

A large, glowing blue microchip is the central focus of the left side of the slide. The chip is set against a background of blue circuit traces. On the surface of the chip, the "elmos" logo and the text "Capital Markets Day 2024" are clearly visible in white. The chip is surrounded by several blue ribbon-like structures that appear to be connected to it.

November 11, 2024

China Strategy &

M&A Activities

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Update: Sale of Dortmund Wafer Fab to Littelfuse

Key Aspects

- Selling of the Dortmund wafer fab to Littelfuse for approx. 93 million Euro (definitive agreement signed on June 28, 2023)
- Closing of the transaction is planned for December 31, 2024
- Elmos to source semiconductors from the Dortmund wafer fab at least until 2029 (capacity-sharing)
- Elmos on track to become a fabless company

Status

- Governmental and regulatory approvals received
- Preparations for the closing/hand-over of the fab to Littelfuse progressing smoothly
- Good collaboration of the Elmos-/Littelfuse-teams
- Cash-inflow at closing of around 56 million Euro (initial payment of 37 million Euro already received in Q3/2023)
- Capacity-sharing agreement to be implemented as planned with Elmos in 2025



Elmos Approach to M&A

M&A Strategy

- We aim to be no. 1 or 2 in the businesses, we are active in
- We have set a clear financial ambition level to achieve our Operating Model
- We continuously review our activities and implement portfolio-optimization as reasonable (sale of SMI in 2019, acquisition of Online Engineering in 2021, sale of Dortmund wafer fab in 2023/24)
- We have a clear focus on targets, which make Elmos stronger (e.g. no business expansion, which is unrelated to our core competencies)

Status

- We maintain good relationships with the industry and multiple investment banks
- We typically review a double-digit number of potential transactions annually for their match with our M&A-strategy



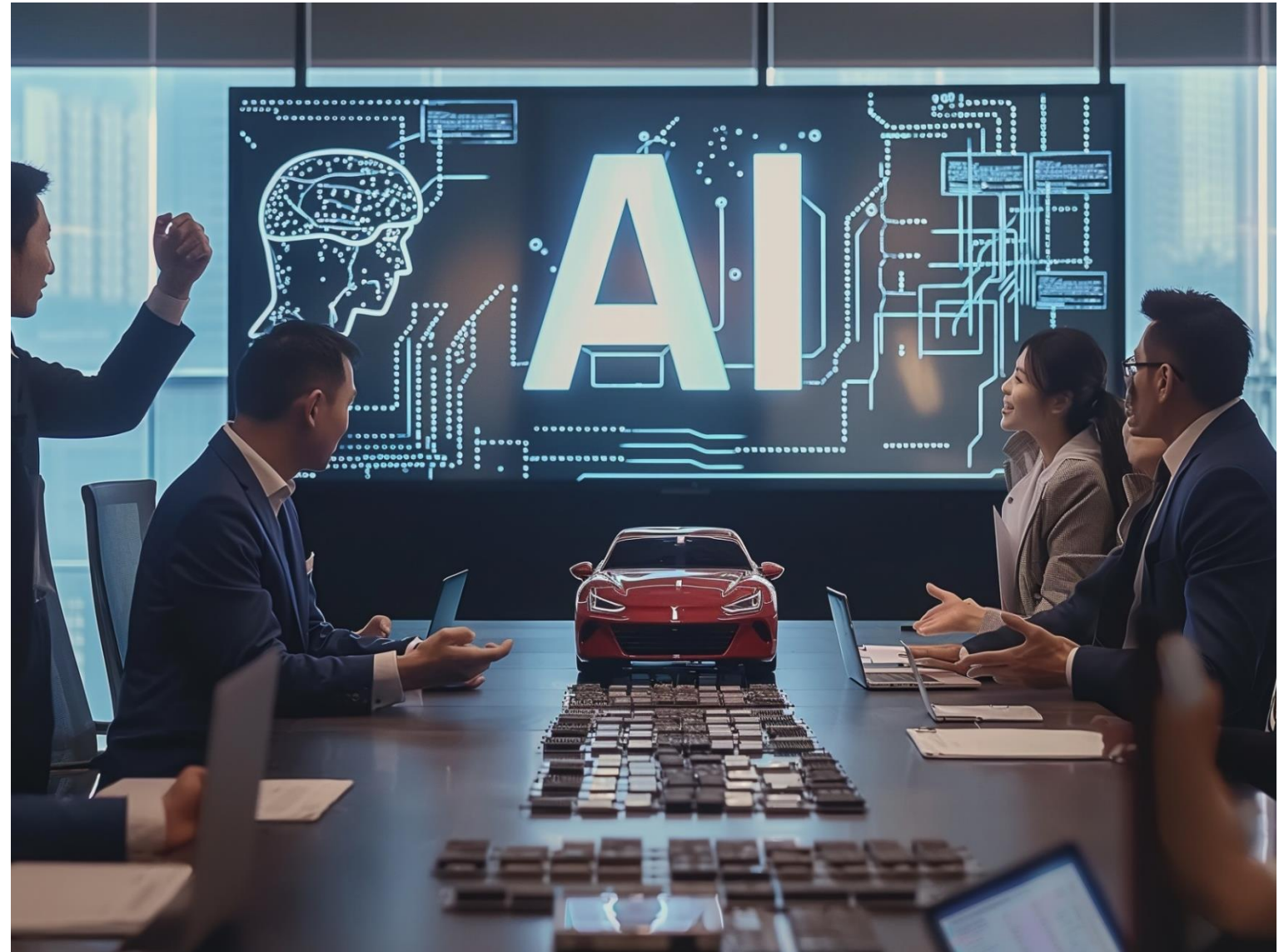
Artificial Intelligence (AI) at Elmos

AI Objective and Ambition

- We leverage AI-technologies (analytical and generative AI) to support the organization achieving the targets of the Operating Model

AI Use Cases

- We focus on use-cases based on established and widely-used AI-technologies in order to offer better products, achieve better processes and higher employer-attractiveness
- We have been applying AI-technologies for years and there is a dedicated team for these activities
- Significant improvements have been achieved by applying AI in product quality control and production optimization
- We see high potential to use AI (analytical or generative AI) in software-engineering (improving time-to-market, reducing expenses), supply-chain optimization and other functions

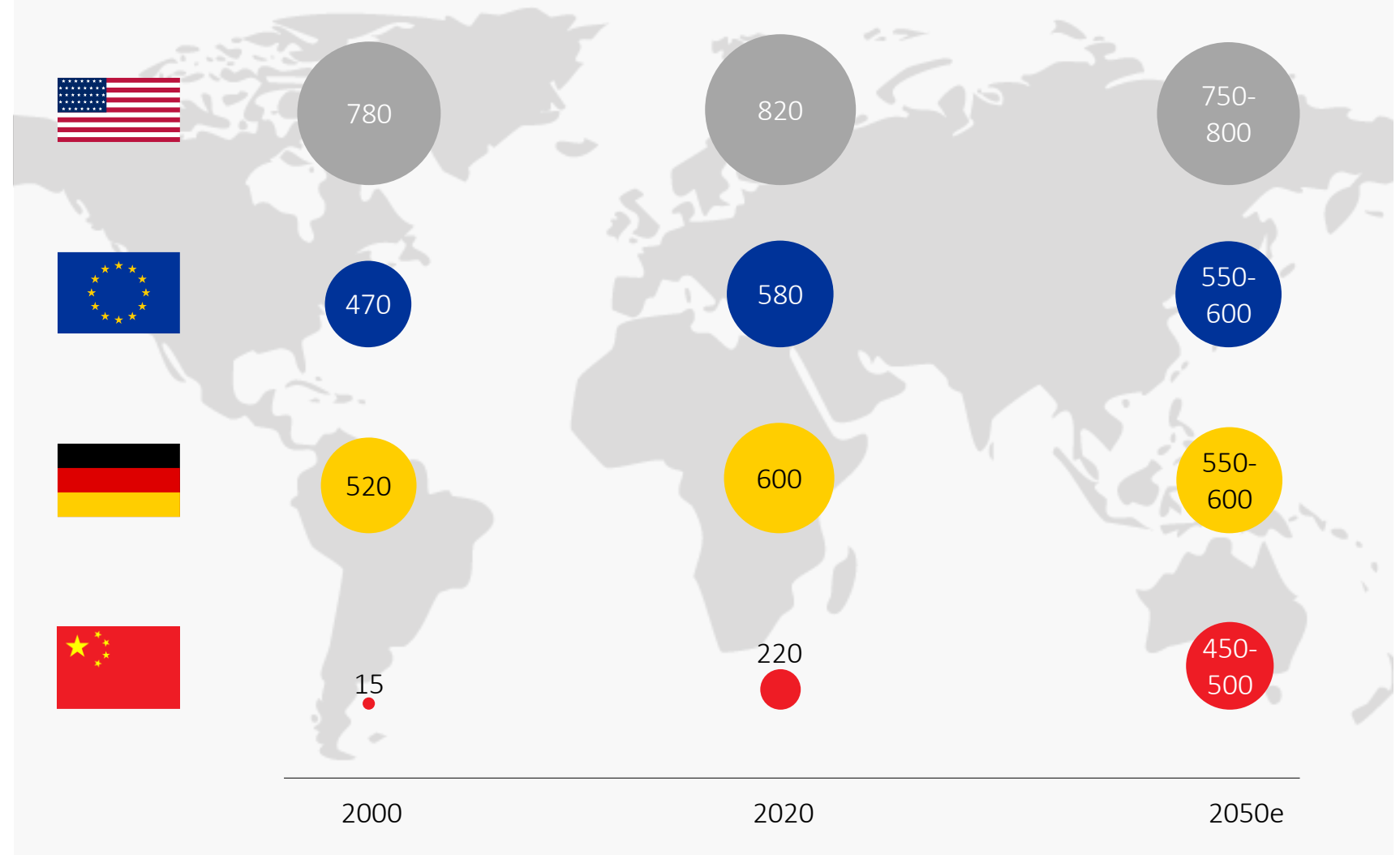


Automotive Market in China: Growth and Innovation

Key Aspects

- China is by far the largest automotive market globally with roughly 30 million vehicles produced in 2023
- There are two key volume growth drivers:
 - Car ownership in China is at a comparably low level with around 200 vehicles per 1.000 inhabitants (EU: ~600, US: 800).
 - Exports of cars from China up until around 2020 were well below 1 million units annually, while in 2023, China surpassed Japan to become the largest exporter of cars globally with around 5 million vehicles exported.
- Cars made in China have become increasingly innovative over the last years with regards to electrification, ADAS/AD and other functions. All of these developments drive the semiconductor-content per vehicle.

Vehicles per 1,000 inhabitants



Reasons for Renewal of Elmos China Strategy

Geopolitical Dynamic

- In general, we see trade relationships between China and the West tightening
- The semiconductor industry is in particular in focus
- Future development difficult to predict

Evolving Customer Expectations

- Over the last few years, the share of Chinese local automotive brands has grown significantly, and meanwhile local brands account for around half of the automotive market
- This development can be seen in the automotive semiconductor market, as selected customer segments ask for “Chinese” ICs
- Overall, focus on innovativeness, price competitiveness and speed in China remains

Strong Market Position of Elmos in China

- Based on a strong team of salespeople and FAEs
- Elmos China has a focus on key applications (e.g., lighting ICs, motor-control ICs, USPA ICs)
- Successful provider of chips to all three groups of OEMs (OEMs with state-backing, JV-OEMs, new NEV-OEMs)
- Close relations to tiers and distributors in China

Renewed China Strategy



- Local-for-local approach with our new local Chinese brand:



China Strategy: Achievements and Next Steps



Renewed Elmos China Strategy: Local-for-Local Approach with JiWeiCheng

- Vision to supply Chinese semiconductors to the market
- Increasingly managing the value-chain from China with Chinese value-add (incl. foundry, OSAT)
- Starting own design activities
- Strengthening the local geographical presence (in particular sales, technical support, engineering)

Achievements

- Launching local Chinese brand JiWeiCheng and hiring team in Shanghai
- Engineering samples of first JWC-ICs available
- ISO 9001 certification reached
- Reach-out to customers started

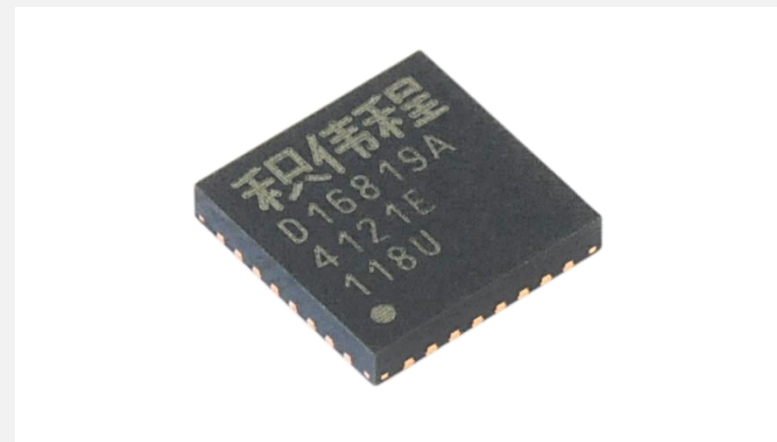
Next steps

- Shipping first ICs to customers
- Defining local OSAT and foundry partners
- Expanding the team

Founding of JiWeiCheng in Shanghai



Engineering Sample of First JWC-ICs



ISO 9001 Certification



Opening of JiWeiCheng



Disclaimer

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