

Half-Year 2022 Results

Marc von Waldkirch, CEO

Matthias Gantner, CFO

24 August 2022



Please note that this event
will be recorded.

Agenda

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- Half-year 2022 highlights
- Business review

Marc von Waldkirch, CEO

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- Half-year 2022 financial review

Matthias Gantner, CFO

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- Outlook

Marc von Waldkirch, CEO

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- Q&A

H1 2022 overview

Business

- Solid growth of the entire group with continued above average profitability due to very high utilization of operations. CAPEX investments and recruiting in Sales and R&D ongoing.
- One-time special revenue contribution from CPAP replacements in the market as expected and ongoing.
- Strategic growth drivers are unchanged and on track

Financials

- **Revenue CHF 164.8m, +14.2% YoY** (+13.8% organic, +0.4% inorganic, 0.0% FX effects)
- **Gross margin 59.7%.**
- **EBITDA margin 29.6%.**
- **Operating cash flow CHF 22.0m, free cash flow CHF 6.2m.**

Outlook

- Uncertainties remain high in the second half of 2022.
- In the coming months, we expect a further moderate slowdown in demand due to inflation-related consumer woes and the COVID-19 situation in China. In addition, there is a risk that customers may postpone planned call-off orders to the coming year because they are forced to curb production due to ongoing supply chain issues.
- The long-term market trends, the technology and the product pipeline remain strong.
- Assuming no further disruptions in geopolitical and macroeconomic environments we expect for FY 2022

Revenue CHF 310m to 340m (+8% to +18%)

Gross margin mid fifties %

EBITDA margin mid twenties %

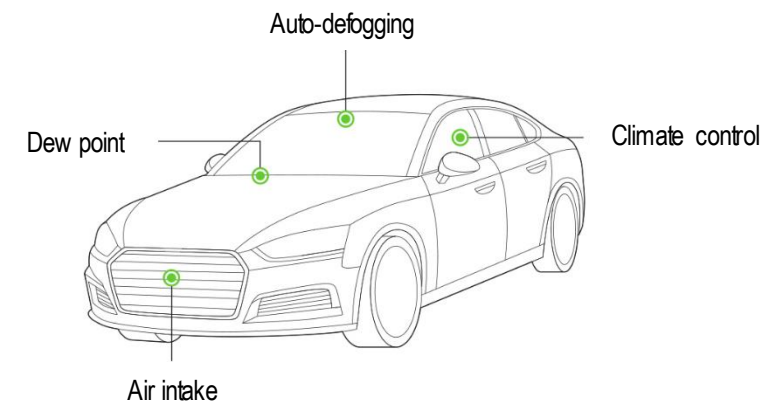
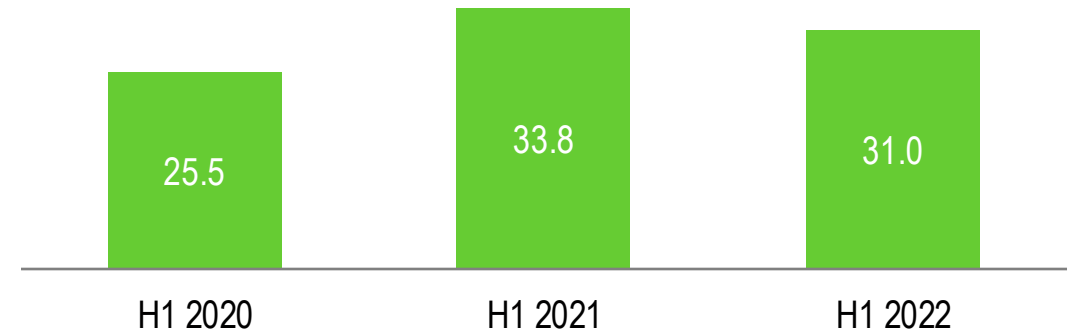
Automotive H1 2022 business review

Main results

- H1 2022 revenue decreased by -8.3% YoY to CHF 31.0m.
- After strong post pandemic demands in the 2nd half 2021, especially Q1/22 has seen some declining revenues
- Numerous automotive OEMs were forced to slow down their production due to still missing components in their supply chain.
- Declining sales from legacy products within the Tier-I module business were partly compensated by ramp-ups with new products with European OEMs

Revenue development

(CHFm)

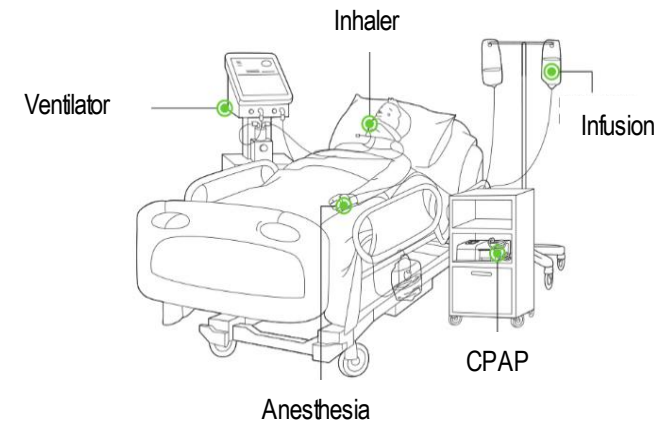
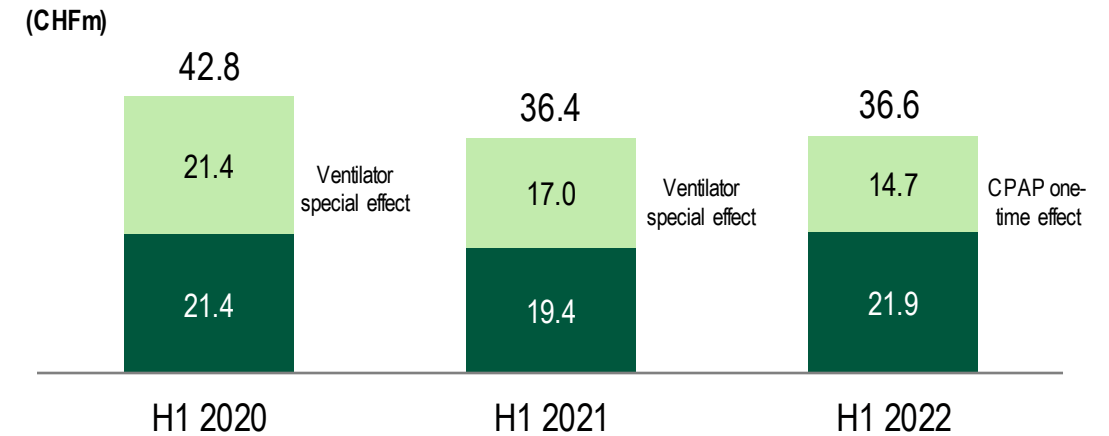


Medical H1 2022 business review

Main results

- At CHF 36.6m, revenue in H1 2022 remained at a similar level to last year
- H1/22 medical sales are dominated by yet another one-time special effect. A recall program from a major CPAP customer added an extra CHF 14.7m revenue thus far.
- The medical ventilator sales have returned to pre-pandemic levels.
- Adjusted for the aforementioned extra-business in both six-month periods, this constitutes 13 % growth in our core business.

Revenue development



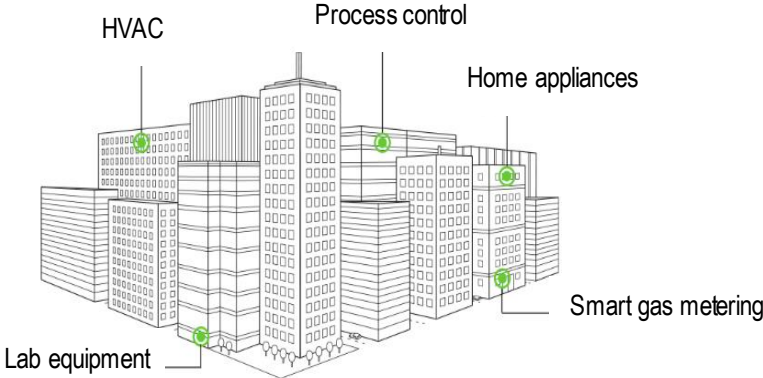
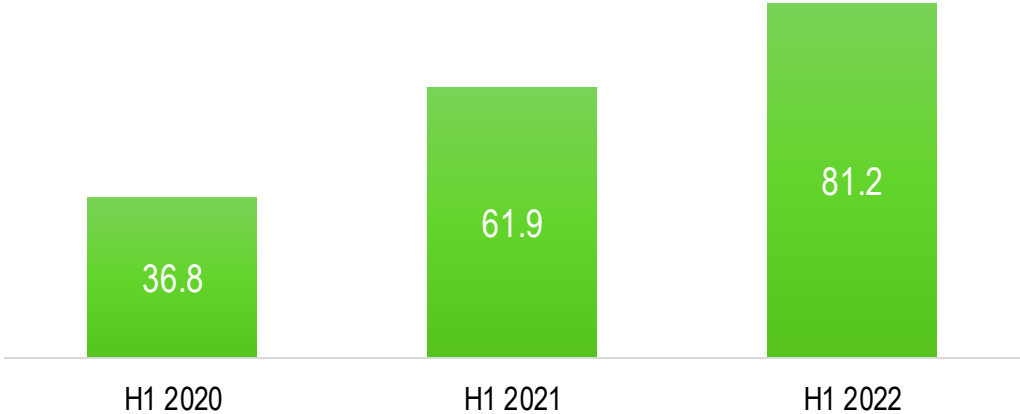
Industrial H1 2022 business review

Main results

- H1 2022 revenue increased in this broadly diversified market by 31.2% YoY to CHF 81.2m
- Growth driver remains strong demand for environmental sensor PM2.5, CO2 and formaldehyde, especially for air purifiers.
- Growth was further achieved for flow sensing solutions for HVAC applications as well as for the Semi conductor industries

Revenue development

(CHFm)



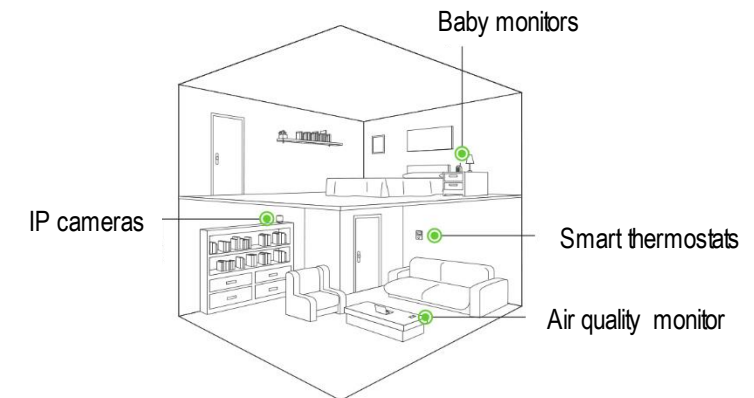
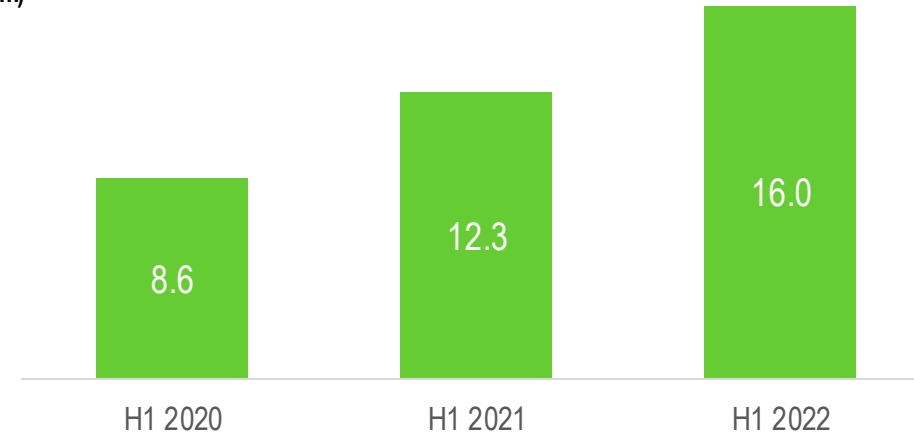
Consumer H1 2022 business review

Main results

- H1 2022 revenue increased by 30.3% YoY to CHF 16.0m
- Growing awareness for indoor air quality continues to fuel the demand for indoor air quality monitors which utilize environmental modules equipped with PM2.5, CO2 and TVOC
- Broad-based distribution market further added to the growth figures in H1/2022.

Revenue development

(CHFm)



Strategic achievements H1 2022

Strategic focuses

Focus 3:
Develop technologies for long-term growth

Focus 2:
Become market leader for the entire environmental market

Focus 1:
Drive market and cost leadership in our core markets of RHT and flow

Fundamentals:
"SensiSpirit": unique culture of innovation and entrepreneurship

Strategic achievements

- Ongoing focus on building up a complementary business area where the focus is on qualified sensor data rather than sensor hardware for OEM suppliers ("Sensor as a service")
 - Integration and development of the recently acquired predictive maintenance Start-Up AiSight on track.
-
- Substantial growth drivers were once more our most recently launched environmental sensors, confirming our strategical decisions taken
 - We are seeing an increasing awareness of the importance of good indoor air quality in the automotive, industrial and consumer markets
-
- Added further product variants to the 4th generation of RHT sensors, such as an automotive version and a high-precision variant
 - Presentation of the first gas flow module capable of measuring the flow rate of any gas mixture, including pure hydrogen and mixtures
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- Our "SensiSpirit" once more enabled to overcome challenging situations such as the lockdown in our Shanghai manufacturing site. After 4 weeks of total lock-down, the site has been operated in a closed-loop setting since May and has largely caught up on its backlog.

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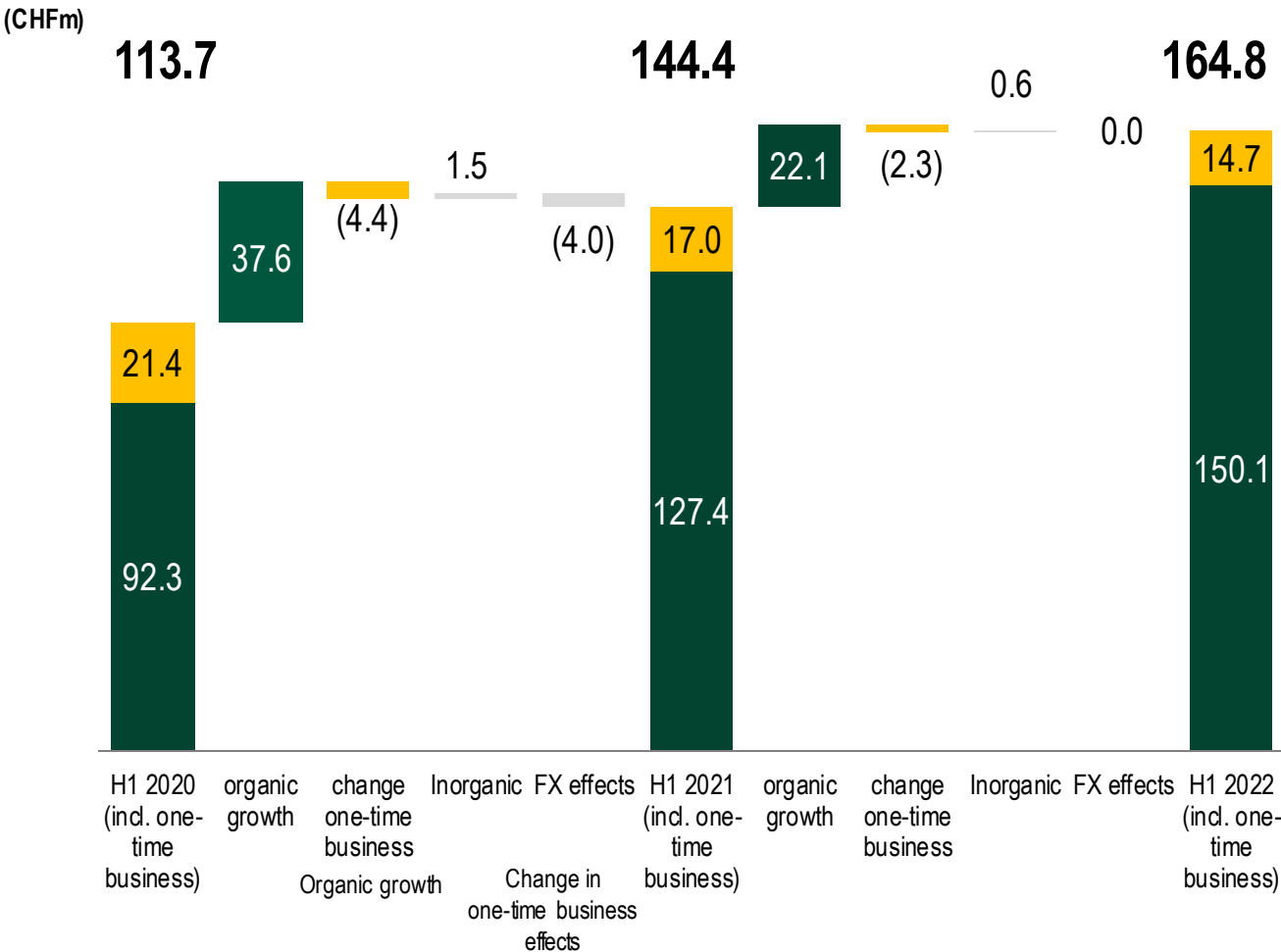
H1 2022 financials overview

Key financials

- Revenue **CHF 164.8m**, +14.2% YoY (+13.8% organic, +0.4% inorganic, 0.0% FX effects)
- Gross margin **59.7%**.
- EBITDA margin **29.6%**.
- Operating cash flow **CHF 21.9m**, free cash flow **CHF 6.2m**.

Revenue development from H1 2021 to H1 2022

Components of revenue growth



Revenue H1 2022

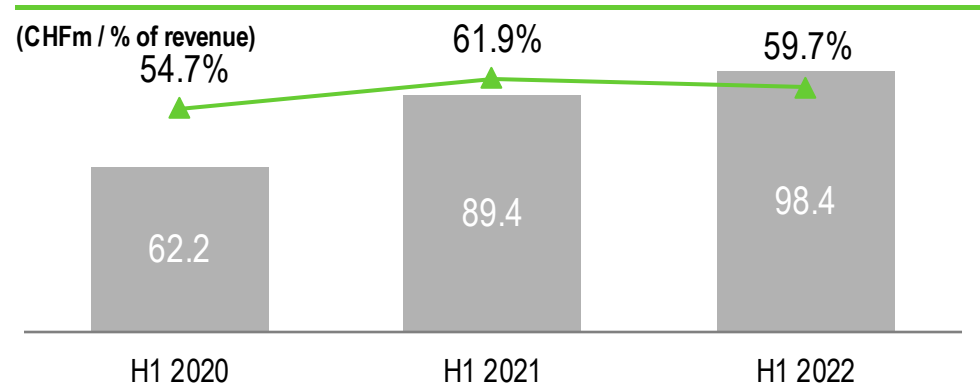
- +13.8% YoY organic growth, driven by the ramp-ups of projects with PM2.5 and CO₂ sensors.
- One-time business CPAP in medical market contributes 2.3 CHFm less than one-time effects from Covid-19 in H1/2021.
- Contributions from the acquired start-ups on expected level

Foreign currency exchange effects

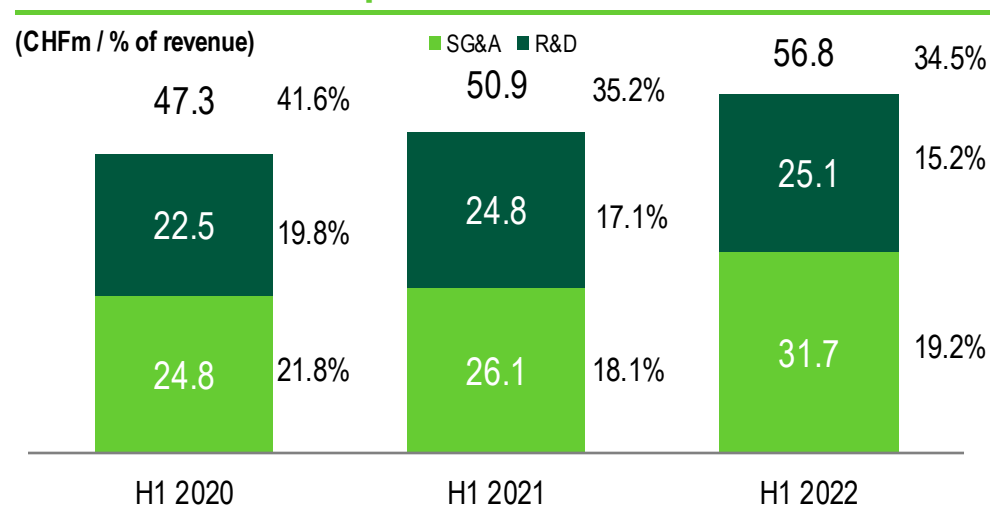
- In total no impact from FX, positive effects from USD/CHF compensated by EUR/CHF and KRW/CHF

Gross margin and opex development

Gross profit and gross margin (%)



R&D and SG&A expenses



Gross profit and margin H1 2022

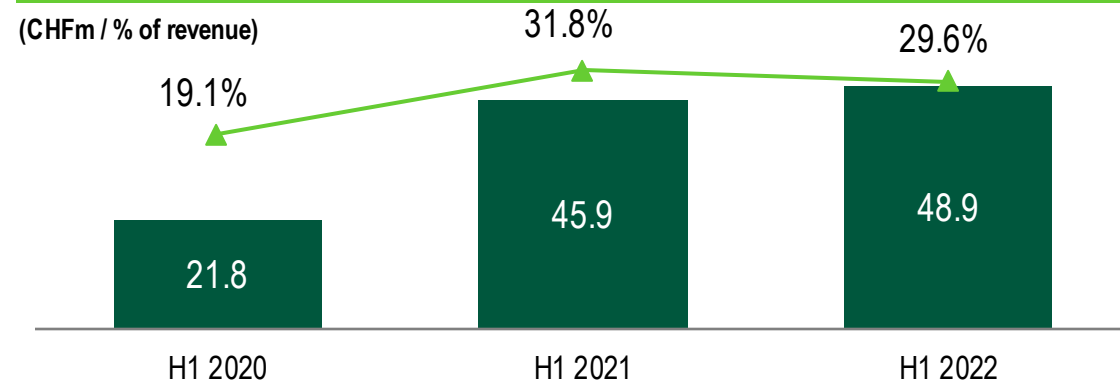
- Profitability above average, still takes benefit from high capacity utilization, latency in adjustment of production equipment and labor force.
- The increased prices in procurement partly compensated by higher sales price.

R&D, SG&A expenses H1 2022

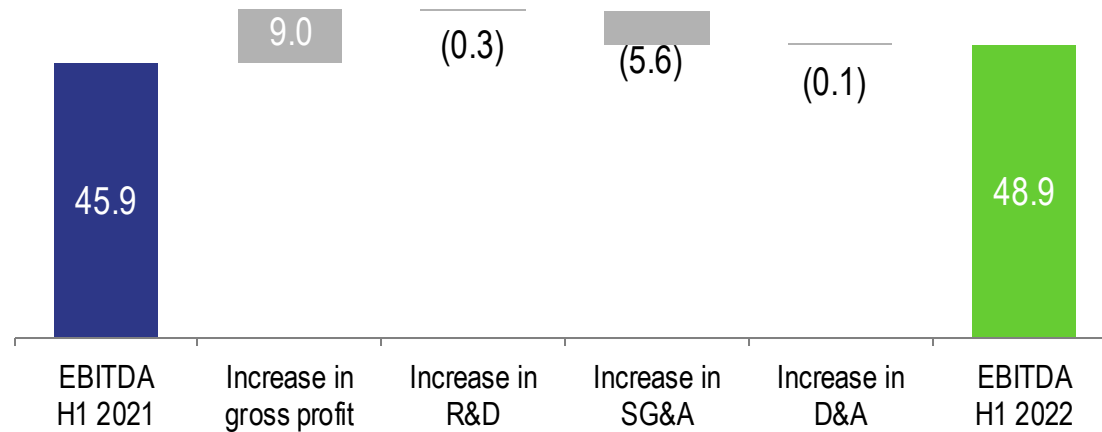
- R&D cost increase only moderately due to quite balanced additional cost for increased staff versus reduced external services R&D in H1/2022
- Strong empowerment of sales force particularly in US-market and Asia in order to address market opportunities.
- Administration cost increase caused by first time fully consolidated companies and start up costs Hungary.

EBITDA development

EBITDA and EBITDA margin (%)



H1 2021 to H1 2022



EBITDA H1 2022

- EBITDA and EBITDA margin supported by ongoing economies of scale with ongoing good margins covering the increased overhead cost.

Income statement

Condensed consolidated income statement

(CHFm / % of revenue)

	H1 2020		H1 2021		H1 2022	
Revenue	113.7		144.4		164.8	
Cost of sales	(51.5)		(54.9)		(66.4)	
Gross profit	62.2	54.7%	89.4	61.9%	98.4	59.7%
R&D expenses	(22.5)	(19.8%)	(24.8)	(17.2%)	(25.1)	(15.2%)
SG&A expenses	(24.9)	(21.9%)	(26.1)	(18.1%)	(31.7)	(19.2%)
Operating profit (EBIT)	14.9	13.1%	38.5	26.7%	41.6	25.3%
Net finance costs	(2.3)		1.0		(0.6)	
Profit (loss) before tax	12.6	11.1%	39.5	27.3%	41.0	24.9%
Income taxes	(0.8)		(4.6)		(6.0)	
Profit (loss) for the period	11.8	10.4%	34.8	24.1%	35.0	21.2%
EBITDA	7.5	19.1%	45.9	31.8%	48.9	29.6%

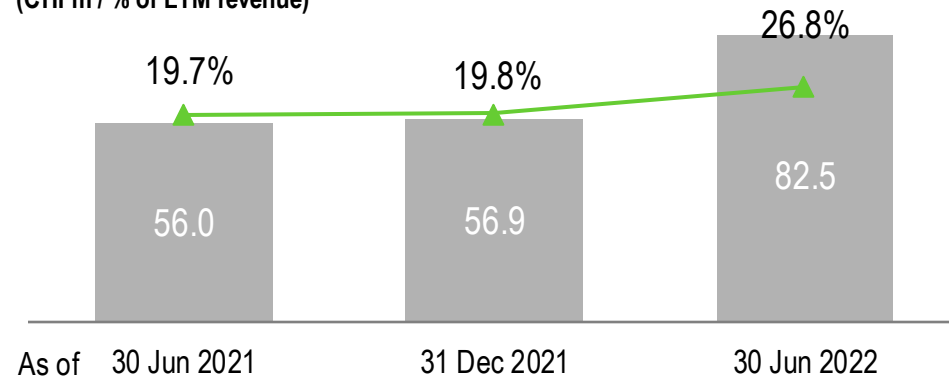
H1 2022

- EBITDA of CHF 48.9m, with 29.6%

Net working capital and capital expenditures

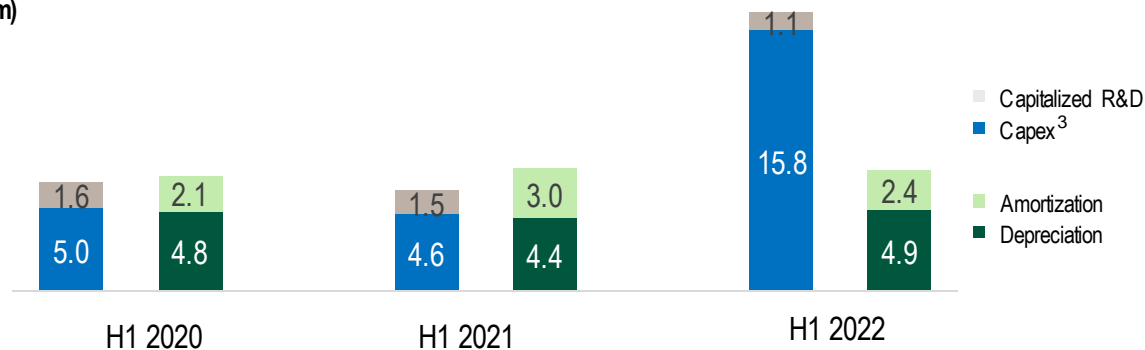
Net working capital¹

(CHFm / % of LTM revenue)



Capex² vs. D&A

(CHFm)



¹ Defined as the sum of trade receivables and inventories, less trade payables.

² Defined as the sum of investments in property, plant and equipment, proceeds from sale of property, plant and equipment, investment in intangible assets, and development expenditure.

³ Excluding capitalized R&D, and M&A transactions (H1 2021 acquisition of IRsweep and Qmicro)

Net working capital H1 2022

- Increased HoH because of higher trade receivables and inventories as per 30 June 2021.
- Build up of inventory stock driven proactively
- Growth driven higher receivables at reporting date, DSO stable at approx. 45 days.

Capex H1 2022

- Higher capex for PPE for normalization utilization of manufacturing capacities
- Capitalized R&D expenses amounted to 4.3% of total R&D expenses, 1.0% of revenue.

Depreciation and amortization H1 2022

- D&A stable YoY.

Statement of cash flows

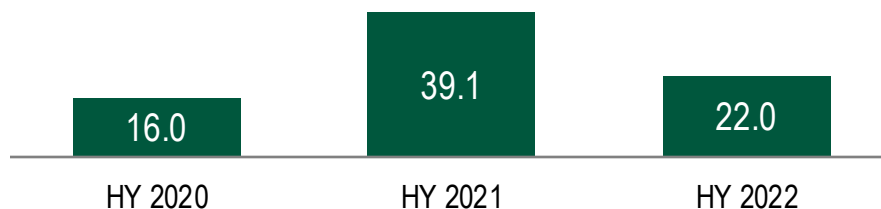
Condensed consolidated statement of cash flows

(CHFm)

	H1 2020	H1 2021	H1 2022
Cash flow from operating activities (CFO)	16.0	39.1	22.0
Cash flow from investing activities (CFI)	(6.7)	(19.5)	(18.9)
- thereof M&A		(13.3)	(3.1)
Cash flow from financing activities (CFF)	0.0	0.0	0.0
Net change in cash and cash equivalents	9.4	19.7	3.1
Cash and cash equivalents at 1 January	60.3	61.9	112.1
Reclassification of cash deposit (Financial assets -> cash)		30.0	
Effect of movements in exchange rates on cash held	(0.3)	0.1	(0.5)
Cash and cash equivalents at 30 June	69.4	111.7	114.7

Cash flow from operating activities

(CHFm)



CFO H1 2022

- Impact on operating cashflow from proactively pushed increase of inventory in order to build up safety stock for all critical components.

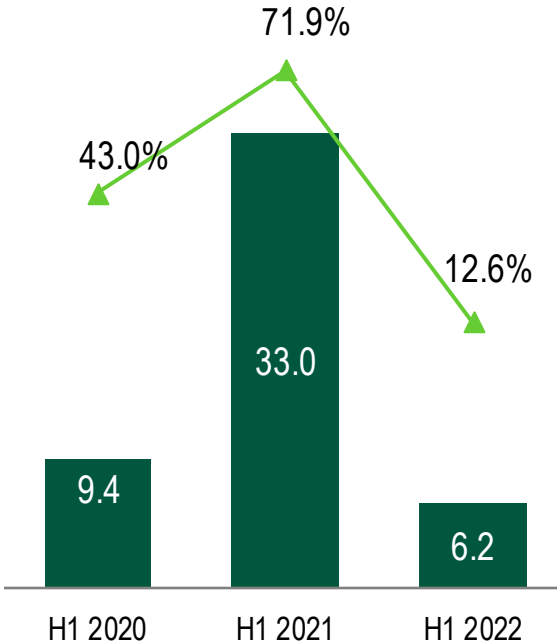
CFI H1 2022

- CHF 15.8m spent for production equipment and infrastructure to normalize utilization level.

Free cash flow¹ development

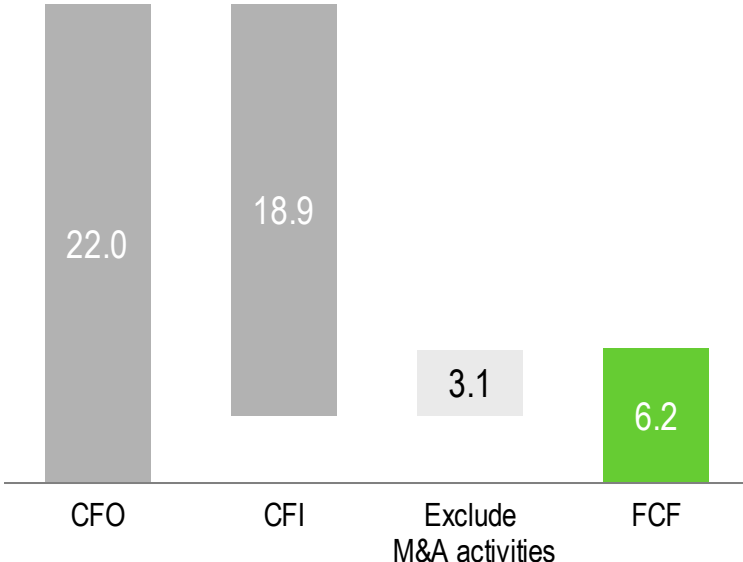
FCF and FCF conversion rate² (%)

(CHFm / % of adjusted EBITDA)



H1 2022

(CHFm)



FCF H1 2022

- Higher level of bound capital due to capex and increased NWC.
- M&A: Increase investment at Lumiphase AG.

¹ Free cash flow (FCF) defined as the sum of CFO and CFI, excluding M&A activities.

² FCF conversion rate defined as FCF in percentage of EBITDA.

Continuing strong balance sheet

As of 31 December 2021

Equity / total assets	79.6%
Net cash ¹	CHF 112.1
Net cash / LTM EBITDA	1.2

Assets

Liabilities and equity

Cash and short term deposits	CHF 112.1	Trade payables	CHF 9.2m
Trade receivables	CHF 27.8m	Other current liabilities	CHF 33.2m
Inventories	CHF 38.3m	Non-current liabilities	CHF 18.0m
Other current assets	CHF 9.1m	Equity	CHF 236.0m
PPE	CHF 64.8m		
Other non-current assets	CHF 44.2m		
CHF 296.4m		CHF 296.4m	

As of 30 June 2022

Equity / total assets	81.1%
Net cash ¹	CHF 114.7m
Net cash / LTM EBITDA	1.2

Assets

Liabilities and equity

Cash and short term deposits	CHF 114.7m	Trade payables	CHF 11.5m
Trade receivables	CHF 42.7m	Other current liabilities	CHF 32.9m
Inventories	CHF 51.3m	Non-current liabilities	CHF 18.4m
Other current assets	CHF 8.6m	Equity	CHF 270.5m
PPE	CHF 73.6m		
Other non-current assets	CHF 42.5m		
CHF 333.4m		CHF 333.4m	

¹ Defined as the sum of cash, cash equivalents and short-term deposits less loans and borrowings (current and non-current).

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Outlook

Geopolitical tensions and macroeconomic uncertainties have intensified yet again in recent months. Visibility remains low, and forecasting is complicated.

In the coming months, we expect a further moderate slowdown in demand due to inflation-related consumer woes and the still-fraught COVID-19 situation in China. In addition, there is a risk that customers may postpone planned call-off orders to the coming year at short notice because they are forced to curb production due to ongoing supply chain issues.

The long-term market trends, the technology and the product pipeline remain strong. Consequently, we confirm our mid- and long-term growth perspectives.

Assuming unchanged foreign currency exchange rates, **we expect for FY 2022**

(CHFm)	FY 2022	Comments
Revenue	CHF 310m to 340m +8 to 18%	Adjusted outlook (compared to the March guidance)
Gross margin	mid-fifties %	Confirmed outlook (compared to the March guidance)
EBITDA margin	mid-twenties %	Confirmed outlook (compared to the March guidance)

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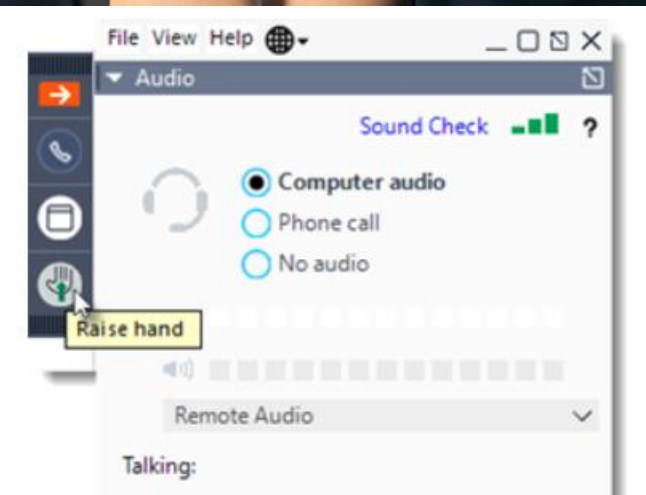
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- Q&A

Q&A

- To register a question, please use the “raise hand” function.
- The hand icon will then become green. 
- Wait for the moderator to ask you to speak.
- The moderator will unmute you.
- Please state your name and affiliation before asking your question(s).
- Afterwards, the moderator will mute you and lower your hand.
- Thank you very much.



Financial calendar

Date	Event
14 March 2023	Full-year 2022 results and annual report
15 May 2023	Annual general meeting 2023

Contact information

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future in mind.

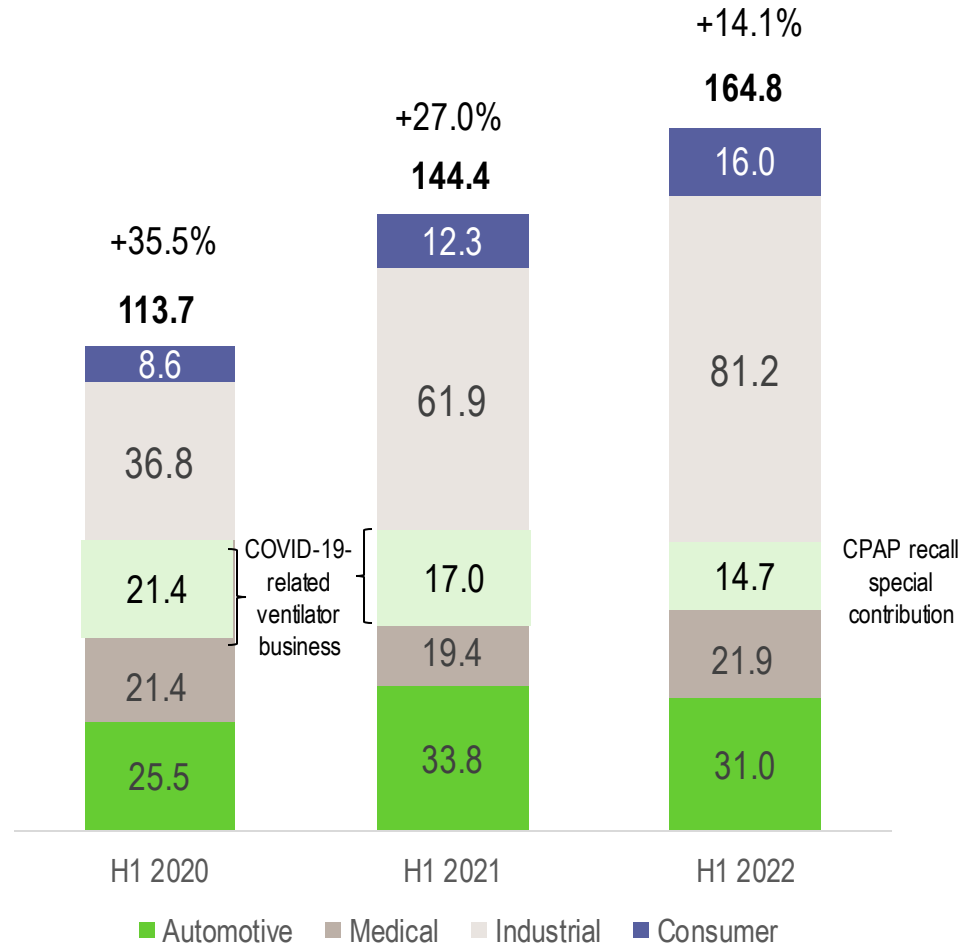
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Diversified revenue development across all our end markets

Revenue development

(CHFm)



H1 2022 (H1 2021) revenue distribution

Percentage values without COVID-19-related ventilator business

