

**Media release**

March 12, 2024, Sensirion Holding AG, 8712 Stäfa, Switzerland  
 Ad hoc announcement pursuant to Art. 53 LR

**Challenging 2023 due to the ongoing slump in consumption and global inventory corrections; Returning to growth path in 2024**

**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 27.5% 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 continued to expand its R&D capacities to enable important product launches in new applications in 2024 and 2025. Consolidated sales amounted to CHF 233.2 million. The gross margin decreased to 52.2%, and the EBITDA margin was 4.3%.**

**Key figures**

Consolidated, in millions of CHF	1 January – 31 December 2023	1 January – 31 December 2022
Revenue	233.2	321.7
Gross profit	121.8	190.6
- as % of revenue	52.2%	59.2%
Operating profit (EBIT)	(5.8)	74.4
- as % of revenue	(2.5%)	23.1%
Profit (loss) for the period	(6.6)	63.6
- as % of revenue	(2.8%)	19.8%
Earnings per share (in CHF)	(0.42)	4.08
EBITDA	10.1	89.6
- as % of revenue	4.3%	27.8%
Cash flow from operating activities	(10.9)	49.5
Capital expenditure	(35.5)	(31.2)
Free cash flow	(46.4)	18.3
	As of 31 December 2023	As of 31 December 2022
Net cash (Net debt)	73.1	123.0
Number of employees (FTEs)	1,293	1,225

After three reporting periods of strong growth during the pandemic and immediately after, Sensirion encountered economic headwinds last year. High customer inventories and the generally subdued consumer sentiment led to weak demand from end customers, particularly in the appliances and consumer markets. Unlike many other electronics companies, Sensirion did not benefit from clearing high order backlogs, as we were able to continue delivering throughout the allocation phase. The decline in sales was further exacerbated in the reporting year by the normalization of the elevated demand for air quality products in the preceding years due to the pandemic.

Short-term visibility remains low due to the geopolitical and macroeconomic challenges. Thanks to a strong pipeline of new business for the coming years, as well as support from megatrends such as energy efficiency, climate change and health, Sensirion’s medium- and long-term outlook remains optimistic.

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

Sales decreased to CHF 233.2 million (–27.5% compared to the previous year, –24.3% organic, –3.2% due to foreign currency effects). Unlike the same period in the previous year, there was no one-off special effect on revenue from the CPAP medical sector this year (previous year: CHF 28.3 million). Adjusted for this special item, sales were down by 20.5% as a result of economic conditions. The decreased sales are solely attributable to reduced volumes of demand; market prices developed as expected. In addition, Sensirion did not lose any customers or ongoing projects.

The gross margin was 52.2% and the EBITDA margin reached 4.3%. Due to the low variable cost component of our products, the gross margin and EBITDA margin react disproportionately to changes in revenue. This effect was beneficial during the years of strong growth, but it had the opposite effect in the reporting year. After an above-average gross margin for a few years due to high utilization of production capacities, it shrank in the reporting year due to low utilization and a less favorable product mix.

Nevertheless, Sensirion continued to expand the sales and R&D capacities last year to enable significant product launches in new applications in 2024 and 2025. By doing so, Sensirion is also supporting and exploring promising innovation projects and market opportunities with a longer-term focus. While this impacts on our profitability in the short term, it improves the growth prospects for the coming years. The expansion of the workforce is complete, and Sensirion does not envisage any further additions in the coming months. At our production plants, ongoing capacity adjustments were made in the reporting year by reducing the number of temporary staff. Additional measures to increase productivity in the factories and in administration have been initiated. A loss of CHF -5.8 million was reported at the operating result level, corresponding to a net loss of CHF -6.6 million for the period. Operating cash flow amounted to CHF –10.9 million.

**Growing automotive market, significant slowing effects in the industrial and consumer markets**

The automotive market has so far been very resilient to the economic downturn. Sales increased to CHF 72.5 million (+11% year-on-year). Growth is mainly due to new module projects as a Tier 1 supplier for European OEM customers as well as the Sensirion Tier 2 component business.

The medical market as a whole saw sales decline by 41% to CHF 44.9 million year on year. The previous year's period was influenced by a one-off special transaction of CHF 28.3 million in the CPAP segment, but demand has since fully normalized. Adjusted for this effect, sales in the core business were down slightly by 6.1%. After a very strong first half of the year, Sensirion also felt the significant inventory optimizations by our major customers in this market during the second half.

After several years of strong growth, the broadly diversified industrial market experienced significant slowing effects. Compared to the previous year, sales were down by 34% to CHF 101.0 million. This is primarily due to the appliances and HVAC (heating, ventilation and air conditioning) markets. These segments have seen strong growth over the past two years, and they further benefited from the much greater awareness of indoor air quality solutions brought about by the pandemic. The situation has been further exacerbated by very high inventories right along the value chain that are only slowly being depleted. The significant decline in sales is solely attributable to the economic situation; Sensirion has not lost any customers or projects in this market segment either. As things stand, Sensirion expects the inventory corrections to be complete by the first half of 2024. Business will also be boosted by new projects that are currently in the design-in phase.

A similar situation to the one in appliances was also observed in the related consumer market. Compared to the previous year, sales in this highly fragmented market were down by 44% to CHF 14.9 million. This

market had also experienced strong growth in recent years, driven by the heightened awareness of indoor air quality. However, sales suffered from the subdued consumer sentiment worldwide and the normalization of demand after the pandemic-related overconsumption seen in recent years. The situation was further exacerbated by inventory corrections.

### **Medium and long-term outlook remains positive, expansion of R&D**

Despite the challenging market environment at present, Sensirion remains very positive about the medium- and long-term future. 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 a wide range of applications. Furthermore, Sensirion sees a promising and well-stocked pipeline of new customers and design-in projects in all markets, not least because of our decision to keep expanding our sales and R&D capacities last year despite the challenging market conditions. For example, Sensirion is currently working hard to finish developing a new product family of gas leakage sensors for air conditioning systems. This promising growth opportunity has arisen from a new regulation in the US, which will introduce an additional refrigerant class for larger air conditioning systems in 2025. The coolants in the new category are less harmful to the environment, but slightly more flammable. This development will give Sensirion the opportunity to introduce new and innovative leakage sensors in this market. Alongside this, Sensirion is working on numerous other design-ins with our extensive range of environmental sensors. This supports our assessment that the entire environmental sensor sector harbors great potential for further growth over the coming years.

The implementation of our growth strategy continues to proceed according to plan. In particular, Sensirion is investing resources in the development of the next generation of particulate matter, CO<sub>2</sub> and formaldehyde sensors. By further integrating numerous functionalities at chip level, the company will be able to achieve additional key miniaturization milestones in all three product families. The product launches here remain scheduled for 2024 and 2025. With all these projects in mind, Sensirion continued to invest in stepping up its R&D activities last year despite the sharp decline in sales.

In Sensirion's traditional core market of humidity and flow sensors, it is our goal to further enhance and consolidate our already strong position as a market, cost and technology leader. In this context, Sensirion signed a strategically important partnership agreement with our former competitor STMicroelectronics (STM) at the start of the year. STM will integrate and offer Sensirion humidity sensors on its evaluation boards for its customers in the future. This important sales channel allows Sensirion to build on its existing leading role in this market.

Moreover, Sensirion also opened a sales office in Singapore at the start of the year. This will enable us to increase our direct sales presence at global level and provide better support to our customers at local level in the Southeast Asian and Australian markets. At the end of the year, Sensirion acquired additional properties in Stäfa that will allow us to increase our cleanroom production capacity over the coming years in line with the expected market and volume growth.

### **Outlook**

In a market environment that remains challenging, Sensirion expects a return to growth in 2024 as new projects ramp up. In terms of profitability, 2024 will be a transition year. The medium-term outlook remains positive due to the structural megatrends underlying the sensor market.

Visibility remains low due to geopolitical and macroeconomic challenges. Sensirion currently anticipates that stock corrections will continue to depress demand until the middle of the year (and even until the end of the year in the medical market). Against this background and given the economic weakness in key markets, Sensirion remains cautious about its existing business and foresees only a moderate recovery this year. However, the company expects growth projects to make a significant contribution to sales, particularly in the second half of the year. These projects specifically include those in the

automotive module area and those with innovative gas leakage sensors for air conditioning systems described above.

Despite the return to growth, 2024 will be a transition year in terms of profitability: The higher share of lower-margin module business this year, together with the continued underutilization of component production, will lead to a lower gross margin. Sensirion has therefore already initiated further measures to increase productivity on the production sites and other areas at the end of 2023, without losing focus on its strong pipeline of short- to long-term growth projects.

Assuming the planned ramp-up of growth projects and stable exchange rates, Sensirion expects consolidated sales of CHF 250 to 280 million in fiscal year 2024 (FY 2023: CHF 233.2 million). This is equivalent to projected organic growth ranging from 7% to 20% compared to 2023. Sensirion expects the gross margin to be between 47% and 49% in 2024. As a result, the EBITDA margin will improve to 5-10% (FY 2023: 4.3%).

## **Analyst and media conference on the full-year 2023 results**

Today, Tuesday March 12, 2024, at 09:00 am CET (8 a.m. GMT/4 a.m. EDT), an analyst and media conference on the full-year 2023 results will be held. The conference will take place at the Park Hyatt Zurich, Beethovenstrasse 21, 8002 Zürich, and will also be audio-webcasted with synchronized presentations slides. The presentation will be held in English. You will have the opportunity to ask questions during the telephone conference following the presentation.

## **Documentation**

All documents will be available at <https://sensirion.com/company/investor-relations/results-reports/> on March 12, 2024 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 (CO<sub>2</sub>) and particulate matter (PM<sub>2.5</sub>). 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](http://www.sensirion.com).

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