FULL-YEAR 2023 RESULTS

Sensirion Holding

Marc von Waldkirch, CEO
Matthias Gantner, CFO

12 March 2024

SENSIRION

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Please note that this event will be recorded.

AGENDA

Marc von Waldkirch
CEO

Full-year 2023 highlights

Business review

01

Matthias Gantner
CFO

Full-year 2023
financial review

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Marc von Waldkirch
CEO

Strategic focus
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Full-year 2023 overview

Business

- **Challenging market environment leads to a topline setback after three booming years 2020-2022**
- **Continued investments in R&D and Sales to work on the strong innovation pipeline and to enable significant product launches in new applications in 2024 and 2025.**
  - This had a negative impact on profitability in the short term, but strengthens our growth opportunities for the coming years.
- **Focused strategy implementation makes Sensirion ready for the next growth cycle**
  - Sensirion is strategically well positioned to benefit from secular megatrends
  - the innovation mindset and agility allows us to seize attractive opportunities in the market

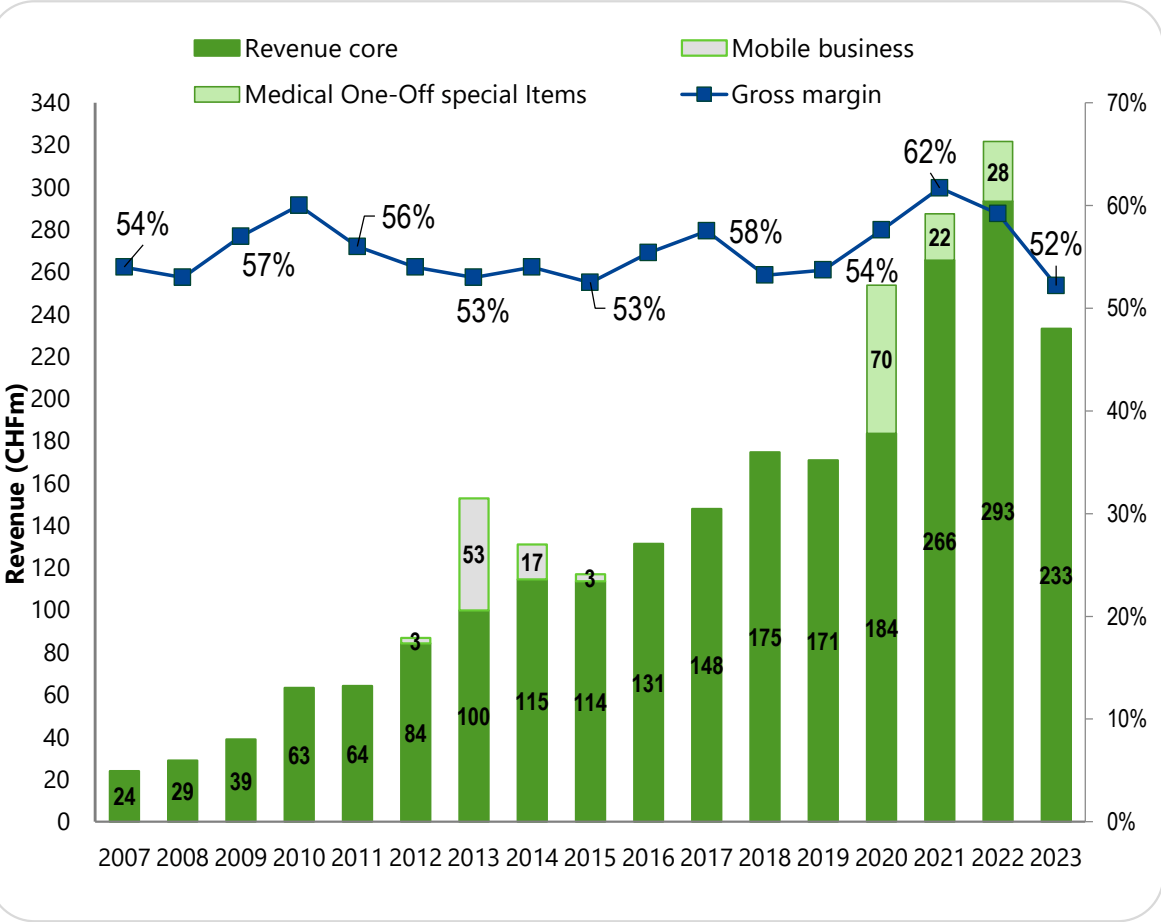
Financials

Revenue CHF, reported	**233.2m, -27.5%** (-15.5% organic, -8.8% one-off, -3.2% FX)
Gross margin	**52.2%**
EBITDA margin	**4.3%**
Operating cash flow	**CHF -10.9m**, free cash flow **CHF -46.5m**

Business Outlook

- In a market environment that remains challenging, we expect a return to growth in 2024 thanks to new projects starting up.
- In terms of profitability, 2024 will be a transitional year.
- The medium-term outlook remains positive due to the structural megatrends underlying the sensor market.

2023 setback after booming years 2020-2022



Business Review

- **Significant topline setback in 2023 after three booming and very successful years of growth.**
- **In the core business, the setback was mainly driven by:**
  - Termination of the medical one-off (CHF -28 m), as expected
  - pandemic driven **over-consumption** of air quality devices in the past 2 years. This effect was underestimated by us and our customers
  - additional **de-stocking** across the entire supply chain
  - These two effects (over-consumption and de-stocking) sum up to approx. CHF -50m. The split between these two effects is hard to estimate.
  - FX-changes (CHF -10m)
  - We have not lost any customers to competitors
- **Reduced gross margin after leveraged gross margin values in the booming years 2020-2022**
  - Reduced gross margin reflects the current under-load in component manufacturing
  - In the booming years of 2020-2022 the gross margins were leveraged due to an over-load in component manufacturing

Pro-active reaction on the challenging environment

Actively shaping our future growth by investing into R&D- and Sales

- **The growth years 2020-2022 were enabled**
  - By innovative environmental and flow sensor products, outperforming existing market solutions
  - By being ready to agilely react on convincing market opportunities, even at short notice
  - By a high level of diversification and supported by a resilient business model

- **Sensirion's strategy is fully on track. That is why we are intentionally continuing on this strategic path**
  - By continued investment in RD & - and Sales capacities to enable significant product launches in new applications in 2024 and 2025 and to work on our well-filled innovation pipeline
  - To lay the foundation to return to growth in 2024 and the years to come.
  - To continue to benefit from secular megatrends such as energy efficiency, climate protection and health
  - This impacted our profitability in the short term, but supports our growth prospects for the coming years.

Optimizing our productivity and efficiency in Operations, R&D and Administration

- **We have already started in H1/23 to actively adjust the capacity in Operations by reducing number of temporary staff.**
- **Additional measures to increase productivity in the factories as well as in administration have been initiated**
- **Cost-saving programs involving the entire value chain has been initiated**
- **Focused review of R&D projects to improve the innovation effectiveness**

Automotive market

growing business despite challenging market conditions

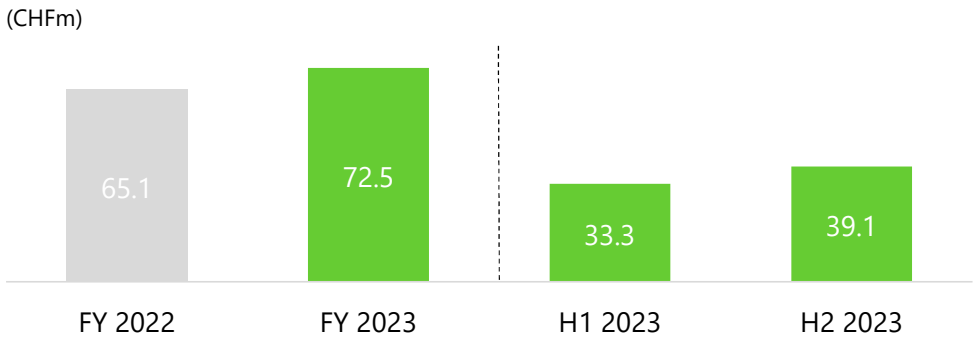
Main results

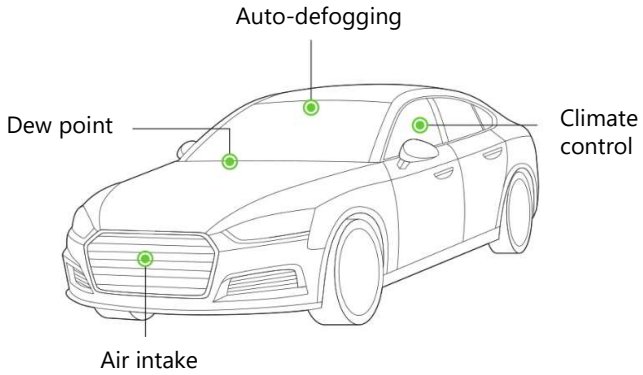
FY 2023 revenue increased by **11%** YoY to **CHF 72.5m**
H2 2023 revenue increased by **17%** HoH to **CHF 39.1m**

Above average revenue development in the automotive sector which was in contrast to the economic downturn in other markets

Growth was driven through Sensirions the Tier-1 module business with European OEMs and supported by Tier-2 business

Revenue development





Medical Markets

Normalized after several years of one-offs, but still resilient

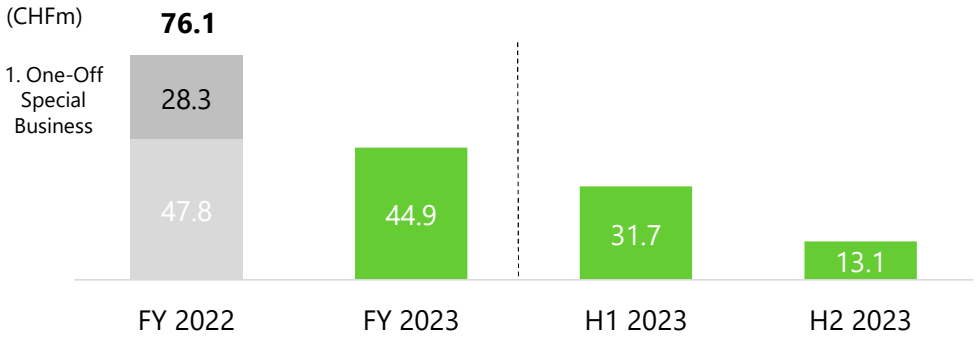
Main results

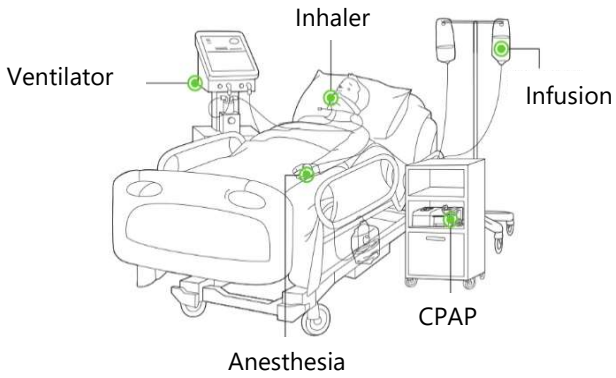
FY 2023 revenue, **reported** decreased YoY by -41% to **CHF 44.9m**

Adjusted for last year's one-time effect (CHF 28.3m) through the CPAP recall, the core business showed a **Like4Like** decline of just -6%.

After a very strong first half of the year, the business suffered from significant inventory optimizations by our major customers

Revenue development





Industrial Markets

strongly impacted by appliance downturn

Main results

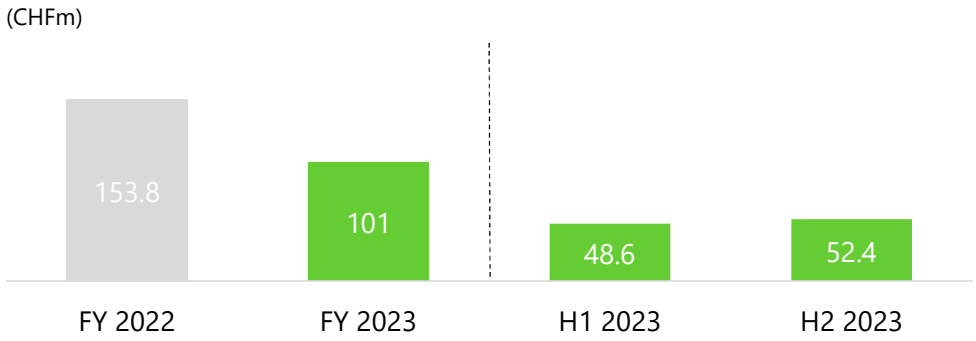
FY 2023 revenue decrease by **-34%** YoY to **CHF 101.0m**
H2 2023 revenue increased by **+8%** HoH to **CHF 52.4m**

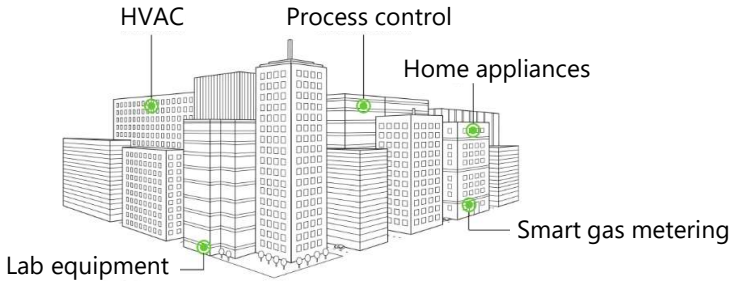
Reduced demand mainly from the appliance sector that benefitted the past 2 years over-proportionally from growing awareness for clean indoor air. (Partially Covid driven)

Additionally, slow-down amplified by continued high inventories that are slowly declining

No customers or projects have been lost. Design-in projects at customers for new businesses are on track and we continue to invest to capture upside potential

Revenue development





Consumer market

strongly impacted by pandemic –driven "air quality over-consumption"

Main results

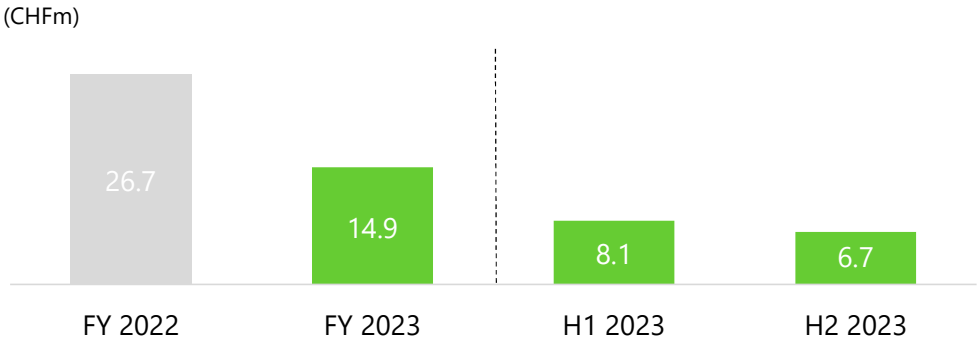
FY 2023 revenue decreased by **– 44%** YoY to CHF **14.9m**
H2 2023 revenue decreased by **-37%** HoH to CHF **6.7m**

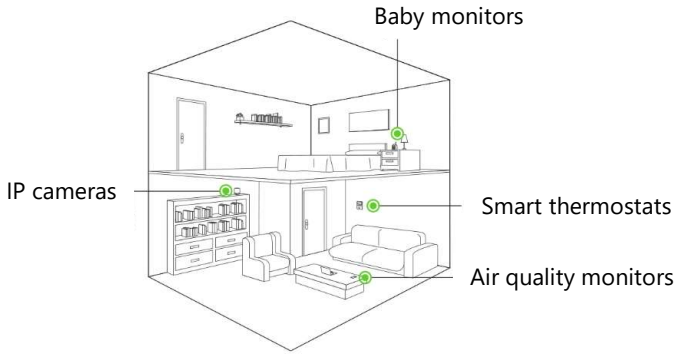
Reduced demand which benefitted the past 2 years over-proportionally from growing awareness for clean indoor air. (covid-driven)

Additionally, slow-down amplified by continued high inventories that are slowly declining

No customers or projects have been lost. Design-in projects at customers for new businesses are on track and we continue to invest to capture upside potential

Revenue development





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FY 2023 financials overview

Key financials

Revenue
CHF 233.2m
-27.5% YoY
(-15.5% organic, -8.8% one-off, -3.2% FX)

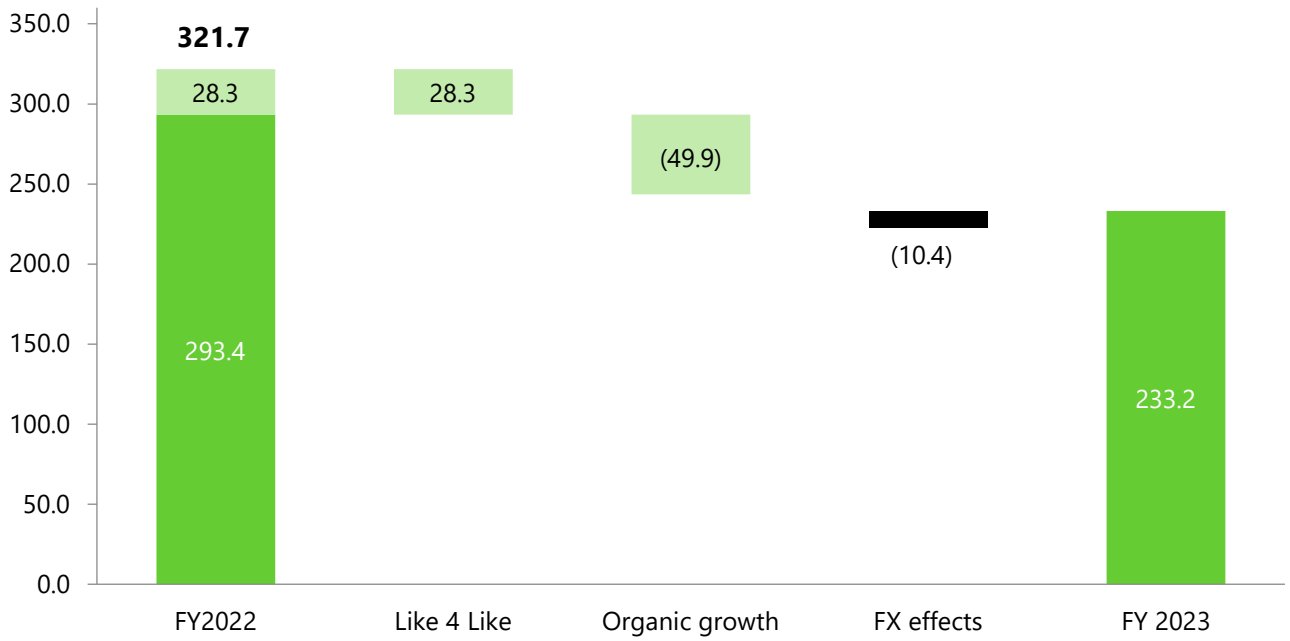
EBITDA margin
4.3%

Gross margin
52.2%

Operating cash flow
CHF -10.9m,
free cash flow
CHF -46.5m

Revenue development from FY 2022 to FY 2023

Components of revenue growth (CHFm)



Revenue FY 2023

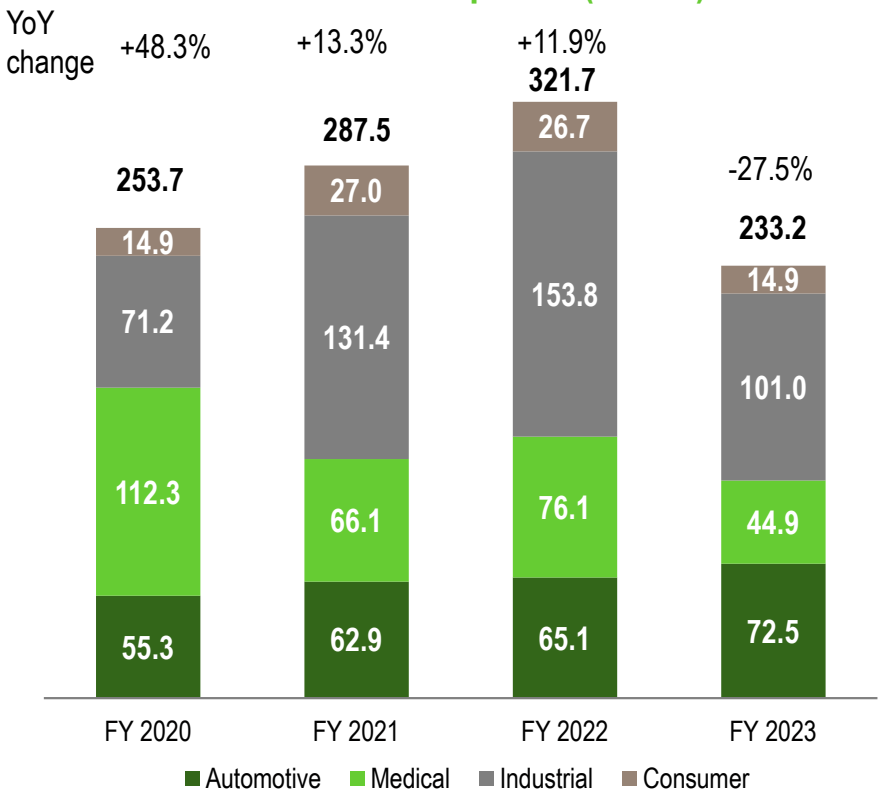
- -27.5 % YoY sales decrease driven by
  - Absence of the medical one-off (CHF -28.3 m, H1 2022), as expected
  - Market wide reduced demand in volumes and De-stocking across markets (CHF -49.9m)
  - FX Headwinds (CHF -10.4m)

Foreign currency exchange effects

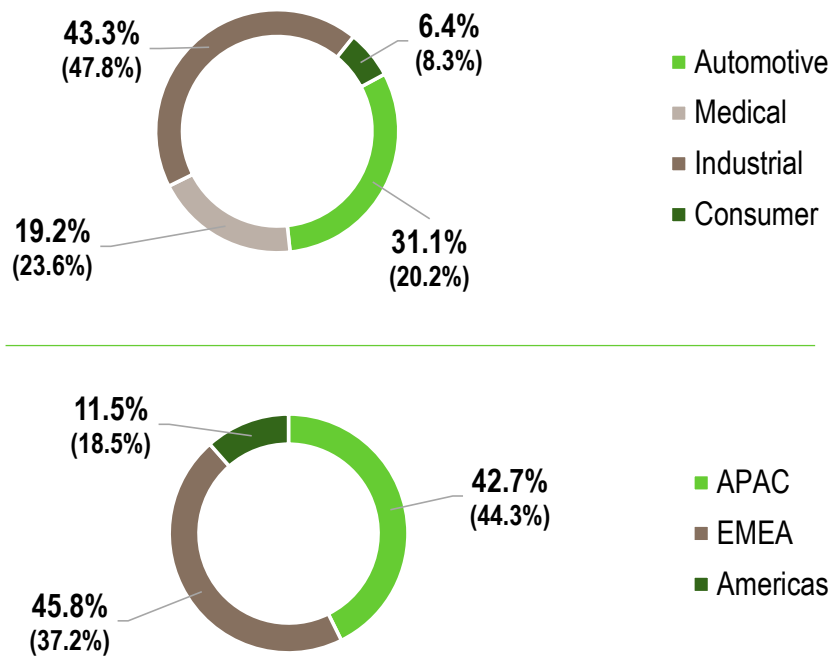
- Strong CHF resulting in FX losses from sales portions in particularly USD, but also EUR, JPY and KRW.

Diversified Revenue Development Across all our End Markets

Revenue development (CHFm)



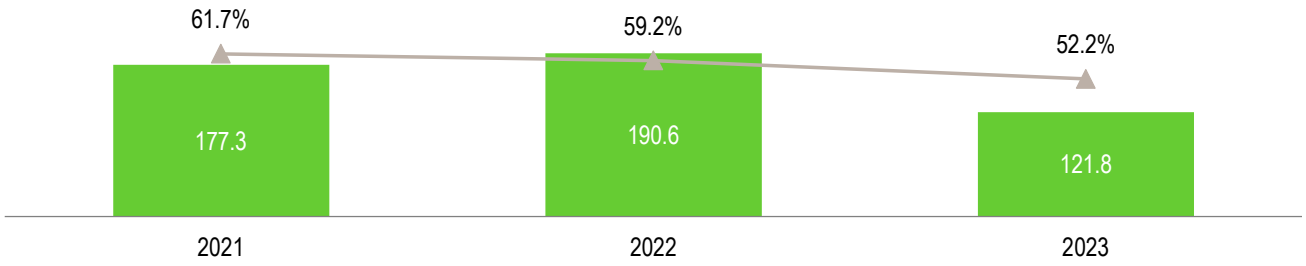
FY 2023 (FY 2022) revenue distribution



SENSIRION

Gross margin and opex development

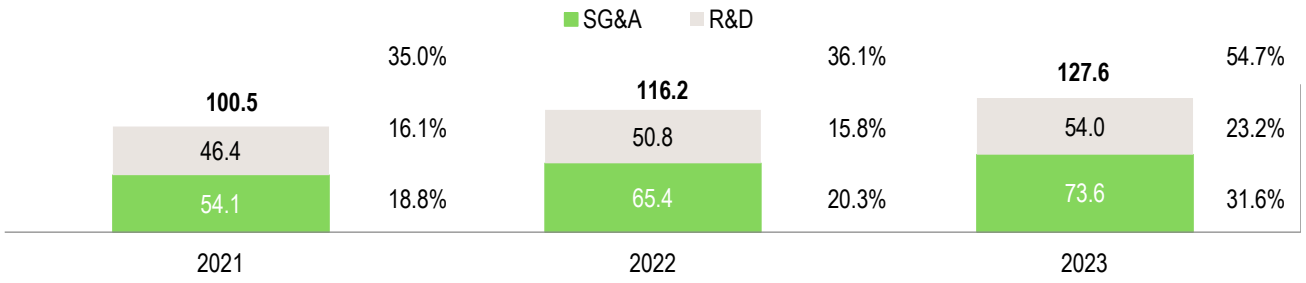
Gross profit and gross margin (CHFm / % of revenue)



Gross profit and margin 2023

- YoY Margin decrease (-7.0ppts) due to lower utilization of capacities
- Unfavorable product mix impacts, i.e. weak high-margin CPAP-business
- High portion of fixed cost in cost of goods sold due to high automatization in operations limits downscaling in downturn periods.
- Variable cost (temporary, leased staff) have been adjusted in 2023

R&D and SG&A expenses (CHFm / % of revenue)

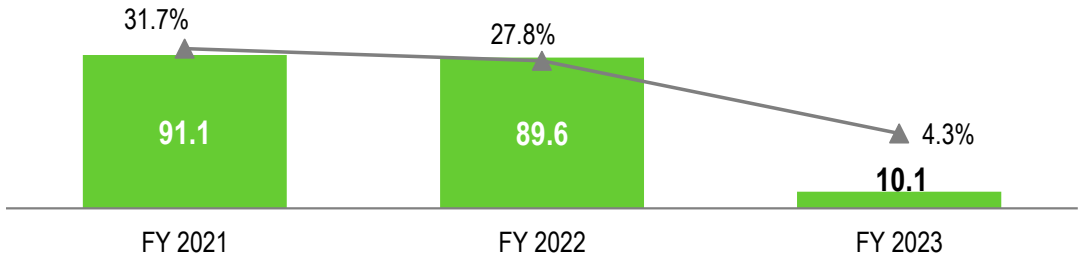


R&D, SG&A expenses 2023

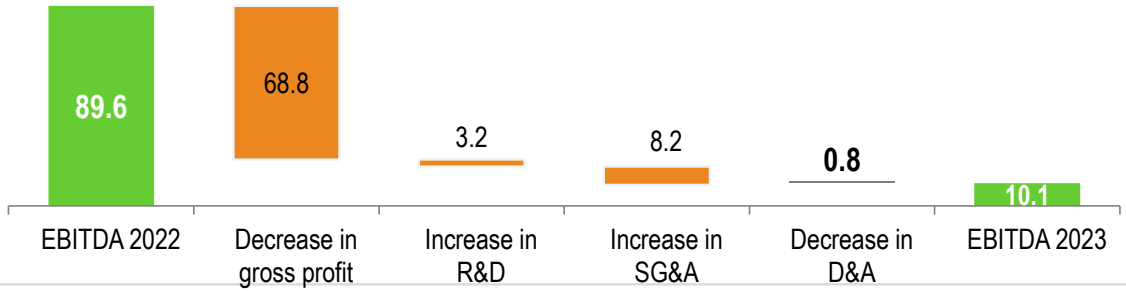
- Personnel cost: salary cost in some countries driven by high inflation
- R&D: carry-over of 2022 build-up of resources in R&D for support of innovation projects such as gas leackage sensor module for air conditioner in the US market as well as ramp-up of automotive PM2.5 modules with European OEM
- Increased capitalization R&D activities 8.7 mCHF (+5.9 vs. 2022)
- S&D: carry-over of 2022 build-up of Sales Teams as well as higher cost due to normalization of travel & exhibition activities

EBITDA development

EBITDA[1] and EBITDA margin (CHFm / % of revenue)



FY 2022 to FY 2023



EBITDA FY 2023

- EBITDA and EBITDA margin decreased due to weak demand (volumes), low of operational utilization as well as continued investment in R&D and Sales capacities.
- SG&A: mainly driven by carry-over of 2022 build-up of Sales Teams as well as higher cost due to normalization of travel & exhibition activities

[1] EBITDA = Operating result + depreciation and amortization

SENSIRION

Income statement

Condensed consolidated income statement

(CHFm / % of revenue)	FY 2022		FY 2023	
Revenue	**321.7**		**233.2**	
Cost of sales	(131.1)		(111.4)	
Gross profit	**190.6**	**59.2%**	**121.8**	**52.2%**
R&D expenses	(50.8)	(15.8%)	(54.0)	(23.2%)
SG&A expenses	(65.4)	(20.3%)	(73.6)	(31.6%)
Operating profit (EBIT)	**74.4**	**23.1%**	**(5.8)**	**(2.5%)**
Net finance result	(3.4)		(5.8)	
Profit (loss) before tax	**71.0**	**22.1%**	**(11.6)**	**(5.0%)**
Income taxes	(7.4)		5.1	
Profit (loss) for the period	**63.6**	**19.8%**	**(6.6)**	**(2.8%)**
EBITDA	**89.6**	**27.8%**	**10.1**	**4.3%**

Fin result

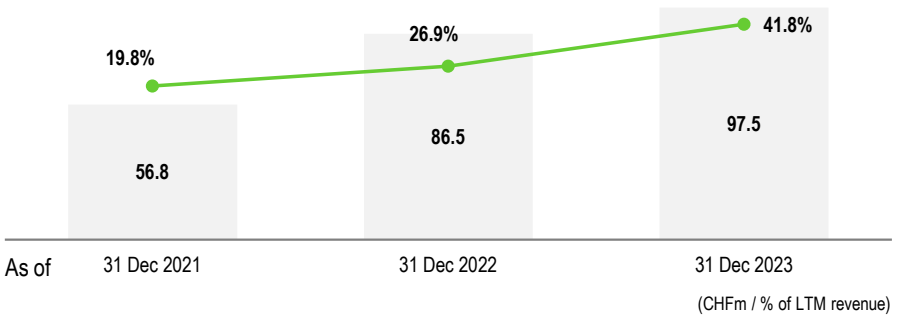
- Mainly FX loss
  - realized loss -1.7 CHFm
  - unrealized loss -4.1 CHFm

FY 2023

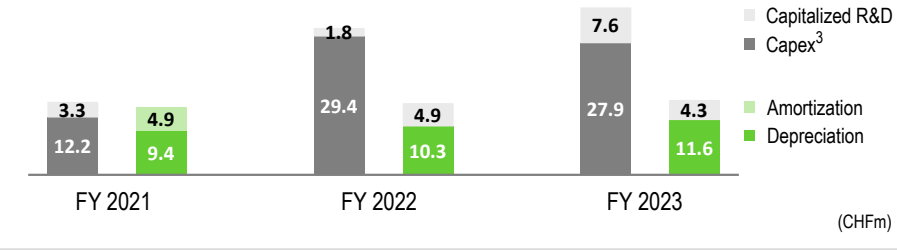
Profit for the period CHF (6.6) m

Net working capital and capital expenditures

Net working capital[1]



Capex[2] vs. D&A



Net working capital FY 2023

- Proactive build up of wafer inventory to assure service level in case of shortage supply as well as to mitigate Taiwan/China risk
- Receivables: ongoing marginal debtors' risk

Capex FY 23

- Higher capex PPE for adjustment of clean-room in CH as well as investment in infrastructure, machinery mainly in CH and HU.

Depreciation and amortization FY 2023

- D&A 2023 relatively stable level YoY

[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 technology, capitalized R&D, and M&A transactions (FY 2021 acquisition of Irsweep, Qmicro, and AiSight)

Continuing strong balance sheet

As of 31 December 2022

Equity / total assets	85.0%
Net cash[1]	CHF 123.0m
Net cash / LTM EBITDA	1.4

Assets		Liabilities and equity	
Cash and short term deposits	CHF 123.0	Trade payables	CHF 10.1m
		Other current liabilities	CHF 29.2m
		Non-current liabilities	CHF 14.6m
Trade receivables	CHF 36.5m	Equity	CHF 304.1m
Inventories	CHF 60.1m		
Other current assets	CHF 8.2m		
PPE	CHF 82.1m		
Other non-current assets	CHF 48.1m		
	CHF 358.0m		**CHF 358.0m**

As of 31 December 2023

Equity / total assets	88.8%
Net cash[1]	CHF 73.1m
Net cash / LTM EBITDA	7.2

Assets		Liabilities and equity	
Cash and short term deposits	CHF 73.1	Trade payables	CHF 6.7m
		Other current liabilities	CHF 16.4m
		Non-current liabilities	CHF 13.8m
Trade receivables	CHF 26.2m	Equity	CHF 295.7m
Inventories	CHF 78.0m		
Other current assets	CHF 9.2m		
PPE	CHF 96.0m		
Other non-current assets	CHF 50.1m		
	CHF 332.6m		**CHF 332.6m**

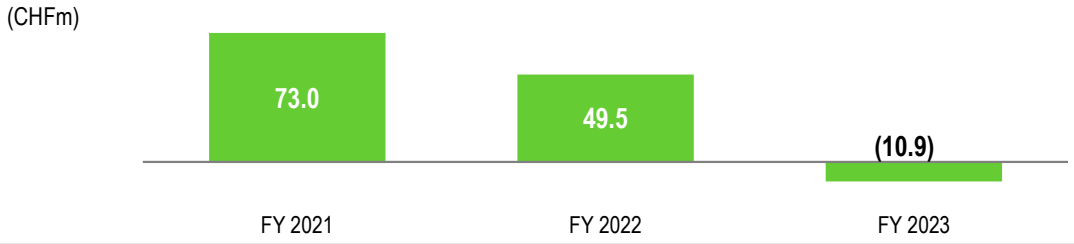
[1] Defined as the sum of cash, cash equivalents and short-term deposits less loans and borrowings (current and non-current).

Statement of cash flows

Condensed consolidated statement of cash flows

(CHFm)	FY 2021 adj	FY 2021	FY 2022	FY 2023
Cash flow from operating activities (CFO)	73.0	73.0	49.5	(-10.9)
Cash flow from investing activities (CFI)		(22.3)	(34.3)	(-35.6)
Adjusted CFI: excluding proceeds from short-term financial deposit (6 months) of CHF 30.0m	(52.3)			
Cash flow from financing activities (CFF)		0.0	(3.3)	0.0
Net change in cash and cash equivalents	**20.7**	**50.7**	**11.9**	**(46.5)**
Cash and cash equivalents at 1 January	91.9	61.9	112.1	123.0
Effect of movements in exchange rates on cash held	(0.5)	(0.5)	(1.0)	(3.5)
Cash and cash equivalents at 31 Dec	**112.1**	**112.1**	**123.0**	**73.1**

Condensed consolidated statement of operating cash flow



CFO FY 2022

- Impact of increase of net working capital on operating cashflow CHF 23m

CFI FY 2023

- Cash out capex PPE CHF 27m
- Cash out Intangibles CHF 9m

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Economic environment and strategic focus

Economic environment

Megatrends:

Secular megatrends such as energy efficiency, health and climate protection remain strong and supportive

Operational agenda:

Geopolitical and macroeconomic uncertainties dominate the operational agenda

De-stocking effects across the entire supply chain will further depress demand until the middle of year (medical market until year end 2024)

Company focus

Return to growth path

- Sensirion is confident to return to growth path in 2024, mainly driven by new applications and projects
- The major operational focus lies on the ramp-up of our new gas leackage sensor module for air conditioner in the US market as well as major ramp-ups of automotive PM2.5 modules with European OEM manufacturer

Active cost management

- to address the higher share of lower-margin module business, together with the continued underutilization of component production
- Capacity adjustments have executed in operations during 2023; further measures to increase productivity in the production sites and other areas have been initiated

Full focus on the promising mid-and long-term innovation pipeline

- Further advance environmental sensing portfolio
- Fully capture potential of leakage opportunity in North America and Europe
- Grow sensor portfolio as Auto OEM Partner in Transition from combustion engine to Battery Electric Vehicles (BEV's)

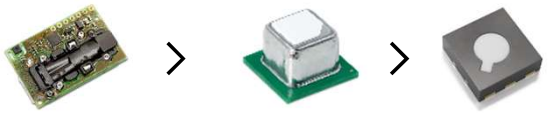
Medium - and long-term outlook remains positive

Promising product and innovation pipeline, supported by secular megatrends

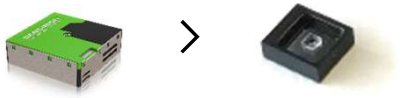
Strong supportive megatrends such as energy efficiency, climate change and health, which are accelerating the increased use of sensors in numerous applications.

Mid-term:
Miniaturized versions & Combo versions of environmental sensors in development in 2024/25

Carbon dioxide



Particulate matter



Formaldehyde

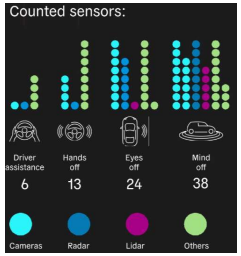
Mid-term:
New product family of gas leakage sensors for …

Methane leakage detection

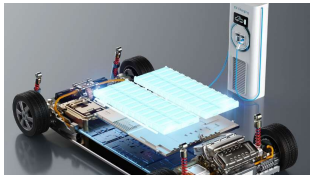
Gas leakage sensor for air conditioners

Focus on North America,

Mid-to-long term:
Transition from combustion engine to Battery Electric Vehicles (BEV's)



Advanced Driver Assistance System (ADAS)



Battery Management system (BMS)

US HVAC market transitions to low-GWP refrigerants

Market Driver

Starting January 2025: US/North America: EPA or California Air Resources Board (CARB) will prohibit refrigerants with a GWP (Global warming potential) greater than 750 for new residential air conditioning equipment.

Market

Why choose an A2L refrigerants:

Compared to common refrigerants, an A2L refrigerant offers a 99% lower GWP.

Why a leakage sensor ?

Due to the flammability of A2L refrigerants, US regulations require a leakage sensor for larger HVAC systems

Our A2L leakage portfolio

Our Technology

Based on Sensirion's thermal conductivity technology, which is our core know-how for over 20 years

Our products

Customer-specific sensor modules are required by US HVAC OEMs

Status

- Achieved UL certification for first versions earlier this year, ahead of most other competitors
- Design-win achieved with 5 out of 6 leading US OEMs
- Uncertainty about total market demand due to transition period in 2024/2025
- We expect sales numbers to stabilize late 2025

Strategic achievements

Execution to strategy on track and progressing well

Strategic focuses	Strategic achievements 2023
Focus 3: Develop technologies for long-term growth	• Promising new product family of gas leakage sensors for air conditioners in the US market to be launched in H2/2024 • New projects kicked-off for leakage sensors in emerging new application in automotive and industrial • 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”)
Focus 2: Become market leader for the entire environmental market	• Miniaturization strategy of environmental sensor family progressing well: launch of next, miniaturized generations of PM2.5, CO2 and formaldehyde scheduled for 2024/2025. • Positioning within European Automotive OEMs as Tier 1 supplier for their environmental sensor needs is progressing as expected.
Focus 1: Drive market and cost leadership in our core markets of RHT and flow	• Strategic expansion of our own wafer stock levels to overcome potential geopolitical supply chain risks • Market adaption of our 4th humidity generation is in full swing. • Strategic partnership with our former competitor STMicroelectronics. In the future, STM will integrate and offer our humidity sensors on their boards. We will benefit from another important sales channel.
Fundamentals: “SensiSpirit”: unique culture of innovation and entrepreneurship	• We celebrated ‘25 Years Sensirion’ at our HQ in Stäfa with colleagues, friends and family. • Once again, we were awarded by the organization “Great place to work" as one of the best employers in Switzerland as well as in our sites in Germany, Hungary and the Netherlands

Outlook 2024

- In a market environment that remains challenging, we expect a return to growth in 2024 thanks to new projects starting up.
- In terms of profitability, 2024 will be a transitional year.
- The medium-term outlook remains positive due to the structural megatrends underlying the sensor market.
- Sales, legacy business: latest expectation is that inventory corrections will dampen demand until the middle of the year (or even until the end of the year in the medical market)
- Sales, growth business: H2 2024 will benefit from growth projects in the automotive module sector as well as the new gas leakage sensors module US business for air conditioning systems.
- The higher share of the lower-margin module business this year, together with the continued underutilization of component production, is leading to a lower gross margin in 2024.

Assuming unchanged foreign currency exchange rates, we expect for FY 2024

(CHFm)	FY 2024
Revenue	CHF 250m to 280m
Annual organic revenue growth	7% to 20%
Gross margin	47-49%
EBITDA margin	5-10%

AGENDA

Marc von Waldkirch
CEO

Full-year 2023 highlights

Business review

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Matthias Gantner
CFO

Full-year 2023
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Marc von Waldkirch
CEO

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