

Media release

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Ad hoc announcement pursuant to Art. 53 LR

Challenging first half of 2023 due to the ongoing slump in consumption and global inventory corrections; medium-term growth prospects remain strong.

Weak demand from end consumers, combined with ongoing inventory reduction and the removal of last year's one-off business, resulted in sales declining by 25.2% compared to the previous year. This decline is solely attributable to reduced demand volume; no customers or ongoing projects were lost. The medium and long-term outlook remains positive. Sensirion thus continues to expand the R&D capacities to enable important product launches in new applications in 2024 and 2025. Consolidated sales amounted to CHF 123.2 million. The gross margin was stable at 56.3%, and the EBITDA margin was 8.7%.

Key figures

Consolidated, in millions of CHF	1 January – 30 June 2023	1 January – 30 June 2022
Revenue	123.2	164.8
Gross profit	69.4	98.4
- as % of revenue	56.3%	59.7%
Operating profit (EBIT)	2.9	41.6
- as % of revenue	2.3%	25.3%
Profit (loss) for the period	1.4	35.0
- as % of revenue	1.2%	21.2%
Earnings per share (in CHF)	0.09	2.24
EBITDA	10.7	48.9
- as % of revenue	8.7%	29.6%
Cash flow from operating activities	(1.9)	22.0
Capital expenditure	(17.6)	(15.8)
Free cash flow	(19.6)	6.2
	As of 30 June 2023	As of 30 June 2022
Net cash (Net debt)	101.8	114.7
Number of employees (FTEs)	1251	1065

After three very successful years of growth, Sensirion was hit by economic headwinds in the first half of 2023. The sluggish global economy and pandemic-related overconsumption in recent years led to generally weak demand from end consumers in the first half of the year, particularly in the appliances and consumer markets. This effect was further exacerbated by the reduction of inventories throughout the supply chain after concerns about supply bottlenecks subsided. Unlike many other electronics companies, Sensirion did not benefit from the reduction of the backlog as delivery capability was maintained throughout the entire allocation phase.

Short-term visibility remains low due to the numerous geopolitical and macroeconomic challenges. However, Sensirion remains optimistic about the medium and long-term future thanks to a strong pipeline of new business wins for the coming years as well as supporting megatrends for sensor solutions such as energy efficiency, climate change and health.

Reduced sales due to the challenging market environment and elimination of the one-off medical business

The six-month period closed with sales totaling CHF 123.2 million (-25% over the same period in the previous year, -22.6% organic, -2.4% due to foreign currency effects). In contrast to the previous year, the one-off business in the CPAP medical sector did not boost sales this year (previous year: CHF 15 million). Adjusted for these one-off effects, revenue fell by 18% due to economic factors. This decline is solely attributable to reduced demand volumes; market prices developed as expected. In addition, Sensirion has not lost any customers or ongoing projects.

The gross margin was 56.3%, and the EBITDA margin reached 8.7%. Due to the low variable costs of the products, the EBITDA margin reacts disproportionately to changes in revenue. This effect has been demonstrated both positively (in years of strong growth) and negatively (as in this year). At the same time, Sensirion is continuing to expand its R&D capacities to enable

important product launches in new applications in 2024 and 2025 and thus strengthen its medium-term growth. In the company's own production plants, however, capacity adjustments have already been implemented through the reduction of temporary staff.

Profits totaling CHF 2.9 million were reported at the operating result level, yielding a net profit of CHF 1.4 million for the period in question. Operating cash flow was negative at CHF -1.9 million, particularly as a result of the continued build-up of strategic inventories.

Growing automotive and medical markets, strong braking effects in the industrial and consumer markets

The automotive market has so far been very resilient to the economic downturn. Sales increased to CHF 34.8 million (+12% year-on-year). Growth is mainly due to new module projects as a Tier 1 supplier for European OEM customers.

The medical market as a whole recorded a 13% decline in sales to CHF 31.7 million year-on-year. This was characterized by a one-off special transaction in the CPAP area of CHF 14.7 million, which has since fully normalized. Adjusted for this effect, the growth in the medical market was +44%. This growth was positively influenced by increased demand in the short term, especially from China.

After several years of pronounced growth momentum, the broadly diversified industrial market showed strong braking effects. Sales decreased by 40% to CHF 48.6 million compared with the same period in the previous year. The main reason for this is the appliances market: this market segment has posted strong growth figures over the past two years and also benefited from the sharp increase in awareness of indoor air quality solutions worldwide (also due to the pandemic). Although this trend continues, it has normalized somewhat. After the boom years, this has resulted in a temporary drop in demand, further exacerbated by continued high inventories that are only slowly declining. At the same time, Sensirion is working on numerous other design-in projects that will further boost business once the drop in demand and warehouse optimization have come to an end. All these future projects are proceeding according to plan.

Weak demand, accompanied by inventory corrections, also characterized the highly fragmented consumer market in the past six months. Sales fell by 49% to CHF 8.1 million. This market has also seen strong growth in recent years, driven by increased awareness of indoor air quality. However, sales are now suffering from a certain amount of pandemic-related overconsumption in the past year due to subdued global consumer sentiment.

Medium and long-term outlook remains positive; expansion of R&D

Despite the current difficult market environment, Sensirion is optimistic about the medium and long-term future.

Firstly, the company continues to feel strong support from megatrends such as energy efficiency, climate change and health, which are accelerating the increased use of sensors in numerous applications. Secondly, it sees a promising and full pipeline of new customers and design-in projects in all markets.

In particular, Sensirion is currently developing a new product family of gas leakage sensors for air conditioning units in the US market. A new class of coolants in air conditioning systems will become mandatory on the local market. Although these coolants are less harmful to the climate, they are more flammable. This opens up the opportunity to place new, innovative leakage sensors in this market.

At the same time, Sensirion is working on numerous other design-ins with its wide range of environmental sensors. This reinforces the assessment that there is great potential for further growth in the entire environmental sensor sector in the coming years.

The implementation of its growth strategy, as presented at the Capital Markets Day in March 2021, is continuing according to plan. In particular, Sensirion is working on the next generation of particulate matter, CO₂ and formaldehyde sensors. Thanks to the further integration of many functions at chip level, further decisive miniaturization steps will be possible in all three product families. As a result of all these projects, Sensirion is continuing to expand its R&D activities.

In the historic core market of humidity and flow sensors, Sensirion aims to further expand and strengthen its already strong market, cost and technology leadership. At the beginning of the year, a strategically important partnership was agreed with former competitor STMicroelectronics. STMicroelectronics will integrate and offer Sensirion's humidity sensors on their boards in the future. Sensirion will benefit from another important sales channel to further expand its already leading role in this market. A few months ago, Sensirion opened a sales office in Singapore. This will strengthen its direct global sales presence and provide even closer and better support to customers in the Southeast Asian and Australian markets.

Outlook

Due to the challenging market environment, Sensirion adjusted its outlook for the 2023 financial year at the beginning of July and now expects sales of CHF 235–255 million. The expectation for the gross margin remains unchanged in the mid-fifties. The EBITDA margin is expected to be 5-10%, depending on the topline development. In that term, Sensirion is slightly more cautious compared to July's forecast in order to reflect the H1 results as well as the weaker US dollar. Thanks to a full and promising project pipeline, Sensirion continues to have a positive view of the medium and long-term future and, given the

current market environment, anticipates a temporary drop in demand this year due to the end market. Sensirion therefore confirms its medium-term guidance of March 2021 and continues to expect average annual growth of 10–15% and an average EBITDA margin of 17% over a cycle of 3–5 years.

Conference call on half-year 2023 results

Today, Wednesday, 23 August 2023, at 10:00 CEST, a conference call on the half-year 2023 results will take place. The presentation will be held in English. You will have the opportunity to ask questions during the telephone conference following the presentation.

Please register for the conference call using the following link
<https://attendee.gotowebinar.com/register/620656053058462806>

Documentation

All documents will be available at <https://sensirion.com/company/investor-relations/results-reports/> on 23 August 2023 from around 06:30 CEST.

Financial calendar

12 March 2024	Full-year results and annual report 2023
13 May 2024	Annual General Meeting 2024

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About Sensirion Holding AG

Sensirion Holding AG (SIX Swiss Exchange: SENS), headquartered in Stäfa, Switzerland, is a leading manufacturer of digital microsensors and systems. The product range includes gas and liquid flow sensors, differential pressure sensors and environmental sensors for the measurement of humidity and temperature, volatile organic compounds (VOC), carbon dioxide (CO₂) and particulate matter (PM_{2.5}). An international network with sales offices in China, Europe, Japan, South Korea, Taiwan and the USA supplies international customers with standard and custom sensor system solutions for a vast range of applications. Sensirion sensors can commonly be found in the automotive, medical, industrial and consumer end markets. For further information, visit www.sensirion.com.

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