

Media Release

15 March 2022, Sensirion Holding AG, 8712 Stäfa, Switzerland

Ad hoc announcement pursuant to Art. 53 LR

Strong demand across all core markets and customer ramp-ups with new environmental sensors resulted in high sales and profitability growth in 2021

While 2021 was indeed demanding, from a business perspective it was also a successful year for Sensirion. Revenue growth was fueled by ramp-ups from recently launched sensors, such as carbon dioxide (CO₂), particulate matter (PM_{2.5}) and formaldehyde sensors. In addition, the existing business noted a strong post-pandemic recovery as well. Major challenges arose in the supply chain worldwide. Nevertheless, Sensirion was able to limit the impact on customers.

The year closed with consolidated sales totaling CHF 287.5 million (+13.3%). Of this, CHF 22 million (CHF 70 million for the same period in the previous year) can be attributed to the COVID-19-related uptick in sales of sensors for medical ventilators. Adjusted for this one-off special item, this yielded a strong sales growth figure of 46.5%.

The gross margin increased to 61.7%; the EBITDA margin reached a high 31.7%. Both key profitability figures improved in the short term due to high operating leverage resulting from sales growth as well as the delay in new hiring.

Key figures

Consolidated, in millions of CHF	1 January – 31 December 2021	1 January – 31 December 2020
Revenue	287.5	253.7
Gross profit	177.3	146.2
- as % of revenue	61.7%	57.6%
Operating profit (loss)	76.8	52.8
- as % of revenue	26.7%	20.8%
Profit (loss) for the period	65.9	44.0
- as % of revenue	22.9%	17.3%
Earnings per share (in CHF)	4.24	2.84
EBITDA	91.1	67.9
- as % of revenue	31.7%	26.8%
Cash flow from operating activities	73.0	51.5
Capital expenditures	(15.4)	(14.2)
Free cash flow	55.8	37.3
	As of 31 December 2021	As of 31 December 2020
Net cash (net debt)	112.1	91.9
Number of employees (FTE)	974	788

For many people around the world, COVID-19 also left an indelible mark on 2021 due to the difficulties and uncertainties it created for both society and the economy. For Sensirion, it was a challenging but successful year that can best be summarized in three ways: strong customer demand in all markets, difficult supplier markets and innovation in new business areas. Even in this second year of the pandemic, we still managed to make steady progress towards reaching our innovation and growth goals thanks to high agility and all our employees' hard work and dedication. For example, we successfully launched several products in the environmental sensing segment, not to mention our acquisition of new technology companies during the past financial year.

We are particularly proud of the fact that several of our products have contributed to the fight against the global pandemic: in addition to sensors for medical ventilators, our certified temperature sensors have helped to ensure the reliability of the cold chain that is so vital to the distribution of mRNA vaccines. In addition, our CO₂ sensors are now used in solutions for monitoring environmental parameters in many indoor public places, such as classrooms, offices and restaurants, thus reducing the risk of airborne infection.

Strong revenue and profitability growth

Consolidated revenue amounted to CHF 287.5 million (+13.3% compared to the prior-year period, +14.8% organic, 0.8% inorganic, -2.2% foreign currency effects). Of this, CHF 22 million (CHF 70 million for the same period in 2020) can be attributed to the COVID-19-related uptick in sales of sensors for ventilators. Adjusted for this one-off special effect, this yielded a strong sales growth figure of 46.5%.

The gross margin improved to 61.7%, and the EBITDA margin reached a high 31.7%. Both key profitability figures improved in the short term due to high operating leverage resulting from sales growth as well as the delay in recruitment, putting us in a good position to take advantage of future opportunities.

The operating profit was CHF 76.8 million, resulting in a net profit for the period of CHF 65.9 million. Operating cash flow amounted to CHF 73.0 million.

Sales growth in all markets

The automotive business recorded revenue growth of 13.9% to CHF 62.9 million. Both the Tier II business with the traditional sales components and the Tier I module business contributed to this growth. For the components, the pandemic-related lower demand from last year has recovered for the most part. Additionally, the sensor component-related functionalities keep increasing their market share overall. Growth in the module-based Tier I business is attributed to initial ramp-ups with European OEMs.

In the medical market, revenue decreased by -41.2% to CHF 66.1 million. The decrease is in direct relation to lower demand for ventilators compared to 2020 and was expected. In 2021, the additional revenue in connection with pandemic-related sensors amounted to CHF 22 million (2020: CHF 70 million). Apart from the COVID-19-related special effects, the core business of the medical market showed moderate growth of 4.3%. The global supply situation for ventilators is about to normalize and, given the current outlook for the pandemic, we do not expect any further special effects in this regard in the future.

In the broadly diversified industrial market, development was very dynamic. Revenue grew significantly and amounted to CHF 131.4 million (+84.6% compared to 2020). The main driver here was strong demand for our new environmental sensors in the appliances and the heating, ventilation and air conditioning (HVAC) segments. Firstly, we benefited from the increasing market share of air purifiers thanks to the formaldehyde sensor as well as the combo sensor module, which can measure multiple environmental parameters such as PM2.5, humidity, temperature and gas quality. Additionally, partly due to the global pandemic, there is an increased awareness of indoor air quality. CO₂ plays a key role in this regard and our SCD40, a miniaturized CO₂ sensor, is in an excellent position to meet this need. Apart from growth from recently launched solutions, we observed further penetration in existing applications with temperature/humidity and differential pressure sensors.

Equally dynamic was the growth in the highly fragmented consumer market. Sensirion increased sales by 81.5% to CHF 27.0 million. The growth is attributable to high demand from the broadly diversified distribution business. Additionally, the demand for smart solutions with CO₂ sensors was a driver for growth, too.

Global supply chain challenges

Challenges in the supply chain were a very special task during 2021. Next to shortages of semiconductors themselves, various other raw materials have been impacted by delayed supply as well. Thanks to the relentless efforts of employees in our Production and Sales teams and the flexibility of many of our customers, we limited the impact on our customers significantly. While delivery times for our products did increase, we still managed to remain much more attractive than most of our other industry competitors. We saw shortages accompanied by sharp spikes in the cost of raw materials, some of which we had to pass on to our customers. We do not expect this tense and fickle situation to change in the coming months.

Strategic progress in the environmental sensor sector

As presented during the Capital Markets Day held at the end of March 2021, Sensirion's growth strategy is based on three strategic foci. Sensirion achieved significant progress with their respective implementation.

First, Sensirion wants to drive market and cost leadership in its core markets of humidity and gas flow sensors. Among other things, the fourth generation of humidity sensors was launched, supporting the expansion of Sensirion's already high market share in this key market. During summer 2021, Sensirion celebrated the milestone of one billion sensors shipped. An additional milestone was the opening of the new production site in Debrecen, Hungary. The new site will help to increase the overall capacity, but will not have any negative impact on the existing workforce in Switzerland.

Second, the company aims to become the market leader in the overall environmental sensor market. Thanks to various new product launches in the environmental field during the past three years, this sector already contributes 25% to the aggregate company revenue. The second generation of our carbon dioxide sensor, the SCD40, needs to be highlighted this year, as we have broken the size and cost barrier once more without compromising on performance.

Strategic acquisitions to strengthen long-term growth potential

As the third strategic priority, Sensirion intends to develop or acquire technologies for further long-term growth. Looking back, successful technology acquisitions in recent years have often been the starting and acceleration point for successful internal product developments. They are responsible for some of today's growth areas, such as technologies for particulate matter and formaldehyde sensing or the Tier 1 business in the automotive market.

As part of this strategic goal, Sensirion finalized three acquisitions in 2021. In February, Sensirion acquired the Dutch company Qmicro. The founder-managed company develops and produces compact and high-efficiency micro gas analyzers for continuously analyzing the composition of gas mixtures and for applications in environmental monitoring and the natural gas market. In May 2021, Sensirion completed the full acquisition of the Swiss company IRsweep AG, an innovative provider of optical sensing solutions. IRsweep develops, manufactures, and supplies mid-infrared optical spectroscopy solutions. In September 2021, Sensirion fully acquired the Berlin-based start-up company AiSight GmbH. AiSight is an innovative company that offers user-friendly solutions for the strong growth segment of condition monitoring and predictive maintenance. The deep combination of sensors and data analytics through artificial intelligence is paving the way for Sensirion to enter a brand-new business field where the focus lies on the generated data as opposed to the hardware parts itself.

All three acquired companies are still managed locally by their respective founders.

Renewal of authorized share capital

The Board of Directors will propose to the Annual General Meeting on 16 May 2022 that the authorized capital of CHF 145,581.70 be renewed for another two years.

Outlook

Visibility will remain low due to geopolitical tensions and macroeconomic challenges. In particular, we cannot yet predict how the war in Ukraine will affect the global economy. In the first months of the year so far, we have continued to see solid demand in all markets. However, given the global shortage of semiconductor products, we believe that part of the current demand is being driven by stockpiling and could therefore slow down in several months. But this will greatly depend on further economic developments, not to mention solving the raw materials crisis. In the medical market, we expect the situation to normalize fully in the case of ventilators. However, we anticipate a one-time contribution to sales in the CPAP area. Assuming exchange rates and the economy are stable, we expect to see consolidated sales in the range of CHF 325 – 365 million in 2022 (FY 2021: CHF 287.5 million). This translates to a growth projection of 13 – 27% compared to 2021. Further, we expect to see a gross margin in the mid-fifties and an EBITDA margin in the mid-twenties.

Analyst and media conference on the full-year 2021 results

Today, Tuesday, March 15, 2022, at 10am CET an analyst and media conference on the full-year 2021 results will be held. The conference will take place at the Hotel Schweizerhof, Bahnhofplatz 7, Zurich and will also be audio-webcasted with synchronized presentation slides. The presentation will be in English. You will have the opportunity to ask questions following the presentation.

Please sign up for the conference call [here](#).

Documentation

All documents will be available at www.sensirion.com/financial-reports on 15th March 2022, from around 6:30 a.m. CET.

Financial calendar

15 March 2022	2021 full-year results and annual report
16 May 2022	Annual general meeting 2022
25 August 2022	2022 half-year results and interim report

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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 US 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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