percent at balance sheet (December 31, 2020: 57.1 percent).

### Inventories and trade receivables increase due to strong demand; cash and cash equivalents and financial investments increase due to cash flow

In EUR million	June 30, 2021	Dec. 31, 2020	Change
Inventories	187.6	163.0	24.6
Trade receivables including contract assets	168.2	156.6	11.6
Other assets	40.5	50.2	-9.7
Cash and cash equivalents and financial investments	509.4	454.3	55.1
<b>Current assets</b>	<b>905.7</b>	<b>824.1</b>	<b>81.6</b>

Inventories and trade receivables increased due to higher production volumes in the wake of rising demand.

payment for capital expenditure including intangible assets of EUR 97.7 million.

Cash and cash equivalents and current and non-current financial investments increased by EUR 29.2 million in H1 2021, despite a dividend paid to shareholders on April 30, 2021 of EUR 60.0 million and

**Equity ratio of 54 percent**

In EUR million	June 30, 2021	Dec. 31, 2020	Change
<b>Equity</b>	<b>1,083.6</b>	<b>871.8</b>	<b>211.8</b>
Pension provisions	436.9	566.5	-129.6
Customer prepayments	131.8	137.4	-5.6
Lease liabilities	47.2	48.4	-1.2
Other provisions and liabilities	71.3	76.1	-4.8
<b>Non-current liabilities</b>	<b>687.2</b>	<b>828.4</b>	<b>-141.2</b>
Trade liabilities	123.4	118.8	4.6
Customer prepayments	35.7	23.6	12.1
Lease liabilities	4.4	4.0	0.4
Other provisions and liabilities	71.3	72.8	-1.5
<b>Current liabilities</b>	<b>234.8</b>	<b>219.2</b>	<b>15.6</b>

The EUR 211.8 million increase in equity is attributable to H1 2021 profit of EUR 122.5 million less the payment of the dividend of EUR 60.0 million and an interest-related decrease in pension obligations of EUR 140.2 million. The influence of exchange rates was insignificant.

The reason for the decline in pension obligations was the interest rate development in Germany and the US. As of 30 June 2021, the pension provision in the US was discounted at 2.4 percent after 2.1 percent

as of December 31, 2020. In Germany, the interest rate rose from 0.7 percent to 1.1 percent.

Non-current liabilities as of June 30, 2021 amounted to 34.3 percent of total assets (December 31, 2020: 43.2 percent).

**Very strong net cash flow**

In EUR million	H1 2021	H1 2020	Change
Cash flow from operating activities	181.3	144.3	37.0
Proceeds/payments for capital expenditure including intangible assets	-97.5	-115.1	17.6
<b>Free cash flow</b>	<b>83.8</b>	<b>29.2</b>	<b>54.6</b>
Increase/decrease of prepayments received (customer prepayments)	-12.6	38.5	-51.1
<b>Net cash flow</b>	<b>71.2</b>	<b>67.7</b>	<b>3.5</b>
Proceeds/payments for capital expenditure including intangible assets	-97.5	-115.1	17.6
Proceeds/payments from fixed-term deposits (fixed-term deposits, securities)	-136.9	116.6	-253.5
<b>Cash flow from operating activities</b>	<b>-234.4</b>	<b>1.5</b>	<b>-235.9</b>

Capital expenditure, including intangible assets, amounted to EUR 89.7 million in H1 2021 and mainly related to the expansion of epi capacity, capability enhancements and the expansion of crystal pulling halls to replace older equipment. Payments for capital expenditure including intangible assets, amounted EUR 97.7 million.

2021, customer prepayments in the amount of EUR 16.2 million have been received.

Net cash flow in Q2 2021 was EUR 43.3 million compared to EUR 27.9 million in Q1 2021

**Net financial assets increased as free cash flow exceeds dividend to shareholders**

In EUR million	June 30, 2021	Dec. 31, 2020	Change
Cash and cash equivalents	181.3	294.6	-113.3
Financial investments	347.1	204.6	142.5
<b>Net financial assets</b>	<b>528.4</b>	<b>499.2</b>	<b>29.2</b>

Despite the dividend payment of EUR 60.0 million to Siltronic AG shareholders, net financial assets increased by EUR 29.2 million due to the positive cash flow.

## Risk and opportunity change report

Material risks are presented in the risk report (pp. 48 to 57) of the Annual Report 2020.

Due to the size and significance of the new 300 mm fab in Singapore, announced on July 27, 2021, we adjusted our investment and liquidity risk assessment and explain the main opportunities related to this new investment.

### **Change in risk assessments resulting from investment in a new 300 mm fab in Singapore**

We raised the investment risk from a “medium” to a “high” rating and the liquidity risk from a “low” to a “high” rating. The main investment and liquidity risks that could have a negative impact on the future business, financial position, net assets and financial results, the share price or dividend payments are therefore presented below.

The current dynamic supply, price and demand situation for important construction materials, equipment and construction services may lead to higher investment costs than anticipated as of today. Unexpected expenditure increases will impact our liquidity and future earnings through higher depreciation. Delayed ramp-ups, caused for example by the corona pandemic or currently tight supply chains, harbor the risk that we may not be able to fulfil supply contracts already agreed and may experience declines in sales and earnings. Possible misinvestments lead to idle capacity costs or impairment losses on investments with negative effects on earnings. The market assumptions on

which the investment decision was based may not be achieved and lead to negative effects on earnings, financial position and net assets.

With our experience in project planning for new production sites, in construction site supervision, in project controlling and ramp-up, we ensure that projects are completed on time and on budget as far as possible. We have a wide range of measures in place to counter investment and liquidity risks. We release investments only in partial stages. Intensive project controlling serves to minimize or exclude time delays. We plan to reduce our investment and financing/liquidity risk through long-term agreements and financing commitments with our customers.

### **Opportunities from the investment in a new 300 mm fab**

The new 300 mm fab is an important contribution to support the strong market growth and expansion projects of our customers. The capacity expansion enables us to continue to grow with the market and to maintain or further improve our cost position. With the decision for Singapore, our fab is close to a large number of customers. Together with our two leading-edge and cost-efficient fabs in Singapore, we can achieve further economies of scale through synergies.

Currently, Siltronic is not aware of any risks that could affect the Company's ability to continue as a going concern.

### Changed risk assessment for 2021 (as of July 27, 2021)

Risk	Risk Assessment			Change compared to previous year
	Low	Medium	High	
<b>Overall environment</b>				
Economic downturn			•	→
Coronavirus pandemic			•	→
Political crises and trade tensions		•		→
<b>Industry and market risk</b>				
Competition, demand controlled by customers, cycles in the wafer market			•	→
Investments			•	↑
Additional costs from closures		•		→
Product development risk		•		→
<b>Procurement risk</b>		•		→
<b>Production risk and product liability risk</b>		•		→
<b>Legal and regulatory risk</b>				
General legal risk		•		→
Risk relating to environmental laws	•			→
Regulatory risk	•			→
<b>Security of IT systems and data</b>		•		→
<b>HR risk</b>	•			→
<b>Pension risk</b>		•		→
<b>Financial risk</b>				
Credit risk financial institutions	•			→
Credit risk customers	•			→
Market risk / currency risk			•	→
Finance / Liquidity risk			•	↑

<sup>1)</sup> AR: Annual Report      → unchanged      ↑increased ↓decreased

We assess the relevant risks according to the probability of occurrence and the degree of impact on business activities, net assets, financial position, results of operations and cash flow. For better readability, we have classified risks according to the following matrix compared to the previous year.

Risk assessment		Probability of occurrence		
		< 25 percent	25 – 75 percent	> 75 percent
Effects on the development of the Group's net assets, financial position and result of operations	< EUR 5 mn	Low	Low	Medium
	EUR 5 – 25 mn	Low	Medium	High
	> EUR 25 mn	Medium	High	High

## Forecast update

### Expected macroeconomic and sector development

In April, the International Monetary Fund (IMF) raised its forecast for the development of the global gross domestic product (GDP) for 2021. A stronger than expected recovery of 6.0 percent is forecasted for global economic output. However, the above-average uncertainty surrounding the impact of the corona pandemic remains. In January, the IMF was assuming a recovery of 5.5 percent.

From the IMF's point of view, the development mainly depends on the further impact of the corona pandemic, in particular the development of the vaccination supply and the new virus variants. In 2022, global gross domestic product is expected to grow somewhat more moderately by 4.4 percent.

Economic output in the eurozone is expected to increase by 4.4 percent in 2021 (2020: minus 6.6 percent).

The forecast for the US economy for 2021 predicts 6.4 percent growth in GDP, after declining 3.5 percent in the previous year.

For Japan, a plus of 3.3 percent is expected in 2021 (2020: minus 4.8 percent).

China's gross domestic product is expected to grow significantly by 8.4 percent in 2021. This is massively above the previous year's growth (2020: 2.3 percent).

A significant increase is predicted for the global semiconductor industry in 2021. According to the latest outlook from WSTS (World Semiconductor Trade Statistics), global sales of semiconductor components are expected to increase by 19.7 percent compared to the previous year.

However, there are uncertainties in the forecast due to the unforeseeable further effects of the corona pandemic.

#### Sources:

IMF World Economic Outlook Update, April 2021

WSTS Semiconductor Market Forecast, Press Release, June 8, 2021

### Siltronic's future performance

Siltronic remains committed to its corporate goals and its short- and long-term objective of sustainably expanding its business activities in order to further strengthen its position as one of the leading manufacturers of silicon wafers. This includes investments in technology and quality, continuing the operational excellence and cost reduction programs, and the expansion of capacities in line with market growth. Another focus is on ensuring high profitability and stable cash flows. A detailed description of the strategic objectives can be found on p. 22 of the Annual Report 2020.

The corona pandemic already led to a partly strong demand for wafer area in 2020. Demand is also increasing significantly in 2021. We have already taken this into account with our forecast adjustment for sales, profitability and cash flow of April 20, 2021.

To support the growing demand in the semiconductor industry, Siltronic's Supervisory Board approved on July 27, 2021 the construction of a new 300 mm fab at our production site in Singapore, as proposed by the Executive Board. With this project, we are supporting expansion projects of important customers that cannot be served with current capacities.

Based on current planning capex for the new fab will be around EUR 2 billion until end of 2024, which will be financed by existing liquidity and free cash flow as well as customer prepayments, debt and - if required - equity measures. We intend to secure a large portion of the utilization of the new capacities through long-term agreements with prepayments. Furthermore, it was decided to expand Siltronic's German site in Freiberg, which will increase crystal pulling and epitaxy capacities.

Relating to the capacity expansion projects, capex will rise from EUR 250 million to around EUR 400 million in 2021. The Executive Board now expects net cash flow to be slightly positive but significantly below prior year.

The other KPIs remain unchanged compared to April 2021.

In view of the economic and geopolitical uncertainties, also due to the corona pandemic, the actual performance of the Group may differ both positively or negatively from the performance indicated in our assumptions.

The expected development of the KPIs for 2021 is shown in the following table.

## Forecast 2021 (as of July 27, 2021)

	Forecast March 1, 2021 (Annual Report)	Forecast April 20, 2021 (Q1 2021)	Forecast July 27, 2021 (Q2 2021)
Sales	mid to high single-digit percent increase	increase of at least 10 percent	increase of at least 10 percent
EBITDA margin	slight increase	30 to 32 percent	30 to 32 percent
Depreciation and amortization	around EUR 155 million to EUR 160 million	around EUR 155 million to EUR 160 million	around EUR 155 million to EUR 160 million
EBIT	significant increase	significant increase	significant increase
Tax rate	significantly below 10 percent	significantly below 10 percent	significantly below 10 percent
Capital expenditure	around EUR 250 million, mainly in epi reactors, capabilities and expansion of crystal pulling hall to replace older equipment	around EUR 250 million, mainly in epi reactors, capabilities and expansion of crystal pulling hall to replace older equipment	around EUR 400 million for epi capacity, first investments in new 300 mm fab, capabilities and expansion of crystal pulling hall
Net cash flow	slight improvement	significant improvement	slightly positive, but significantly below prior year
Earnings per share	slight increase	significant increase	significant increase

# Contents

<b>Condensed Interim Financial Statements.....</b>	<b>17</b>
Consolidated statement of profit or loss .....	17
Consolidated statement of financial position .....	18
Consolidated statement of cash flows.....	19
Consolidated statement of comprehensive income.....	20
Consolidated statement of changes in equity.....	21
Condensed consolidated notes .....	22



# Condensed Interim Financial Statements

## Consolidated statement of profit or loss

In EUR million	Q2 2021	Q2 2020	H1 2021	H1 2020
Sales	341.1	323.1	657.1	623.3
Cost of sales	-235.9	-224.0	-463.3	-434.8
<b>Gross profit</b>	<b>105.2</b>	<b>99.1</b>	<b>193.8</b>	<b>188.5</b>
Selling expenses	-8.4	-7.9	-17.2	-16.1
Research and development expenses	-20.2	-19.0	-39.4	-36.5
General administration expenses	-10.1	-6.5	-19.6	-14.3
Other operating income	11.2	9.1	39.1	26.4
Other operating expenses	-8.1	-7.9	-32.9	-27.8
<b>Operating result</b>	<b>69.6</b>	<b>66.9</b>	<b>123.8</b>	<b>120.2</b>
Interest income	1.1	1.4	1.9	4.0
Interest expenses	-0.6	-0.7	-1.1	-1.3
Other financial result	0.9	1.5	1.4	-6.6
<b>Financial result</b>	<b>1.4</b>	<b>2.2</b>	<b>2.2</b>	<b>-3.9</b>
Result before income tax	71.0	69.1	126.0	116.3
Income taxes	-7.0	-8.3	-3.5	-9.5
<b>Result for the period</b>	<b>64.0</b>	<b>60.8</b>	<b>122.5</b>	<b>106.8</b>
<i>of which</i>				
<i>attributable to Siltronic AG shareholders</i>	<i>54.9</i>	<i>54.0</i>	<i>105.1</i>	<i>93.5</i>
<i>attributable to non-controlling interests</i>	<i>9.1</i>	<i>6.8</i>	<i>17.4</i>	<i>13.3</i>
Result per common share in EUR (basic/diluted)	1.83	1.80	3.50	3.12

## Consolidated statement of financial position

In EUR million	June 30, 2021	Dec. 31, 2020
Intangible assets	23.2	23.5
Property, plant and equipment	985.7	961.7
Right-of-use assets	50.4	51.2
Securities and fixed-term deposits	21.0	46.7
Other financial assets	–	0.1
Other non-financial assets	3.9	2.0
Deferred tax assets	15.7	10.1
<b>Non-current assets</b>	<b>1,099.9</b>	<b>1,095.3</b>
Inventories	187.6	163.0
Trade receivables	156.8	144.5
Contract assets	11.4	12.1
Securities and fixed-term deposits	328.1	159.7
Other financial assets	9.4	17.3
Other non-financial assets	30.9	27.7
Income tax receivables	0.2	5.2
Cash and cash equivalents	181.3	294.6
<b>Current assets</b>	<b>905.7</b>	<b>824.1</b>
<b>Total assets</b>	<b>2,005.6</b>	<b>1,919.4</b>
In EUR million	June 30, 2021	Dec. 31, 2020
Subscribed capital	120.0	120.0
Capital reserves	974.6	974.6
Retained earnings and net Group result	224.9	179.8
Other equity items	–340.5	–488.3
<b>Equity attributable to Siltronic AG shareholders</b>	<b>979.0</b>	<b>786.1</b>
Equity attributable to non-controlling interests	104.6	85.7
<b>Equity</b>	<b>1,083.6</b>	<b>871.8</b>
Provisions for pensions	436.9	566.5
Other provisions	57.7	62.3
Income tax liabilities	10.7	10.7
Deferred tax liabilities	2.5	3.1
Customer prepayments	131.8	137.4
Lease liabilities	47.2	48.4
Other financial liabilities	0.4	–
<b>Non-current liabilities</b>	<b>687.2</b>	<b>828.4</b>
Other provisions	8.5	7.3
Income tax liabilities	12.9	16.8
Trade liabilities	123.4	118.8
Customer prepayments	35.7	23.6
Lease liabilities	4.4	4.0
Other financial liabilities	5.5	3.9
Other non-financial liabilities	44.4	44.8
<b>Current liabilities</b>	<b>234.8</b>	<b>219.2</b>
Total liabilities	922.0	1,047.6
<b>Total equity and liabilities</b>	<b>2,005.6</b>	<b>1,919.4</b>

## Consolidated statement of cash flows

In EUR million	Q2 2021	Q2 2020	H1 2021	H1 2020
Result for the period	64.0	60.8	122.5	106.8
Depreciation / amortization of non-current assets, including impairment losses and reversals thereof	38.4	33.5	75.9	64.5
Other non-cash expenses and income	-2.2	-9.3	-3.2	-2.8
Result from disposal of non-current assets	0.8	0.4	1.5	1.1
Interest income	-0.5	-0.7	-0.7	-2.7
Interest paid	-0.4	-0.5	-0.9	-0.9
Interest received	1.4	0.7	2.2	4.8
Tax expense	7.0	8.3	3.5	9.5
Taxes paid	-2.1	-3.2	-5.5	-1.7
Changes in inventories	-10.8	-6.5	-22.9	-10.5
Changes in trade receivables	0.7	-4.7	-10.5	4.7
Changes in contract assets	-1.2	0.1	0.8	0.4
Changes in other assets	-3.3	0.3	-5.2	-10.9
Changes in provisions	2.4	4.3	5.9	12.3
Changes in trade liabilities	10.1	8.5	4.4	14.6
Changes in other liabilities	-10.5	-16.5	0.9	-6.4
Changes in customer prepayments	10.9	-16.9	12.6	-38.5
<b>Cash flow from operating activities</b>	<b>104.7</b>	<b>58.6</b>	<b>181.3</b>	<b>144.3</b>
Payments for capital expenditure (including intangible assets)	-50.6	-48.8	-97.7	-115.1
Proceeds from the disposal of property, plant and equipment	0.1	-	0.2	-
Payments for securities and fixed-term deposits	-91.5	-55.6	-214.7	-107.3
Proceeds from securities and fixed-term deposits	46.5	18.7	77.8	223.9
<b>Cash flow from financing activities</b>	<b>-95.5</b>	<b>-85.7</b>	<b>-234.4</b>	<b>1.5</b>
Dividends	-60.0	-90.0	-60.0	-90.0
Repayment portion of lease liability	-1.1	-1.2	-2.6	-2.3
<b>Cash flow from financing activities</b>	<b>-61.1</b>	<b>-91.2</b>	<b>-62.6</b>	<b>-92.3</b>
Changes due to exchange- rate fluctuations	-1.6	-0.3	2.4	-6.2
<b>Changes in cash and cash equivalents</b>	<b>-53.5</b>	<b>-118.6</b>	<b>-113.3</b>	<b>47.3</b>
at the beginning of the period	234.8	366.6	294.6	200.7
<b>at the end of the period</b>	<b>181.3</b>	<b>248.0</b>	<b>181.3</b>	<b>248.0</b>

### Additional financial information

(Not part of condensed interim financial statements and unaudited)

In EUR million	Q2 2021	Q2 2020	H1 2021	H1 2020
Cash flow from operating activities	104.7	58.6	181.3	144.3
Increase/decrease of prepayments received (customer prepayments)	-10.9	16.9	-12.6	38.5
Cash flow from investing activities	-50.5	-48.8	-97.5	-115.1
<b>Net cash flow</b>	<b>43.3</b>	<b>26.7</b>	<b>71.2</b>	<b>67.7</b>

## Consolidated statement of comprehensive income

In EUR million	H1 2021	H1 2020
Result for the period	122.5	106.8
Items not reclassified to profit or loss:		
Remeasurement of defined benefit plans	140.2	-47.7
Items reclassified to profit or loss:		
Difference from foreign currency translation	16.8	-34.5
Changes in market values of derivative financial instruments (cash flow hedge)	-7.7	1.7
<i>thereof recognized in profit or loss</i>	-5.5	1.2
<i>thereof tax effect</i>	2.8	-0.5
<b>Sum of items reclassified to profit or loss</b>	<b>9.1</b>	<b>-32.8</b>
Other comprehensive income / loss	149.3	-80.5
<b>Total comprehensive income / loss</b>	<b>271.8</b>	<b>26.3</b>
of which		
<i>attributable to Siltronic AG shareholders</i>	252.9	15.6
<i>attributable to non-controlling interests</i>	18.9	10.7
In EUR million	Q2 2021	Q2 2020
Result for the period	64.0	60.8
Items not reclassified to profit or loss:		
Remeasurement of defined benefit plans	16.2	-135.8
Items reclassified to profit or loss:		
Difference from foreign currency translation	-13.4	-1.7
Changes in market values of derivative financial instruments (cash flow hedge)	-1.9	2.2
<i>thereof recognized in profit or loss</i>	-2.8	0.2
<i>thereof tax effect</i>	0.8	-0.8
<b>Sum of items reclassified to profit or loss</b>	<b>-15.3</b>	<b>0.5</b>
Other comprehensive income / loss	0.9	-135.3
<b>Total comprehensive income / loss</b>	<b>64.9</b>	<b>-74.5</b>
of which		
<i>attributable to Siltronic AG shareholders</i>	57.1	-81.2
<i>attributable to non-controlling interests</i>	7.8	6.7

## Consolidated statement of changes in equity

In EUR million	Subscribed capital	Capital reserves	Variance from foreign currency translation	Effects of net investments in foreign operations	Changes in market values of derivative financial instruments (cash flow hedge)	Remeasurement of defined benefit plans	Retained earnings /net Group result	Total	Non-controlling interests	Total equity
Balance as of January 1, 2020	120.0	974.6	29.1	-7.1	0.3	-360.9	109.0	865.0	65.2	930.2
Result for the period	-	-	-	-	-	-	93.5	93.5	13.3	106.8
Other comprehensive income and loss	-	-	-31.9	-	1.7	-47.7	-	-77.9	-2.6	-80.5
<b>Total comprehensive income and loss</b>	-	-	<b>-31.9</b>	-	<b>1.7</b>	<b>-47.7</b>	<b>93.5</b>	<b>15.6</b>	<b>10.7</b>	<b>26.3</b>
Dividends	-	-	-	-	-	-	-90.0	-90.0	-	-90.0
<b>Balance as of June 30, 2020</b>	<b>120.0</b>	<b>974.6</b>	<b>-2.8</b>	<b>-7.1</b>	<b>2.0</b>	<b>-408.6</b>	<b>112.5</b>	<b>790.6</b>	<b>75.9</b>	<b>866.5</b>
Balance as of January 1, 2021	120.0	974.6	-35.1	-7.1	9.0	-455.1	179.8	786.1	85.7	871.8
Result for the period	-	-	-	-	-	-	105.1	105.1	17.4	122.5
Other comprehensive income and loss	-	-	15.3	-	-7.7	140.2	-	147.8	1.5	149.3
<b>Total comprehensive income and loss</b>	-	-	<b>15.3</b>	-	<b>-7.7</b>	<b>140.2</b>	<b>105.1</b>	<b>252.9</b>	<b>18.9</b>	<b>271.8</b>
Dividends	-	-	-	-	-	-	-60.0	-60.0	-	-60.0
<b>Balance as of June 30, 2021</b>	<b>120.0</b>	<b>974.6</b>	<b>-19.8</b>	<b>-7.1</b>	<b>1.3</b>	<b>-314.9</b>	<b>224.9</b>	<b>979.0</b>	<b>104.6</b>	<b>1,083.6</b>

# Condensed consolidated notes

## Basis of presentation and accounting policies

These condensed financial statements (“interim financial statements”) for the six-month period ended June 30, 2021 comprise Siltronic AG and its subsidiaries, together referred to as the “Group”. Siltronic AG is a listed company subject to German law.

The interim financial statements of the Siltronic Group as of June 30, 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) for interim financial statements (IAS 34) as endorsed by the European Union, and are presented in condensed form. The accounting and valuation methods applicable for the fiscal year 2020 have been amended by new accounting standards if applicable and effective for the first time in 2021. Apart from this, the accounting and valuation methods remained unchanged.

Siltronic AG is a company domiciled in Munich / Germany, Einsteinstrasse 172 and is registered at the Munich District Court (Amtsgericht) under HRB 150884.

## Use of assumptions and estimates

When the interim financial statements are being prepared, it is necessary to make estimates and assumptions affecting the amounts and

the reporting of the recognized assets and debts, income and expenses, and contingent liabilities. All assumptions and estimates are based on projections that were valid on the reporting date. The actual values may differ from assumptions and estimates if the economic conditions referred to do not develop in line with the expectations as of the reporting date. The determination of taxes followed the procedure applied at year-end by assessing the income tax expense at the balance sheet date of this interim period.

Taxes are calculated in the same way as at the end of the fiscal year by determining the tax expense at the interim balance sheet date.

As of each reporting date, the net defined benefit liability must be reassessed and the discount factor newly determined. The derivation of the discount rate in Germany is based on a so-called ‘bond universe’. The net defined benefit liability as of June 30, 2021 was calculated using discount factors of 1.14 percent in Germany and 2.39 percent in the US (June 30, 2020: 1.23 percent in Germany and 2.46 percent in the US). As of December 31, 2020, the actuarial interest rate was 0.69 percent in Germany and 2.07 percent in the US.

## Segment reporting

The Group is engaged in one reportable segment. That includes the development, production and sale of semiconductor silicon wafers with a wide variety of features satisfying numerous product specifications to meet customers' very precise technical specifications. Wafers are utilized in the manufacturing of semiconductor devices. Based on the fact that in the wafer industry the allocation of resources is derived from a wide variety of product specifications from customers, the Group is only operating in one segment.

The following table shows the breakdown of sales by geographical region:

		H1 2021							
In EUR million		Germany	Europe excluding Germany	United States	Taiwan and (mainland) China	Korea	Asia excluding Taiwan, (mainland) China and Korea	Others	Siltronic Group
External sales of contracts with customers by customer location		44,0	66	62,1	236,3	164,2	81,2	3,3	657,1
		H1 2020							
In EUR million		Germany	Europe excluding Germany	United States	Taiwan and (mainland) China	Korea	Asia excluding Taiwan, (mainland) China and Korea	Others	Siltronic Group
External sales of contracts with customers by customer location		46	65,9	64,8	207,8	141,1	87,8	9,9	623,3

## Information on fair value

The fair value of a financial instrument is the price that would be achieved in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following table shows the carrying amounts and fair values of the Group's financial assets and financial liabilities:

In EUR million	June 30, 2021		December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables (AC) 1)	156.8	156.8	144.5	144.9
Securities (FVTPL) 2)	87.1	87.1	83.7	83.7
Securities and fixed-term deposits (AC) 1)	262.0	263.8	122.7	124.5
Other financial assets	9.4	9.4	17.4	17.4
Derivatives for which hedge accounting is used (Hedge Accounting) 3)	3.7	3.7	12.0	12.0
Derivatives for which hedge accounting is not used (FVTPL) 2)	3.8	3.8	4.0	4.0
Other (AC) 1)	2.0	2.0	1.5	1.5
Cash and cash equivalents (AC) 1)	181.3	181.3	294.6	294.6
<b>Total financial assets</b>	<b>696.6</b>	<b>698.4</b>	<b>662.9</b>	<b>665.1</b>
Trade liabilities (AC) 1)	123.4	123.4	118.8	118.8
Other financial liabilities	5.9	5.9	3.9	3.9
Derivatives for which hedge accounting is used (Hedge Accounting) 3)	2.2	2.2	–	–
Derivatives for which hedge accounting is not used (FVTPL) 2)	2.1	2.1	3.5	3.5
Other (AC) 1)	1.7	1.7	0.3	0.3
<b>Total financial liabilities</b>	<b>129.3</b>	<b>129.3</b>	<b>122.7</b>	<b>122.7</b>

<sup>1)</sup> AC = Amortized cost

<sup>2)</sup> FVTPL = Fair Value through profit or loss

<sup>3)</sup> Hedge Accounting = Not assigned to the measurement categories. Hedging relationships continue to be accounted for in accordance with IAS 39.

The financial assets and liabilities measured at fair value in the statement of financial position were allocated to one of the three categories in accordance with the fair value hierarchy described in IFRS 13. Allocation to these categories shows which of the fair values reported were settled through market transactions and the extent to which the measurement was based on models in the absence of observable market transactions. With respect to the definition of the fair value levels and the corresponding financial assets and financial liabilities

and the valuation of these items reference is made to the 2020 consolidated financial statements.

The following table shows the fair value hierarchy classification of financial assets and liabilities measured at fair value in the statement of financial position:

### Fair value hierarchy

In EUR million	As of June 30, 2021			
	Level I	Level II	Level III	Total
<b>Financial assets, measured at fair value</b>				
Fair value through profit or loss (FVTPL)				
Derivatives for which hedge accounting is not used	–	3.8	–	3.8
Securities	87.1	–	–	87.1
Fair value through other operating income				
Derivatives for which hedge accounting is used	–	3.7	–	3.7
<b>Total</b>	<b>87.1</b>	<b>7.5</b>	<b>–</b>	<b>94.6</b>
<b>Financial liabilities, measured at fair value</b>				
Fair value through profit or loss (FVTPL)				
Derivatives for which hedge accounting is not used	–	2.1	–	2.1
Fair value through other operating income				
Derivatives for which hedge accounting is used	–	2.2	–	2.2
<b>Total</b>	<b>–</b>	<b>4.3</b>	<b>–</b>	<b>4.3</b>



In EUR million	As of December 31, 2020			
	Level I	Level II	Level III	Total
<b>Financial assets, measured at fair value</b>				
Fair value through profit or loss (FVTPL)				
Derivatives for which hedge accounting is not used	–	4.0	–	4.0
Securities	83.7	–	–	83.7
Fair value through other operating income				
Derivatives for which hedge accounting is used	–	12.0	–	12.0
<b>Total</b>	<b>83.7</b>	<b>16.0</b>	<b>–</b>	<b>99.7</b>
<b>Financial liabilities, measured at fair value</b>				
Fair value through profit or loss (FVTPL)				
Derivatives for which hedge accounting is not used	–	3.5	–	3.5
Fair value through other operating income				
Derivatives for which hedge accounting is used	–	–	–	–
<b>Total</b>	<b>–</b>	<b>3.5</b>	<b>–</b>	<b>3.5</b>

The market value determined at Level I is based on unadjusted, quoted prices in active markets for the assets and liabilities in question or those that are identical. Quoted prices in an active market are available for all securities of the Group. All securities are classified as Level I securities.

The financial instruments allocated to Level II are measured using methods based on parameters that are either directly or indirectly derived from observable market data. These include hedging and non-hedging derivative financial instruments.

At Level III, the market value is determined on the basis of parameters for which no observable prices are available.

Siltronic reviews on an annual basis whether its financial instruments are appropriately allocated to the hierarchy levels. No changes to the valuation method occurred compared to the end of the prior fiscal year and no non-recurring fair value measurements took place. No reclassifications between the levels of the fair value hierarchy were carried out in the period under review.

## Related party disclosures

The disclosure requirements according to IAS 24 refer to transactions with (a) the minority shareholder Wacker Chemie AG and its controlling shareholder Dr. Alexander Wacker Familiengesellschaft mbH (holding more than 50 percent of the voting shares in Wacker Chemie AG), (b) Pensionskasse (pensions fund) and (c) members of the Executive Board and Supervisory Board of the Company.

The following amounts are included in the statement of profit or loss and result from transactions with Wacker Chemie AG (prior year's

figures also take into account the pension fund of Wacker Chemie VvaG from which office space was rented):

In EUR million	H1 2021	H1 2020
Sales	0.3	0.4
Purchased material and services (primarily cost of sales)	78.2	75.8
Lease expenses (several functional costs)	0.1	0.2

The following table shows transactions to Wacker Chemie AG in the statement of financial position:

In EUR million	June 30, 2021	Dec. 31, 2020
Right-of-use assets	1.5	1.6
Other assets	3.7	1.9
Inventories	17.4	14.3
Lease liabilities	1.5	1.6
Trade liabilities	14.8	13.7

## Income taxes

Taxes are calculated using the same methods as at year-end, by determining the tax expenses as of the interim reporting date. The alternative method in accordance with IAS 34, which involves the use of estimates, was not applied. Deferred tax assets were capitalized on temporary differences to the extent that they will probably result in realizable tax benefits within the medium-term planning period.

## Foreign exchange rates

The financial statements of consolidated companies outside Germany are translated into euro following the concept of functional currency. For all foreign Group companies, the functional currency equals the local currency because these entities operate their business on a stand-alone basis from a financial, commercial and organizational perspective. Assets and liabilities are translated using the spot rates prevailing at the balance sheet date, equity is translated using historical rates, and amounts in the statement of profit and loss are translated

using the average exchange rates of the quarter. Amounts resulting from the variance between spot rates at different balance sheet dates are shown separately under “Other equity items” within equity.

The following table shows the main exchange rates in relation to the euro:

### Exchange rates

	ISO-Code	Spot rate			Average for the period		
		June 30, 2021	June 30, 2020	Dec. 31, 2020	Q2 2021	H1 2021	H1 2020
US-Dollar	USD	1.19	1.12	1.23	1.21	1.21	1.10
Japanese Yen	JPY	132	121	127	132	130	119
Singapore Dollar	SGD	1.60	1.57	1.63	1.61	1.61	1.54

## Major events in period under review and events after June 30, 2021

On July 27, 2021, the Supervisory Board of Siltronic AG approved the Executive Board's proposal to build an additional 300 mm fab at the existing site in Singapore.

Munich, July 27, 2021  
The Executive Board of Siltronic AG

Dr. Christoph von Plotho  
(CEO)

Rainer Irl  
(CFO)

# Further Information

## Responsibility statement

To the best of our knowledge, we assure that in accordance with the applicable accounting principles for interim reporting for the Group's interim financial statements in compliance with generally accepted accounting principles, we have provided a truthful picture of the assets, financial and earnings situation of the Group and that the Group's interim management report outlines the business performance, including the Company's profit and the Group's situation, such that it provides a picture in line with the actual circumstances and describes the key opportunities and risks of the expected performance of the Group in the remainder of the fiscal year.

Munich, July 27, 2021  
The Executive Board of Siltronic AG

Dr. Christoph von Plotho  
(CEO)

Rainer Irle  
(CFO)

## Review Report

To Siltronic AG, Munich

We have reviewed the condensed interim consolidated financial statements of the Siltronic AG – comprising the Group balance sheet, Group profit and loss account, Group statement of comprehensive income, Group cash flow statement, development of the Group's equity and selected explanatory notes – together with the Group's interim management report for Siltronic AG, for the period from January 1 to June 30, 2021, that are part of the semi-annual financial report according to § 115 WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act"). The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting", as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed Group interim financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the

review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group reports. A review is limited primarily to inquires of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have to come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, July 27, 2021  
KPMG AG  
Wirtschaftsprüfungsgesellschaft

Hanshen  
Wirtschaftsprüfer  
(German Public Auditor)

Ratkovic  
Wirtschaftsprüfer  
(German Public Auditor)

## Financial calendar

October 26, 2021 Quarterly Statement Q3 2021

## Contact

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## Imprint

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### **Note on the Interim Report**

This Interim Report is also available in German. If there are differences between the two, the German version takes priority. The Interim Report is available as a PDF document.

### **Disclaimer**

This interim Report contains forward-looking statements based on assumptions and estimates made by Siltronic's Executive Board. Although we assume that the expectations in these forward-looking statements are realistic, we cannot guarantee they will prove to be correct. The assumptions may harbor risks and uncertainties that may cause the actual figures to differ considerably from the forward-looking statements. Factors that may cause such discrepancies include, among other things, changes in the economic and business environment, variations in exchange and interest rates, the introduction of competing products, lack of acceptance for new products or services, and changes in corporate strategy. Siltronic does not plan to update the forward-looking statements, nor does it assume the obligation to do so. Due to rounding, it is possible that individual figures in this report and other reports do not exactly add. The contents of this report address women and men equally. For better legibility, only the male language form (e.g. customer, employee) is used.

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