

The background of the image is a high-angle aerial shot of a rural landscape. It features several vineyard plots with distinct rows of grapevines, some in shades of green and others in golden yellow, suggesting different stages of growth or sunlight exposure. A high-speed train, with a white and grey exterior, is captured in motion, appearing slightly blurred, as it travels along a set of tracks that curve through the terrain. The surrounding land is a mix of green fields and patches of brown earth, with a few small buildings or farm structures visible in the distance.

Annual
Report
2022

Innovation
in motion

SENSIRION

Essentials

Key Figures	4
Letter to the Shareholders	8

Annual Report

Markets	12
Strategy	16
Sustainability Report	20
Corporate Governance	84
Compensation Report	110

Financial Report

Consolidated Financial Statements	130
Notes to the Consolidated Financial Statements	134
Financial Statements of Sensirion Holding AG	164
Notes to the Financial Statements of Sensirion Holding AG	166

Shareholder Information

Shareholder Information	176
-------------------------	-----



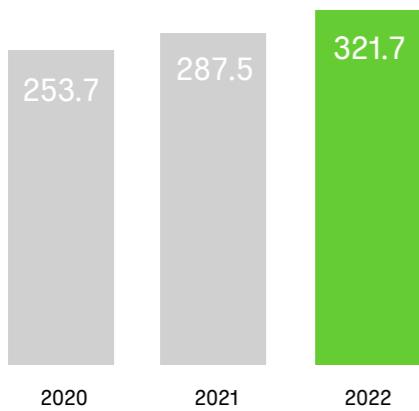
The sensor company

Sensirion is a pure-play sensor company at the forefront of sensor innovation and has demonstrated a strong track record of developing and manufacturing sophisticated and cost-effective environmental and flow sensor solutions for the automotive, medical, industrial and consumer markets.

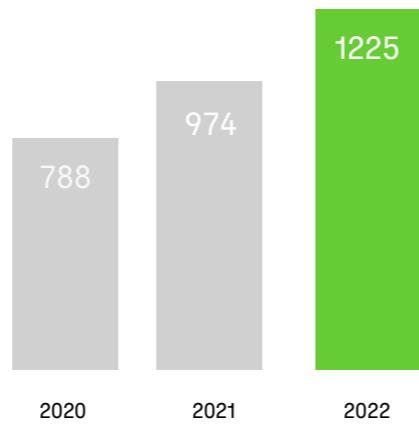
Founded in 1998 as a spin-off company of the Swiss Federal Institute of Technology in Zurich (ETH Zurich), Sensirion has more than 20 years of experience in creating best-in-class sensor solutions for a variety of demanding customer applications, including those in which the sensors perform mission-critical functions.

Key Figures

Revenue
(in CHF million)



Number of employees
(FTE) as of Dec 31



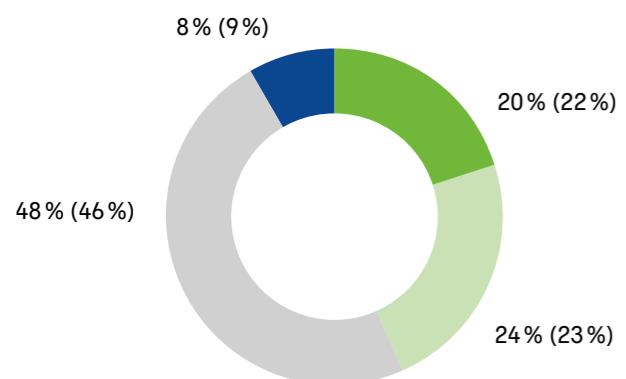
321.7

Revenue
in CHF million

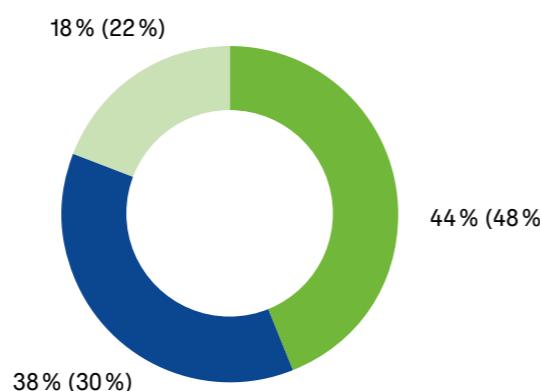
59.2 %

Gross Margin

Revenue by market
2022 (2021)



Revenue by region
2022 (2021)



27.8 %

EBITDA Margin

Key Figures

Ongoing strong revenue growth

Industry leading short lead times across all product segments

Increased investments in R&D and Sales to pursue further business opportunities

Consolidated, in millions of CHF	31 December 2022	Δ in %	31 December 2021
Revenue	321.7	11.9 %	287.5
Gross profit	190.6		177.3
- as % of revenue	59.2%		61.7%
Operating profit (loss)	74.4	(3.1%)	76.8
- as % of revenue	23.1%		26.7%
Profit (loss) for the period	63.6	(3.5%)	65.9
- as % of revenue	19.8%		22.9%
Basic earnings per registered share (in CHF)	4.08		4.24
 EBITDA¹	89.6	(1.7%)	91.1
- as % of revenue	27.8%		31.7%
 Cash flow from operating activities	49.5		73.0
Capital expenditures²	(31.2)		(15.4)
Free cash flow³	18.3		55.8
 Total assets	358.0		296.4
Total liabilities	53.8		60.4
Total equity	304.1		236.0
Net cash (Net debt)⁴	123.0		112.1
 Number of employees (FTE)	1225	25.8 %	974

¹ Defined as the sum of operating profit (EBIT), depreciation and amortization.

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

³ Defined as the sum of cash flows from operating activities and cash flows from investing activities, excluding M&A activities.

⁴ Defined as the sum of cash and cash equivalents less loans and borrowing (current and non-current).

Dear Shareholders



From left: Marc von Waldkirch (CEO), Felix Mayer (Co-Chairman) and Moritz Lechner (Co-Chairman)

2022 was shaped by macroeconomic and geopolitical tensions and changes: the horrific conflict in Ukraine, the recurring lockdowns in China and fears about energy, inflation and the economy all exacerbated the overarching economic situation.

Despite this challenging environment, Sensirion can look back on a successful 2022. At the start of the year, we continued to benefit from strong post-pandemic demand. This largely returned to normal levels as the year went on. In the second half of the year, we experienced a slowdown in demand due to economic and inflation-related factors, primarily in the industrial and consumer markets.

Consolidated group revenue increased to CHF 321.7 million (+11.9 % compared to the previous year, 12.0 % organic, 0.2 % inorganic, -0.3 % due to foreign currency effects). Around CHF 28 million of this came from a one-off special demand in the CPAP medical segment. The previous year, 2021, saw CHF 22 million from the special sales of ventilation sensors driven by COVID-19. Adjusted for these two effects, the revenue growth figure was 10.5 % in the core area. The gross margin was 59.2 %, while the EBITDA margin reached 27.8 %. Profitability remained at an above-average level, benefiting from the consistently high utilization rate in manufacturing. As a result, we are currently making major investments to expand our capacity so that we can return the utilization of our manufacturing capacity to a sustainable level. At the same time, we are continuing to expand our Sales and R&D divisions in order to address a wide variety of promising market opportunities in line with our strategic priorities. However, these additional costs are not yet fully reflected in this financial statement. Therefore, we expect profitability to come closer to the medium-term guidance of 17 % in the coming reporting periods.

Profits totaling CHF 74.4 million were reported as operating results, yielding a net profit of CHF 63.6 million for the period in question. Operating cash flow totaled CHF 49.5 million.

Revenue growth in three of four markets

Revenues in the automotive market amounted to CHF 65.1 million (+3 % compared to the previous year). After a reduction in demand in the first six months of the year, sales picked up in the second half. As the situation on the supply markets eased, numerous automotive companies partially normalized their manufacturing activities over the second half of the year, thereby increasing their call-offs in our existing business. In addition, revenue was also supported by the ramp-up of new projects in both the modular and component segments.

The medical market was again impacted by one-off effects in the past financial year. As with the pandemic-related special sales of ventilator sensors in 2020 and 2021, we recorded additional sales worth CHF 28.3 million for home care devices to treat sleep apnea (so-called CPAP devices) in 2022. This was triggered by a major recall issued by a CPAP manufacturer due to quality issues, which were not caused by our sensors.

The overall revenue in the medical segment comprised CHF 76.1 million (+15 % compared to the previous year). Adjusted for one-off effects, the medical market saw growth of 8.4 % in its core business.

Once again, the broad-based industrial market experienced major growth momentum, attaining revenue of CHF 153.8 million (+17 % compared to the previous year). After a very strong first half of the year, the second half was marked by a slowdown in demand, particularly in the economically sensitive Appliances segment. This strong growth was primarily driven by new product lines in environmental sensing: these new, innovative products have led to industrial market revenue increasing by 116 % within two years. Alongside the good performance of our existing business, we achieved additional design wins in the CO₂ and particulate matter (PM2.5) segment in the reporting year. These design wins will additionally support revenue development over the next few years.

Demand in the heavily fragmented consumer market experienced a downturn in the second half of 2022. Despite the strong first half of the year, revenue for the year overall stagnated at CHF 26.7 million (-1% compared to the previous year). We are also pleased to see increasing demand for CO₂ and particulate matter sensors in this market, particularly for monitoring indoor air quality.

Slight easing of supply chains

The challenging situation in the supply markets eased slightly as the year went on. However, the situation remains hard to predict, especially for niche products and products with complex, highly globalized supply chains. In-depth collaboration with our key suppliers enabled us to gradually return to our usual lead times for our humidity sensors as the year went on, thereby further reinforcing our market-leading position in this area.

The cost of raw materials and energy rose substantially during the reporting period. As our products are highly innovative, we were largely able to compensate for the increased raw material costs via price increases.

We are currently increasing our stocks of raw materials against the backdrop of the threat of energy shortages and ongoing tensions in the supply markets so that we can guarantee reliable delivery for our customers. Due to good inventory management and the long shelf life of our products, we do not see any obsolescence risk for these inventories.

Further progress in the implementation of our growth strategy

As before, our growth strategy remains based on three strategic pillars. The implementation of this strategy is proceeding according to plan and we have been able to make further progress in the year under review.

The first strategic focus is our traditional core market of humidity and flow sensors. Our goal here is to further expand and strengthen our already strong leading position with regards to the market, technology and costs. Following the successful launch of the fourth generation of humidity and temperature sensors last year, we have added further product variants to this family, such as an automotive version and a high-precision variant for applications with extremely stringent precision requirements. In gas metering, the start of the year also saw us present the first gas flow module capable of measuring the flow rate of any gas mixture, including pure hydrogen and mixtures of hydrogen, biomethane and natural gas. This technological milestone is significant in light of the upcoming transition to a sustainable energy supply.

Our second strategic focus is to attain market leadership in the environmental sector as a whole. The successful launches of numerous new product families in the fields of CO₂, particulate matter, formaldehyde and VOCs over the past three years have helped to lay the cornerstone for this. Thanks to our extensive experience in chip design, MEMS and packaging, our aim in the second step is now to further miniaturize our existing products. In turn, this enables additional applications that are currently off-limits due to the form factor and pricing structure. We are seeing an increasing awareness of the importance of good indoor air quality and energy optimization in the automotive, industrial and consumer markets. As a result, we are expecting a lot of potential for further growth in the entire environmental sensor sector in the coming years.

The third strategic focus is internal development and the targeted acquisition of sensor technologies to lay the foundation for long-term growth in new areas. It is important to point out here that we have entered a complementary business area in which the focus is increasingly on qualified and merged sensor data rather than on sensor hardware for OEM suppliers. In order to consolidate this strategic initiative, we acquired the Berlin-based start-up AiSight GmbH, as reported in September 2021. The integration is still at an early stage, as is our collaboration on market and project development. As expected, however, the first significant revenue from this new initiative will not be registered for a few years.

Farewell to our long-standing member of the board Heinrich Fischer

At the Annual General Meeting in 2022, which was only attended remotely once again due to the pandemic, all proposals put forward by the Board of Directors were approved. In addition, Heinrich Fischer entered retirement, thereby leaving the Board of Directors on which he had been a non-executive member since 2011. We would like to take this opportunity to thank him for his dedicated and competent collaboration over the years. Heinrich Fischer played a key role in Sensirion's successful strategic development and consistently brought our values and culture to life. His entrepreneurial spirit will continue to serve as a role model for us.

Outlook for the remainder of the year

Visibility remains low due to the numerous current geopolitical and macroeconomic challenges. In recent months, we have seen a slowdown in demand, particularly in Appliances and Consumer, which was mainly driven by our customers' efforts at inventory optimization. We expect this period of low demand in the running business to continue for a few more months and to increasingly affect Automotive. Based on numerous responses from our customers, we expect demand to pick up in all markets in the second half of the year.

In the medical market, we expect the one-time additional business in the CPAP market to normalize in the course of 2023, and therefore no further significant contributions to sales are expected (FY 2022: CHF 28.3 million). Thanks to new customer projects in the pipeline, we expect to be able to largely compensate for the weak phase in the existing business as well as the CPAP one-off business from last year. Based on the progress made in the implementation of our growth strategy as well as important R&D projects, we also confirm our medium-term sales growth target of 10-15% per year.

Assuming unchanged exchange rates and a stable economy, we expect consolidated sales of CHF 300-340 million in FY 2023 (FY 2022: CHF 321.7 million). This corresponds to a projected growth of -7% to 6% compared to 2022 (or 2% to 16% in the core business, excluding one-off effects). Despite the economic uncertainties, we continue to invest in growth opportunities and therefore expect the gross margin to normalize in the mid-50s and the EBITDA margin to continue normalizing at around 20%.

Many thanks to all our employees

We are able to look back on 2022 as another highly successful financial year. This success was only possible thanks to the dedication of our employees around the world. On behalf of the Board of Directors and Executive Board, we would like to thank all our "Sensis" for their untiring personal commitment and their flexibility in adjusting to changing situations in times of substantial market volatility.

It is our employees who demonstrate a commitment to embodying and driving forward our customer-centric approach, our capacity for innovation and our team spirit day in, day out – and, as a result, who lay the groundwork for the success of Sensirion's business.

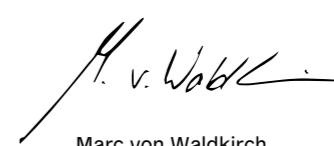
Finally, we would like to thank you, our valued shareholders, for the trust, support and loyalty you have shown to us.



Moritz Lechner
Co-Chairman of the Board



Felix Mayer
Co-Chairman of the Board



Marc von Waldkirch
CEO

Customer markets

Automotive

In the automotive market, revenue amounted to CHF 65.1 million, which corresponds to an increase of 3.4% compared to 2021 and a contribution of 20.3% to group revenue. Both the component-based Tier 2 business as well as the Sensirion Automotive Solutions driven Tier 1 module business contributed to the growth.

Revenue development in CHF million

62.9	2021
65.1	2022

In the first half of the year 2022, the components business was characterized by a careful demand from the market, reflecting the difficult situation of the automotive sector in general. Additionally, we assume that our customers benefited from a comfortable stock situation of our components in H1 2022 due to solid supply of Sensirion products throughout the global supply chain crisis in 2021. As the situation on the supply markets eased, numerous automotive companies partially normalized their manufacturing activities over the second half of the year, thereby increasing their call-off orders in our existing business. Our steadily increasing market share with respect to our component sensor solutions – not to mention an increased penetration rate for applications such as anti-fogging and engine control – once more added to the overall growth. Further growth in the module-based Tier 1 business was achieved with European OEMs for in-cabin air control applications. In the South Korean market, we experienced an expected slowdown of demand with additional negative impacts from the currency exchange rate.

Reducing energy consumption and increasing passenger comfort are the main drivers behind Sensirion's sensors being used in the automotive segment. The passenger cabin climate can be controlled and the windshield automatically defogged by incorporating humidity sensors, either directly at the windshield or in the dashboard, or by using a combination of those two options. Sensirion's gas flow sensors are located in combustion engines' air intake along with humidity sensors to improve precision control of the combustion process.

In the automotive module business, prominently with ramp-ups of climate control modules in Europe and project wins in other areas, Sensirion has continued along its path of expanding its portfolio of environmental sensors and building up a track record as direct supplier to automotive OEMs. This module portfolio supports the strategy of continuously increasing content in existing and new applications alike.

Success in the automotive market depends on meeting rigorous product reliability, process quality and customer proximity requirements. Accordingly, Sensirion's automotive products meet the quality requirements set out by the Automotive Electronics Council (AEC-Q100), and Sensirion's manufacturing sites in Switzerland, Hungary, China and South Korea are certified to the stringent international automotive standard IATF 16949.

Increased awareness for health and related economic benefits help to speed up the shift from combustion engines to hybrid and electric vehicles. Sensirion is convinced that it will benefit from this shift in the mid to long term through the penetration rate of sensors in the auto-defogging and climate control applications as both applications can help to extend the range of an EV if assisted by smart sensor solutions.

Medical

In the medical market, revenue amounted to CHF 76.1 million, 15.1% year-on-year, contributing 23.6% to group revenue. The medical market result in 2022 was impacted once more by a one-off effect. We recorded additional revenue totaling an extra CHF 28.3 million for the sensors sold for home care devices that combat sleep apnea (CPAP). This was triggered by a major recall issued by a large CPAP manufacturer due to quality issues, which were not caused by our sensors. Adjusted for this special effect, the core medical business sales grew by 8.4%.

Revenue development in CHF million

66.1	2021
76.1	2022

Special demand for ventilator sensors, that caused revenue spikes in 2020 and 2021, have fully normalized as expected. Among the remaining medical applications that we serve, sensors sold both to Anesthesia and drug delivery systems achieved strong relative growth.

In the medical market, Sensirion's sensor solutions are used first and foremost in human respiratory applications. In ventilators used in hospitals and emergency settings, gas flow sensors and gas flow meters measure the flow into and out of the patient. This is performed at one or up to three locations within the system. In expiratory and inspiratory flow, the air flow out of and into the patient is measured in the ventilator. In the case of proximal flow, the flow is not measured in the device, but close to the patient. Consequently, Sensirion supplies customers with up to three gas flow sensors per ventilator.

Apart from ventilation, the other important medical applications include continuous positive airway pressure (CPAP) devices to treat sleep apnea and anesthesiology devices. In CPAP devices used in home care settings, gas flow and humidity sensors enable them to maintain the correct air flow into the patient and control humidification, thus helping the patient to sleep better and wake up feeling more rested in the morning. In anesthesiology, Sensirion's mass flow meters play a mission-critical role to correctly dose the applied amount of anesthetic agent.

In the future, other applications centered around real-time monitoring of gases and liquids entering and exiting patients might emerge, in areas such as smart inhalers, drug delivery or monitoring devices.

Industrial

The very broadly diversified industrial market kept its momentum and revenue grew to CHF 153.8 million, which corresponds to a 17.0% increase compared to 2021 and amounts to 47.8% of group revenue.

Revenue development in CHF million

	2021	
131.4		2021
	2022	
153.8		2022

The first half of the year showed strong growth, whereas a slowdown in demand was noticeable during the second half of 2022. Dominant growth drivers for this market were once more the environmental sensing solutions, primarily particulate matter (PM2.5) and CO₂, which both continue to be designed into more and more new customer applications. We anticipate that we will continue to see growing revenue contributions from these solutions also in the coming years. Uncertain overall market circumstances in the consumer-sensitive appliance market as well as in the distribution business primarily in Asia are seen as the reasons behind the observed slow down during the second half of 2022.

In the appliance market, application drivers are optimized energy consumption and increased comfort. Applications include incorporating humidity sensors in refrigerators to optimize energy consumption, using air quality sensors in air purifiers to improve detection of harmful gases and pollutants and, finally, installing CO₂ sensors in air conditioners for enhanced efficiency in room ventilation based on actual occupancy and related CO₂ levels.

In 2022, sensor modules that are comprised of a combination of various sensor components such as humidity, TVOC and PM2.5 were a major pillar of growth for the home appliances market. Especially air purifier manufacturers showed high interest in these combo solutions.

In the heating, ventilation and air-conditioning (HVAC) segment, the high demand for our CO₂ sensors was in line with expectations and showed strong relative growth. The growing awareness for clean indoor air and the positive effects on energy consumption linked to CO₂ sensor-controlled ventilation will continue to pave the way for further growth in future. Additionally, we noted strong growth in sales for our differential pressure sensors used for variable air volume (VAV) controls.

Sales of humidity sensors for the hard disk segment were declining as expected. The transition to innovative storage technology at our customers will impact the near-term demand but is currently expected to recover over time. Further development of this market is indeed monitored, but rather complex, and the shift from magnetic-based to solid-state drives is still ongoing.

In the smart gas meter market, sales experienced a moderate growth. While the Italian market has been slowing down, the UK market was able to overcompensate the slow down by additional demand. While the gas metering market is generally slow to adapt new technologies, Sensirion has been able to prove its readiness and will continue to follow the transition to smart gas metering with suitable products.

Consumer

In the consumer market, revenues decreased slightly to CHF 26.7 million, corresponding to a -1.1% year-on-year decline and contributing 8.3% to group revenue. Despite the overall downturn, we note a very successful adaption for particulate matter and CO₂ sensors in this market.

Revenue development in CHF million

	2021
27.0	
	2022
26.7	

Whereas the first half of the year saw strong revenues, the year-end result was obstructed by moderate overall customer demand during the second half from this highly fragmented market. We are pleased to note that the growing awareness for clean air has resulted in strong demand for various types of air quality monitors. Our particulate matter sensors (PM2.5) and our innovative CO₂ sensors have both enabled realizations of cost-efficient devices for our customers, opening up a whole new market.

The pandemic has illustrated the importance of indoor CO₂ monitoring – not only for well-being, but for optimized ventilation too. It is fair to assume that demand for CO₂ sensors will continue to increase in this market for various applications in the future.

The likes of the transmission of COVID-19 through small airborne microdroplets and the CO₂ concentration can easily be reduced by increasing ventilation. For buildings that have no mechanical ventilation (e.g. homes and restaurants), natural ventilation means opening doors and windows. A smart CO₂ sensing device can help to make customers aware of the clearly changing CO₂ levels and suggest appropriate action.

Standalone smart air monitors are fitted with our particulate matter modules, which permit monitoring of the indoor air environment, with all its relevant parameters, within a small and convenient form factor. Heavy traffic situations, not to mention an increase in the number of wildfires breaking out around the globe, are boosting demand for residential, in-home particulate matter measurements.

Strategy

Our growth strategy has three strategic focuses: driving our market and cost leadership in the core markets of humidity and flow, becoming market leader in the entire environmental market and developing technologies for long-term growth. Finally, our unique culture of innovation and entrepreneurship serves as the foundation for all of the above. Several megatrends support this growth strategy: improving energy efficiency and quality of life, increased digitalization and automation, and the growing urgency of environmental protection.

Our unique corporate culture: SensiSpirit

Our corporate culture, what we call SensiSpirit, is the product of the entrepreneurial, collaborative mindset shared by the exceptional people who work at Sensirion. To ensure we stay innovative and agile, our aim is to continue attracting highly qualified talent in all fields. We want our award-winning company culture to keep evolving because it optimizes the hiring process, improves employee retention and helps create the ideal environment for long-term innovation.

Driving technology and cost leadership in our core markets: humidity and flow

Our aim is to become an even stronger market leader in the area of humidity and flow sensing across our various end markets and applications. In segments where we already dominate the market, we want to solidify this position through cost and technology leadership. Elsewhere, the objective is to increase market share by rolling out innovations and next-generation products while maintaining long-standing, trusting customer relationships and expanding our customer base. In the area of customer acquisition, our focus will be on manufacturers that are leaders and innovators in their own markets. We aim to boost volume across all humidity and flow segments in order to leverage economies of scale in both development and manufacturing. In addition, our strong market position is an optimal entry point for additional environmental sensors in order to further increase our content in customer applications.

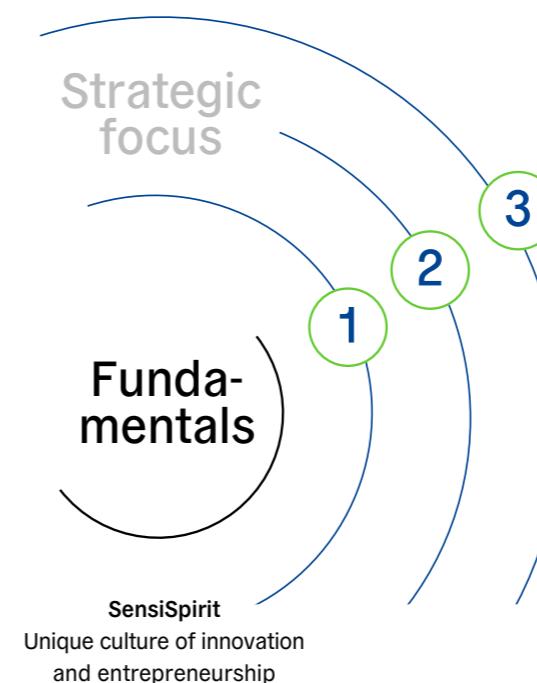
Becoming a market leader for the entire environmental market

Leveraging our strong market position in humidity and flow sensing will allow us to become a market leader in the entire environmental sensor market. In the first stage already completed, we introduced a first generation of sensors for carbon dioxide (CO₂), particulate matter (PM2.5), formaldehyde and volatile organic compounds (VOC). The development priorities were to speed up time-to-market and rapidly gain market share. Accordingly, these generations were built using existing technology platforms. In the meantime, we successfully introduced to the market the second generation of the CO₂ sensor as well as several combo sensor modules. Furthermore, we expect new PM2.5 and formaldehyde sensors to be rolled out in the next few years. For these second-generation products, our strategy is to use our entire technology value chain. Miniaturization and streamlining costs will help stimulate disruptive innovation with the goal of securing and expanding market share.

In addition, we will take advantage of our in-house technologies in order to efficiently develop new sensors for monitoring other gas parameters. Finally, we plan to expand our range of combo modules for various environmental sensors, opening up possibilities for new applications and increasing customer content.

“Through scalable innovation, we strive to unleash the power of sensor technology. To create a better tomorrow.”

Heiko Komaromi, Director Investor Relations / Business Development, Sensirion Stäfa



Developing technologies for long-term growth

We will continue investing in fundamental technological innovation with a view towards sustainable company growth by systematically exploring and evaluating new sensor technologies, applications and market opportunities. There are two primary avenues for ensuring long-term growth: firstly, to expand our product portfolio beyond flow and environmental sensing by mobilizing our core competencies across the entire value chain. Secondly, we will expand to offer high-end solutions in certain fields. To uncover new growth opportunities, we will be closely monitoring the overall sensor market, identifying market trends and evolving customer demands.

Additionally, we have established a disciplined approach to M&A that will benefit our strategic growth fields. We will also make use of our ties to the global and local start-up community in order to discover innovative new sensor technologies and selectively seize upon opportunities to acquire technologies, companies or manufacturing capacities that complement and strengthen our competitive position.

The background image is an aerial photograph of the city of Zurich, Switzerland. It captures the dense urban landscape of the city center, with its characteristic Swiss architecture featuring many white buildings with red roofs. The Limmat river flows through the city, eventually leading into Lake Zurich, which is visible on the right side of the frame. The surrounding area is a mix of green spaces and more residential or industrial developments. The lighting suggests it's either sunrise or sunset, casting a warm glow over the entire scene.

Sustain
ability

Key points

Our business

Sensirion Holding AG is a joint stock company listed on the SIX Swiss Exchange and headquartered in Stäfa, Switzerland. Sensirion further operates 11 offices in China, Germany, Hungary, Japan, Singapore, South Korea, Taiwan, the Netherlands and the United States. Sensirion develops and produces sensor solutions for measuring environmental parameters, gas flow, liquid flow and machine diagnostics. The company enjoys a good reputation in the semiconductors industry delivering applications for automotive, medical, industrial and consumer goods sectors.

Main applications per market

- Medical Ventilators and CPAP devices
- Industrial Gas burners, home appliances (e.g. refrigerators, air conditioners, air purifiers), smart gas meters and heating, ventilation and air conditioning (HVAC) systems
- Automotive Tier 1 and Tier 2 suppliers of modules for interior anti-fog, comfort functions and engine control
- Consumer smart thermostats and air quality monitors

Sensirion develops its own sensors from scratch and manufactures most of its products in production facilities in Switzerland, Hungary, China and South Korea. Electronic wafers sourced from global foundries are an essential ingredient for most of our products. Wafers are considered raw materials, as they have a very long shelf life and are specifically designed by us. These wafers are processed at the production site in Stäfa into sensor components through various clean-room and packaging processes as well as calibration steps.

Depending on the application and product, the component is sold directly to the customer or further processed into

higher-value modules in our own facilities. Sensirion relies on its own sales team, which is organized by market and supported by local sales offices in China, USA, Japan, South Korea, Singapore and Taiwan. We also work with local distributors to reach relevant customers as well as global catalogue distributors.

Finally, Sensirion's finished products are shipped through logistics companies that retrieve goods from our manufacturing facilities and deliver them directly to customer product assembly lines. We predominantly operate an Original Equipment Manufacturer business (OEM) – in other words, the products we make are integrated into our customers' devices, they are not considered standalone products. Thus, the destination of our sensor products are usually another large manufacturing facility that builds our sensor products onto a circuit board or directly into the final devices (e.g. a car or an air purifier) and then ships them to the end consumers.

Built with values

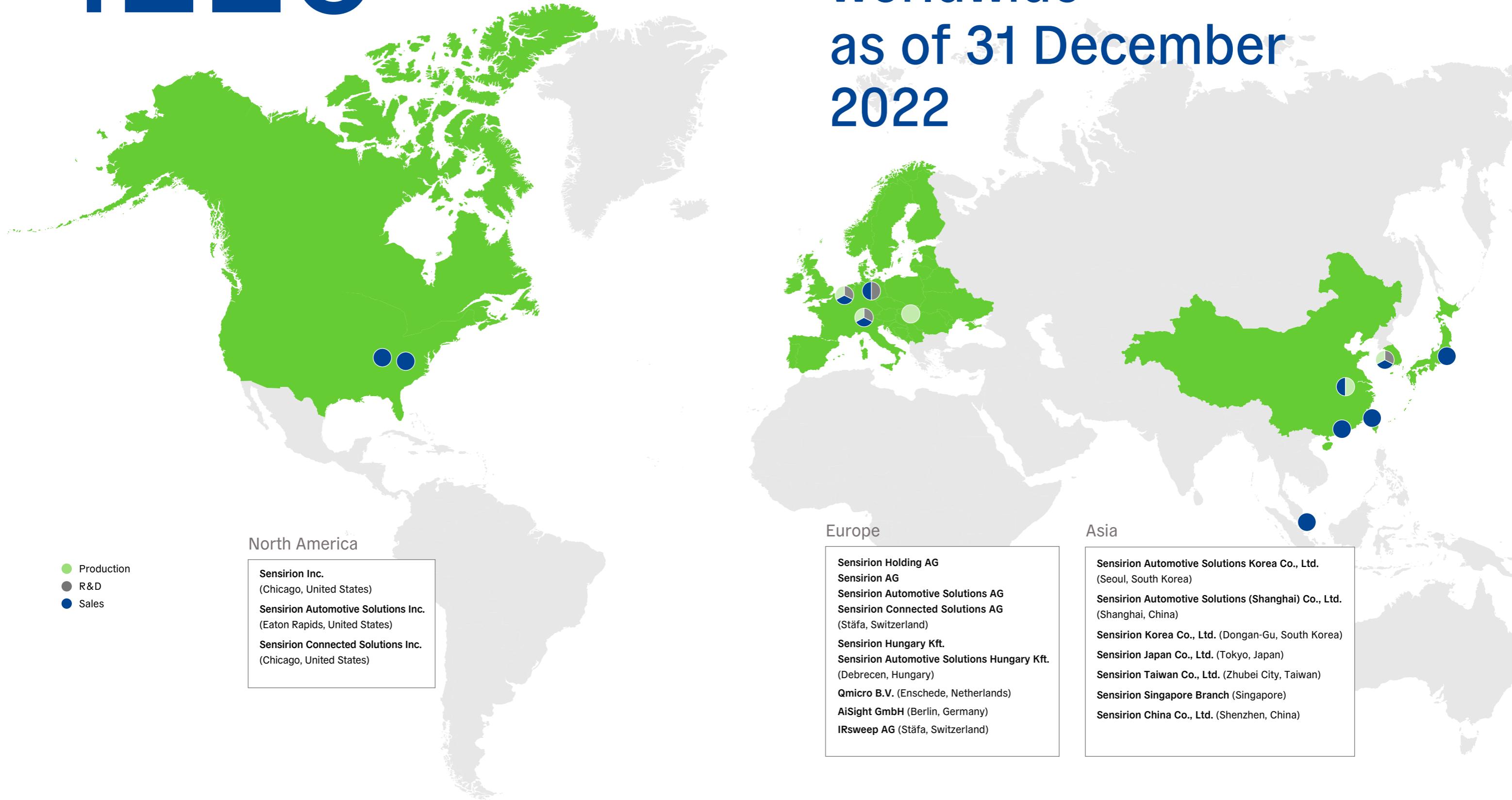
Sensirion was founded in 1998 as an ETH Zurich spin-off by Moritz Lechner and Felix Mayer. Today, Sensirion is a strong, global leader in innovation with a culture and style all its own. We call it the SensiSpirit. For us, the human factor comes first: we forge lasting relationships with our customers, (prospective) employees, shareholders, analysts, suppliers and the general public with both curiosity and passion.

These company values, derived from the SensiSpirit, shape our company's culture:

- **Fairness and honesty** These are the guiding principles for how we work with all involved parties here at Sensirion, be it customers, external suppliers and partners, or our employees.
- **Togetherness** Every employee and supplier can and should be actively involved in the constructive journey to find workable solutions. Teams are not opponents, they are partners who work in concert – and the goals of the individual must dovetail into the overall mission. If we are to succeed, we must succeed together.
- **Top performance** Those who understand the needs of customers and offer innovative solutions set themselves apart from the competition. SensiSpirit also means having a competitive drive – in other words, bringing an entrepreneurial mindset and expertise to the table, thinking innovatively, sharing responsibility and achieving extraordinary things, day in and day out.

1225

Employees (FTE)
worldwide
as of 31 December
2022



Our approach to sustainability



Sensirion is fully committed to sustainable development. For us, sustainability includes many facets: from growing sustainably as a business to protecting the environment through our behavior and activities, and taking our responsibility towards our employees and to society.

For Sensirion, sustainable growth means solving sensor problems with innovative approaches, providing our customers with clear added value. We maintain long-term and trusting relationships with our customers, thanks to which we also receive valuable input for our innovation pipeline. After all, disruptive innovation requires a long-term mindset: We are already working on future technologies to lay the foundation for product development in five years and sales in up to ten years. Steady sales growth with a stable relative margin allows us to invest 20 % of sales in R&D. In this way, we create sustainable value for all stakeholders: from customers to employees to shareholders.

We are aware of our responsibility towards the environment. Our sensors help to increase energy efficiency and prevent greenhouse gas emissions in many applications, from automotive to heating and ventilation systems as well as to methane leakage monitoring. In our own operations, we actively invest in new technologies and prioritize actions that minimize our impact on the environment as much as possible.

Finally, sustainability also applies to our cultural values and how we engage with our employees worldwide. Our award-winning “SensiSpirit” describes a unique culture of innovation and entrepreneurship that we expect all employees to live by, regardless of their function. It means working together as a team, being fair and honest with each other and our customers and partners, and delivering excellence. It is the decisive basis for inspiring and developing talent at Sensirion. After all, our employees are our greatest asset.

Marc von Waldkirch, CEO

Our policies

Management manual

Code of conduct

Articles of Association & Organizational Regulations

Company values

Organizational structure of the company

IT policies

Management principles

Trading policy

(relates to trading in Sensirion shares)

Anti-corruption policies

Responsible mineral sourcing policy

environmental protection according to ISO14001 and occupational health and safety are organized with regards to the ISO45001 standard. The Responsible Business Alliance (RBA) Code of Conduct is lived. At Sensirion, sustainability is managed by a cross-functional team of experts led by the ESG manager. There are monthly update meetings on sustainability topics, measures and their progress. Progress and pending decisions regarding sustainability ambitions are regularly part of the Executive Board's agenda.

Policies and commitments

Sensirion has a Code of Conduct which exceeds the requirements of RBA. This Code of Conduct is internally trained and published on the intranet. The provisions of the RBA Code of Conduct are derived from and respect internationally recognized standards including the ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights. The compliance to the provisions of the RBA Code of Conduct was audited in 2022 at the location Stäfa by RBA. Additionally, the Code of Conduct training is mandatory for all employees except management and the Board Directors, who are trained individually. This training covers Laboratory, Environment, Occupational Safety, Ethics (including sourcing of conflict minerals to protect human rights) and Management System topics.

In addition to internal policies and commitments, Sensirion received in 2022 the external IATF 16949 and ISO14001 certifications for Stäfa, Debrecen, Seoul and Shanghai. Regarding control mechanisms, the Senior Environmental Health and Safety (EHS) Manager performs internal audits. Also, customers undergo external audits and we require audits of current suppliers. In 2022, the RBA audit took place in Stäfa.

As an internationally operating company, everything we do has an impact on the environment as well as on society. We strive to ensure our sensor production conserves natural resources and reduces pollutant emissions. We minimize risks relating to workplace safety and protect our employees' health by taking the necessary measures and preparing for emergencies. We are also committed to upholding and protecting the human rights of our employees and treating them with dignity and respect.

To fulfill our social obligations and ensure success in the marketplace, we commit ourselves not only to comply with relevant laws, but to also uphold the highest ethical standards. Sustainability responsibility is integrated in our management system: All our major production sites are certified for

Stakeholder engagement

Our active dialog with stakeholders is important for managing our impact on sustainable development. Therefore, we have summarized our regular communication channels with stakeholders in the following table.

Stakeholder group	Communication channel	Focus of stakeholder engagement
Customers	<ul style="list-style-type: none">Local on-site technical support through designated field application engineers (FAE)Online feedback surveys on general satisfaction level with Sensirion (Echonovum)Regular interactions with key customers and Sensirion's executive managersAnnual partnership event with global distribution and channel partners to provide trainings and strategic alignment	<ul style="list-style-type: none">Our high-quality product offering and efficient deliveryTrust and long-term partnerships
Employees	<ul style="list-style-type: none">Culture workshops to engage employees on Sensirion's unique way of working togetherAnnual and semi-annual performance and well-being reviews for all employeesFrequent social events to foster Sensirion cultureAnnual international sales meeting where all sales employees from all of our subsidiaries are invited to the HQ for one week of training and engagementSensiWeekend where all employees spend two days together in mixed groups for team building and fun.We hold town hall meetings every two weeks for employees in Stäfa – sometimes internationally – to foster an open and transparent communication policy	<ul style="list-style-type: none">Workplace safetyRenumerationCompany strategyEducation, and further training eventsOccupational health and safetyEmployees are offered transparency about the company's goals, vision and important topics
Shareholders	<ul style="list-style-type: none">We regularly attend investor meetings, calls, conferences, and roadshowsWe publish an annual report (including a remuneration report) and an interim reportThe Company biannually organizes a meeting for media and financial analysts and holds annually an Annual General Meeting	<ul style="list-style-type: none">Financial information including shareholder returns, management structure, economic development, strategy, remuneration system, new products and economic outlook.
Suppliers	<ul style="list-style-type: none">Initial contact within the scope of the assessment procedure and implementation of the Code of ConductRegular performance monitoring (two to four times per year for all category 1 suppliers)Approximately 5% of the supplier base is audited each year	<ul style="list-style-type: none">Order volumeRisk assessment and mitigationPrice and contract negotiationsSustainable and long term technological and commercial roadmap

Memberships

Zurich Chamber of Commerce

Chamber of Commerce USA/CH

“Sensirion provides me with the freedom to make mistakes and learn, while trusting in my expertise. This empowers me to expand my horizons and explore new frontiers within the medical health industry.”

Sofia Deloudi, Senior Product Manager, Sensirion Stäfa



Material topics

Materiality process

In 2022, we updated our materiality assessment to identify our most relevant sustainability topics. To align with current regulatory requirements and reporting standards, we applied the concept of "double materiality". This approach analyzes the potential impact Sensirion's business activities could have on the economy, society and environment, while also investigating how these topics could impact the company's activities and long-term business success.

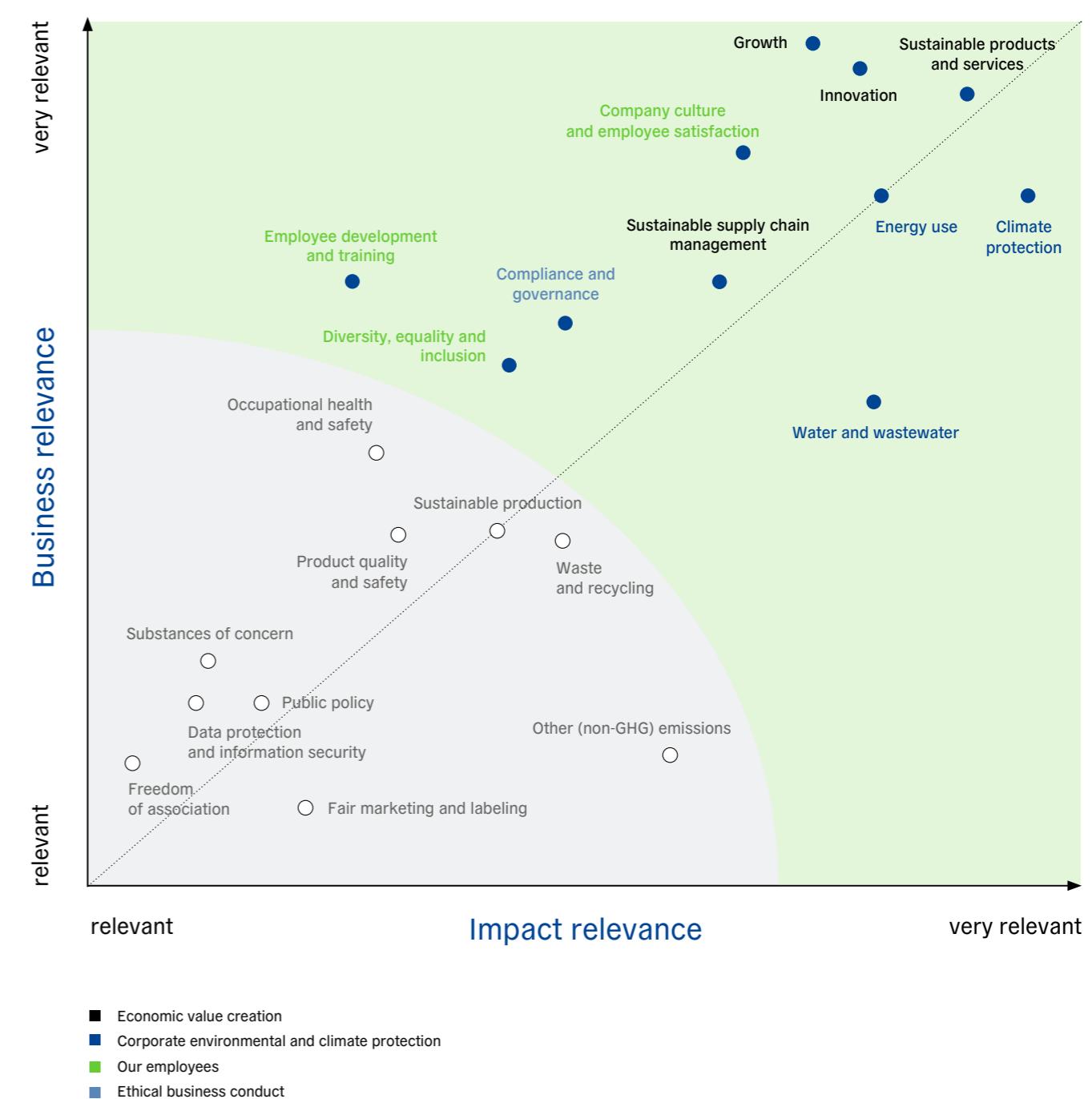
To assess our material topics, we reviewed our former materiality matrix, conducted a peer analysis and considered common reporting standards. As a result, we identified 21 potentially relevant topics, which were assessed by senior leaders from different business departments during a workshop. The senior leaders had to assess the topics according to their impact on society, environment and economy as well as on the long-term business success of Sensirion. The leaders included the Director of Marketing and Communications, the Director Investor Relations and Business Development and the Manager for Corporate Projects. Based on this assessment, the materiality matrix was developed. The materiality assessment with the resulting materiality matrix was validated by the CEO and the executive management team of Sensirion.

”For me, the sustainability of Sensirion comes from the fact that employees are seen as a value and not just a number in the company. It can provide a security where good performance and creative ideas come more easily.“

Sándor Halasi, Teamleader Sensor Integration,
Sensirion Debrecen

Our materiality matrix

The accompanying graph shows our newly established materiality matrix. As a first step, we are focusing on the “very relevant” topics (●), which will be reported on in our first sustainability report in accordance with the GRI standards. The topics below the threshold will also be closely monitored, however the topics are not our primary focus.



Economic value creation

We create economic value through innovation, sustainable products and services, sustainable growth and responsible supply chain management. By meeting our growth plans, staying profitable and achieving capital efficiency targets, Sensirion remains financially stable and creates value for all our stakeholders.

Growth

Sustainable growth

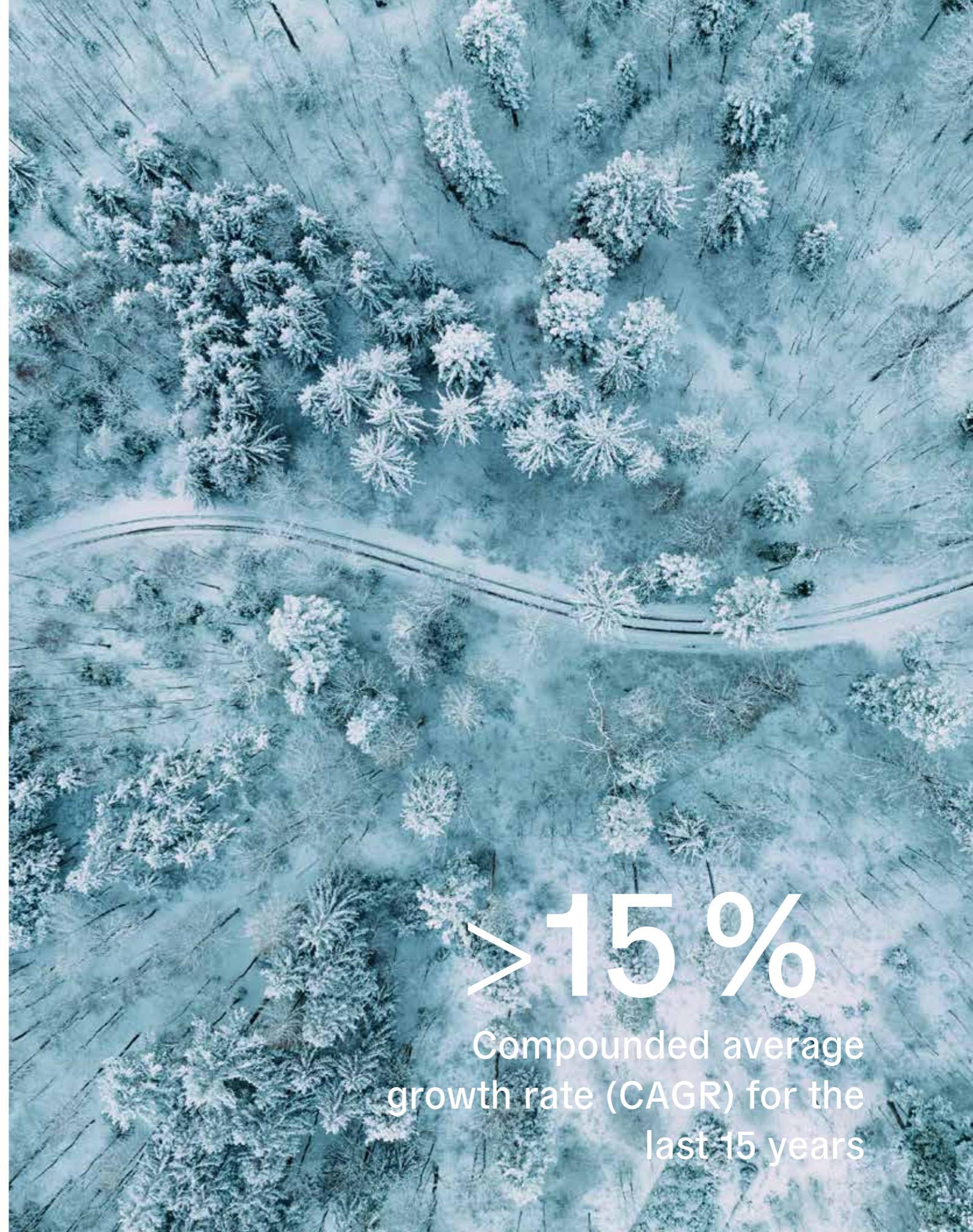
Our annual revenue and our profitability figures are our primary measure of success. Sensirion has proudly achieved a compounded average growth rate (CAGR) of >15% for the last 15 years and aims to achieve 10-15% in the mid-term future by maintaining our leadership position in terms of market share and technology. We follow a top five strategy, which means that our goal is to become a single source supplier to the top five customers in each of our market segments. Innovation, the latest technology and our commitment to research and development, combined with a customer-centric approach and quality technical advice throughout the product life cycle, ensures loyal, long-lasting customer relationships. This results in good visibility across the markets and solid inputs for our innovation pipeline.

We are driven by a growth mindset, long-term approach and an ongoing commitment to our growth strategy. Our Sales Directors host growth strategy sessions every six months, giving Sensirion's management team as well as the CEO and founders updates on market-specific growth and sales, as well as innovation pipelines. The management team is also responsible for conducting biannual review meetings of all business units including evaluating their longer-term growth roadmaps. We firmly believe that we can only deliver sustainable growth if we are financially stable.

We have set several key performance indicators (KPIs) to monitor the performance within our company. While our board and executive management are responsible for meeting financial targets such as top line development, gross margin, EBITDA, capex and cash flow, employee satisfaction is a key component in how we measure our success. Every Sensirion employee is responsible for delivering and maintaining a thriving culture, which we measure through a biannual survey (see page 59).

2022 progress

In 2022, we delivered top-line growth of approximately 12%. The financial performance is described in more detail in the Consolidated Financial Statements on pages 130-133 of the annual report.



>15%

Compounded average
growth rate (CAGR) for the
last 15 years

Innovation

Innovation and R&D are critical functions for us to bring breakthrough technologies and innovations to market. Customer feedback and the latest technological advances are therefore a key element of how we create economic and environmental value for our company and stakeholders. As a high-tech company, our success is defined by being able to release new, innovative products that address real-life problems and add value for customers. While our R&D team leads innovation, we also have a dedicated business development team that includes our founders, who act as Co-Chairmen of the board and actively participate in identifying innovative products and solutions. We think long term, behave entrepreneurially and work hard, always putting people at the center of our solutions.

Dedication and long-term thinking

We are dedicated to investing approximately 20% of our group revenue into our R&D. Whenever possible, we develop products based on internally designed and proprietary technologies with nearly 50% of our annual R&D budget spent on next-generation programs of existing product lines, while the rest is earmarked for developing new sensor solutions. Our R&D team screens and evaluates new disruptive technologies while collaborating closely with product management and sales to continually learn from customer feedback.

Identifying the right ideas for our innovation is embedded into a structured process and will take either of the following two approaches:

- Firstly, we emphasize direct engagement with our existing customers such that we identify unsolved and relevant sensor problems. If identified, a small joint team of R&D and sales work closely together to develop innovative solutions in a scrum-like, agile process called “Thesensprint”.
 - Secondly, we closely review today's challenges and “Megatrends”, such as Industry 4.0, challenges around climate change or the electrification of the car industry. This effort is spearheaded by our internal “Sensor-Innovation group”.
- In 2022, we successfully launched several new innovative environmental and flow sensor solutions. Our market share of CO₂ sensors continued to grow in 2022 after a successful launch of the innovative second generation of CO₂ sensors in 2021. Additionally, we launched the first gas flow module capable of measuring the flow rate of any gas mixture, including pure hydrogen and mixtures of hydrogen, biomethane and natural gas. This technological milestone will play a significant role in light of the upcoming transition to a more sustainable energy supply. Further, we launched and sold our first methane leakage solution for the oil and gas industry, helping to reduce a key source of emissions at natural gas exploration sites.

Sustainable products and services

We believe our solutions must enhance the well-being, health and comfort of the end consumer, be safe to use and manufacture, and help improve the energy efficiency of the final product. The purpose of Sensirion products should also not compromise ethical principles. That's why Sensirion does not supply its solutions for military applications or to the tobacco industry. We also make sure we source our raw materials in compliance with all applicable laws and avoid procurement from conflict regions. We own all our production sites and build them to the highest of standards to ensure minimal energy and water use.

Built for well-being

Once deployed, most of our sensors increase energy efficiency, reduce CO₂ emissions or enhance health and safety for the end consumers, thereby creating a positive impact on the environment and society. For most sensors, the positive impact generated over the lifetime of the product can therefore exceed the negative impacts caused by production and logistics.

The impact of Sensirion's sensors

A great variety of our sensors are on the one hand key elements in applications that have a direct impact on people's health and well-being and on the other hand can be critical components that help to achieve a higher level of energy efficiency in the final customer system. With regards to health and well-being, Sensirion serves the medical market, where our flow solutions can be found in hospitals and home care applications such as anesthesia, CPAP and medical ventilators. Notably, during the recent times of the pandemic, Sensirion proved to be a reliable partner who was able to go the extra mile by extending production for flow sensors manifold, which were critically needed for the medical ventilators. Sensirion is proud to have contributed to saving many lives around the globe. Furthermore, Sensirion enjoys a very high level of reputation also in the CPAP market, where our differential pressure solutions are once more a critical component for the product and the sensors of choice for the two dominating CPAP players.

In terms of improving the energy efficiency of customer systems through sensing solutions, applications can be found in the HVAC market, the appliance market (e.g. for refrigerators and air conditioners) and in automotive applications. A quantifiable example is the humidity sensors that are used for the optimization of the combustion process and the air-conditioning system in a car. These sensors help to save approximately 1-10 liters of petrol per car per year amounting to approximately 2.3-23kg CO₂ per year in each case. The same sensor that enables this gain in efficiency causes itself approximately 6-70 g CO₂ (dependent on sensor generation) during its production. As a conclusion, we find that the total amount of reduced CO₂ pollution is much higher than the CO₂ footprint created by the respective sensor throughout its entire lifetime.

“I have the privilege of collaborating with highly talented individuals on impactful and successful projects.”

Gijs van Steenwijk, Principal IC Designer, Sensirion Stäfa

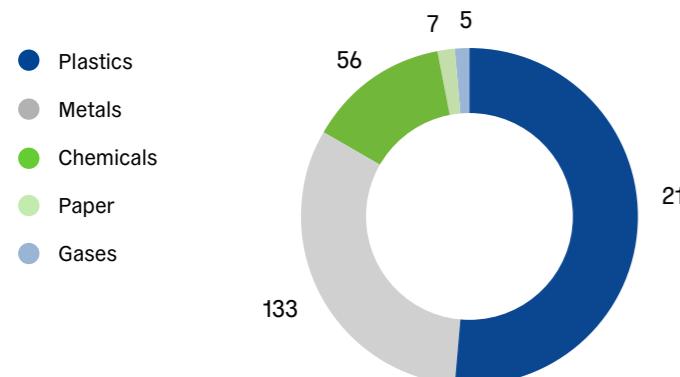
2022 progress

In 2022, we extended our market share of our innovative 2nd generation CO₂ sensor that is predominantly designed for applications which help to increase energy efficiency. A growing number of HVAC control units are equipped with CO₂ sensors in order to optimize ventilation systems by enabling on-demand air circulation.

CO₂ is an excellent indoor proxy for this matter and hence air flow and related energy use can be reduced if the room is not occupied by people. Additionally, Sensirion Connected Solutions has successfully launched its methane leakage monitoring service, which enables methane leakages at oil and gas explorations sites to be identified. The environmental impact of detecting leakages is very high as methane is a significant greenhouse gas (GHG) with a global warming potential 25 times higher than CO₂.

The following graph illustrates the major materials usage of Sensirion's business operations in 2022.

Major materials usage in 2022 (in tons)



Sustainable supply chain management

We believe only sustainable supply chains will be resilient given the simultaneous headwinds of a changing climate, disruptions in the global supply chain and continued geopolitical tensions. Building resilience across our supply chain is non-negotiable and at Sensirion we are responding with a multipronged strategy aimed at maintaining stability and prioritizing responsibility.

Active supplier engagement

Our multipronged supply chain strategy includes proactively developing a local/regional supply base to help mitigate risks of disruption from ongoing global tensions. While we do not procure conflict materials directly, our suppliers acquire and use minerals from multiple sources worldwide. Sensirion is therefore committed to following the OECD Due Diligence Guidance for responsible minerals sourcing to ensure that minerals in our products do not directly or indirectly finance or benefit armed groups in conflict-affected and high-risk areas and require our suppliers to extend these expectations to their own suppliers. We have incorporated sustainability principles in our supplier evaluation process for new suppliers and prefer those with clear goals, and we work with existing suppliers to advance their sustainability efforts where possible.

In these efforts, we collaborate on the reduction of CO₂ emissions along the supply chain. While we are in the early stages of establishing environmental KPIs for our suppliers, the suppliers are required to comply with the RBA standards. Additionally, the supplier quality team has also integrated social and environmental factors into the scope of supplier audits.

In 2022, a responsible minerals sourcing policy was published. For further information on this policy or the conflict mineral report, refer to our [website](#).

2022 progress

In 2022, we contacted important suppliers to gather information on the current state of sustainability initiatives and goals. The diversity and complexity of our supply chain makes this task difficult, but we work with intentionality to identify common areas for collaboration and emissions reduction. 85% of Sensirion's suppliers in 2022 signed the RBA Code of Conduct and therefore fulfill the environmental and social requirements of these standards. The remaining suppliers were either currently under review or not obligated due to size.



Get the point

The measurement principle

In photoacoustic gas sensing, an air sample is irradiated with short pulses of infrared light. When the light is absorbed by the target molecule, the surrounding air heats up and expands, generating a pressure wave that propagates through the air cavity.

.....
This pressure wave can be detected by a microphone and is then used to infer the concentration of the target molecule.

Why CO₂ sensing?

Increasing productivity

The incentives for measuring CO₂ levels in indoor spaces, including workplaces, go beyond running energy-efficient and virus-safe offices and homes. Keeping CO₂ levels in check can have a significant impact on the quality and efficiency of our work. At concentrations of greater than >1000ppm, CO₂ has been shown to reduce productivity. Good indoor air quality (IAQ) has been linked to improved cognitive function, better overall health and better sleep quality. All of this gives businesses an additional incentive for managing the CO₂ levels in their workplaces.

Reducing aerosol-based viral transmission

The COVID-19 pandemic highlighted the broad ignorance towards the importance of IAQ standards and showed how detrimental poor ventilation is for our well-being. According to Nature journal, COVID-19 spread primarily through airborne aerosols. Higher ventilation rates can significantly reduce the risk of air-transmitted virus infections. Implementing an effective ventilation or purification system starts with identifying areas with low IAQ, which is where our pioneering sensors come in.

Improving energy efficiency

What inspired us to start measuring CO₂? Living things are the main source of CO₂ indoors, which makes measuring the CO₂ levels an effective indicator of human presence indoors. The measurement of CO₂ levels indoors is therefore an integral part of the operation of demand-controlled heating, ventilation, air-conditioning (HVAC) and cooling systems. But this all conflicts with energy efficiency, which needs increased attention in the age of climate change. Especially the last years have shown the serious consequences of the climate crisis and how important the limitation of emissions of fossil fuels is for the future of our planet.

The looming energy crisis in 2022 and the rapidly rising cost of living provide further incentives to reduce consumption of oil, gas and electricity. As a result, the promotion of energy-efficient living, working and driving is now high on the global agenda.

To reconcile this, CO₂ measurement is important. That's why intelligent ventilation systems reduce fossil fuel emissions and reduce household costs by optimizing energy consumption.

"I believe Sensirion has a fantastic opportunity to become the go-to CO₂ sensor company."

Kaitlin Howell, Product Manager, Sensirion Stäfa

Where our CO₂ sensors play a significant role already today:



Air conditioning

Air-conditioning systems are much smarter than they used to be. In the past, cooling homes, offices and public buildings was an energy-guzzling undertaking. Outmoded AC systems are expensive and environmentally unfriendly because all the air that enters a building must be processed, which uses a lot of energy. Demand-controlled AC systems allow us to optimize the amount of air entering our buildings by using IAQ parameters, including CO₂ concentration, which makes CO₂ sensors a key component of this smart technology.



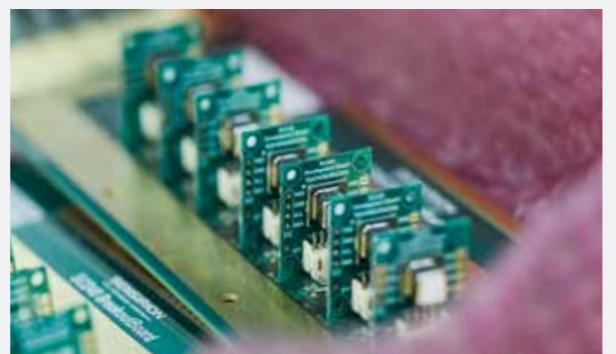
Ventilation systems

We are learning more and more about the negative effects of poor IAQ on our health and productivity. Ensuring that the air in an indoor space is constantly exchanged by fresh outdoor air reduces the "stuffy" feeling of a room and reduces indoor pollution levels. Optimizing these exchange systems requires accurate monitoring of a variety of IAQ parameters, including CO₂ levels.



IAQ monitors

To improve the quality of the air we breathe, we need to be able to measure it first. Sensirion's miniature CO₂ sensors can be integrated into IAQ monitors, an all-in-one solution that can also measure pollutants such as formaldehyde, dust and VOCs. This monitoring technology allows building owners to improve the efficiency of their ventilation, purification and emission detection systems.



Leading the charge An innovation in CO₂ technology vision

The limitations of already pre-existing CO₂ measuring devices opened an opportunity for Sensirion to lead the innovation in the sensing industry with their first-generation CO₂ sensor.

The underlying technology behind our second-generation, innovative CO₂ sensor uses photoacoustic measurement principles, an approach that allows us to optimize costs, miniaturize the sensor and improve processability. All this provides an invaluable foundation for our company's forward-looking vision of becoming a "one-stop-shop" for environmental sensors.

Cutting-edge CO₂ sensors: Responding to customer demand
In recent years, several customers expressed a need for new, upgraded CO₂ sensors. Existing sensors were often too large and expensive to be integrated into innovative customer applications. Sensirion determined that the market for CO₂ sensors would grow significantly if new technologies facilitated the reduction in their size and cost.

How we designed our innovative CO₂ sensor

Our first sensor cleverly adapted established sensor technology which enabled quick market entry. A variety of existing Sensirion technologies were integrated, including our humidity sensor.

The second-generation CO₂ sensor relies on photoacoustic measurement. This measuring principle has allowed us to reduce sensor size without sacrificing accuracy. As there was no comparable sensor on the market, Sensirion's engineers had to develop many elements of the design themselves. In addition, expertise and experience in chip design, MEMS design and packaging also play a major role.

The resulting sensor is seven times smaller than the first-generation product and is easier to process. Its reduced size and lower price point mean it can be installed in an exciting range of new applications for which the older sensors were too large and costly.

"Innovation is the ability to see opportunities in changes and trends."

Marco Gysel, Business Development Manager, Sensirion Stäfa

The lack of recent innovation in the field implied that there was great potential to revolutionize and disrupt the contemporary CO₂ sensor market with new, cutting-edge sensor technologies. Miniaturizing the size and reducing the cost of production of our humidity sensors had already paid off, and we wanted to apply those learnings with the new CO₂ sensor.

Future developments

Next step miniaturization and associated cost optimization will be key to further introduce CO₂ sensors to our HVAC/IAQ Monitor/IAQ appliance customer base and bring our novel product into every living room and bedroom. We have reached an important milestone with the second generation of CO₂ sensors and remain fully committed to driving miniaturization and innovation forward. Therefore, the next generation is coming, bringing opportunities for growth and development.

We introduce Marco Gysel and Kaitlin Howell, Sensirion's experts in CO₂ sensing. Marco has an MSc in Micro and Nano Systems from ETH Zurich and works as a Business Development Manager. Kaitlin is a Product Manager and holds both an MSc and PhD in Microengineering from EPFL. Their extensive knowledge and experience make them a valuable asset to the industry.

Especially since the pandemic, measuring indoor air quality has become an increasingly important topic. Looking back on 2022, how would you evaluate Sensirion's contributions to indoor air quality (IAQ) assessment and CO₂ sensing?

Kaitlin Howell: Sensirion has become a market leader and a valuable coach for our customers moving into IAQ and CO₂ sensing.

Marco Gysel: CO₂ sensors have become an indispensable tool for quantifying the risk of airborne transmission of viruses. Sensirion has succeeded in meeting the strong increase in demand despite the global supply chain crisis. In addition, we have educated customers about IAQ holistically and supported their product development.

How specifically have you contributed in your role?

KH: As product manager, I ensure that the sales department has the technical information and marketing material to win over customers. Additionally, I work closely with the R&D department to continuously develop CO₂ sensors that meet actual market needs.

MG: My job requires me to have a high degree of flexibility and resilience to tackle problems that sometimes surface overnight. To understand market dynamics, I need to discriminate between hype and long-term trends. I also consult customers on IAQ to provide clarity in situations of global uncertainty.

There is a change in the consciousness of mankind to good air. How is this affecting the attention toward indoor CO₂ measurements?

KH: In the aftermath of the Covid-19 pandemic, more and more people are becoming aware of the hazards of poor IAQ. Most of the public understand CO₂ because they know about carbon emissions, so extending that understanding to IAQ is a short leap. CO₂ can be directly measured and is correlated with numerous poor IAQ factors.

MG: Public awareness about IAQ has increased dramatically. In the words of Winston Churchill, "Never let a good crisis go to waste." We now have a unique opportunity to address and fix poor IAQ.

There is a lot of work to be done. How do you deal with the pressure to be constantly innovating?

KH: It's exciting to manage such an interesting product series. What is important to me is making sure I remain in the driver's seat and don't let events force my hand. My focus is on coordinating the input from all parts of the company to create the best possible sensors.

MG: Innovation is the ability to see opportunities in changes and trends. The secret sauce of continuous innovation is keeping a proactive mindset, being creative and thinking big.

Sensirion gives employees a lot of room to innovate.

How do you experience this in your daily work environment?

KH: I feel empowered to decide the fate of my products and have a fantastic team to collaborate with. Everyone is working together to build the best possible products.

MG: I believe that there are several prerequisites for innovation: room for creativity, trust from management, a clear vision and resources. Sensirion maintains a work environment that meets all these requirements.

If you think of "SensiSpirit" what comes to your mind?

KH: Open collaboration!

MG: Valuing the collective and having a cause higher than oneself. SensiSpirit means thinking big and delivering great work as a team to tackle big customer problems.

Collaboration is highly valued; how have you established positive cooperation with one another?

KH: Marco maintains oversight of the whole initiative, and I focus on products. While I take the lead on the portfolio's future development, we often work together to understand customer applications and new trends.

MG: Collaboration across the entire value chain inside Sensirion is key to coming up with disruptive solutions that meet customer needs. Together with Kaitlin, we make sure that the voice of the customer travels through the entire organization such that everyone understands how important each individual contribution really is.

Any final thoughts?

KH: I believe Sensirion has a fantastic opportunity to become the go-to CO₂ sensor company. I'm looking forward to making sure that happens!

MG: Poor IAQ is a real problem that causes great harm to individuals and society; companies should consider it as part of workplace safety and employee well-being.





Corporate environmental and climate protection

Our commitment to sustainability begins at home. In our work as a manufacturer and leading innovator in the market, we design with sustainability in mind. We incorporate efforts to conserve water, reduce wastewater and decrease energy use, as well as evaluate how we can protect the climate where possible through our solutions. Sustainability is also important because it matters to our employees as well as our customers – to build a resilient Sensirion, we must build a sustainable Sensirion.

As a highlight in 2022, Sensirion Hungary won the Grand Prize “Sustainable Debrecen 2022”. This shows us once more that we took the right decision three years ago when we planned the building in a complete “fossil-free” way.

Climate protection

For Sensirion, GHG emissions occur at various touchpoints along our supply chain. The biggest driver is our manufacturing process – from using fossil-fueled energy to the gases used for producing our sensors. By decreasing direct and energy-use-related GHG emissions and engaging with suppliers, Sensirion can help reduce global warming. In our climate roadmap, we have prioritized reducing our Scope 1 and Scope 2 emissions and have been reporting on our progress for several years.

For our Scope 3 emissions, which we have less control over, we are working with a consulting firm to analyze our footprint and identify a viable strategy moving forward. Specifically, we want to go beyond the collection of data related to business travel and employee commuting, which we are already mitigating or offsetting.

Scope 1 and Scope 2

Our sensors help customers save energy. They make building ventilation, cars and appliances such as refrigerators more energy efficient. Whereas we have already ensured the use of state-of-the-art fossil-free cooling and heating recovery systems based on geothermal/heat recovery systems coupled with an accumulator at our manufacturing sites in Stäfa, Switzerland and Debrecen, Hungary, the production and processing of such sensors remains a high emissions process. The majority of our emissions occur at our suppliers' factories during the production and structuring phases of the silicon wafers and then afterwards in the processing phase at Sensirion's site in Stäfa. For example, several climate-damaging process gases are indispensable to process MEMS chips and as such have been treated for years with high quality filter systems. To follow best practice, we calculate emissions using CO₂ intensity that sets CO₂ in relation to gross profit*.

In 2022, we agreed on a medium-term CO₂ reduction roadmap including the following steps to be taken:

For Scope 1, our priorities are:

- Replace the remaining fossil-based heating system in Stäfa including piloting a concept regarding district heating coupled with lake cooling
- Minimize climate-relevant process gases and optimize the filtration so they do not enter the atmosphere

For Scope 2, our priorities are:

- Systematically reduce electricity consumption with organizational and technical measures
- Install further photovoltaic systems on the roofs of all our production sites
- Incorporate renewable energy sources for our electricity needs at every facility (hydro-based or wind-based, depending on the country)

Scope 3

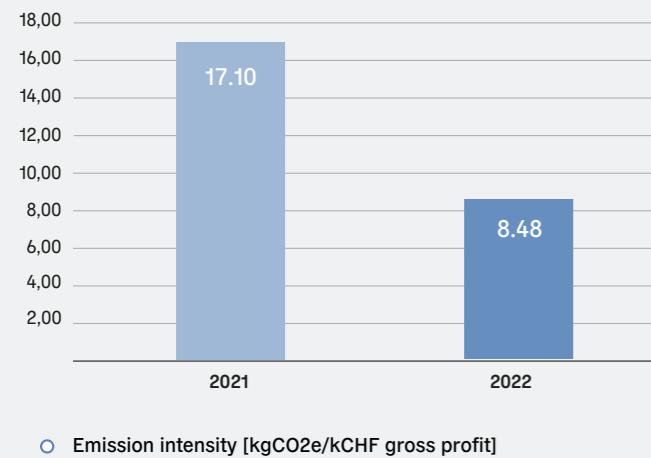
We actively measure our emissions from business travel and our employees' transportation choices and continue to encourage more sustainable options. For example, all GHG emissions from employee flights are offset with credible organizations. At the main site in Stäfa, we subsidize the public transport subscription to motivate employees to commute by public transport. Since 2020, we have also been charging a parking fee in Stäfa for those who drive to work. This money is collected and returned to all employees in the form of an eco-bonus that subsidizes the purchase of SBB Half-Fare subscriptions or other transit passes.

We also offer “Franz”, the Sensi e-car, which can be used for business as well as private trips by employees, alongside charging stations across our sites for those with electric vehicles (EV).

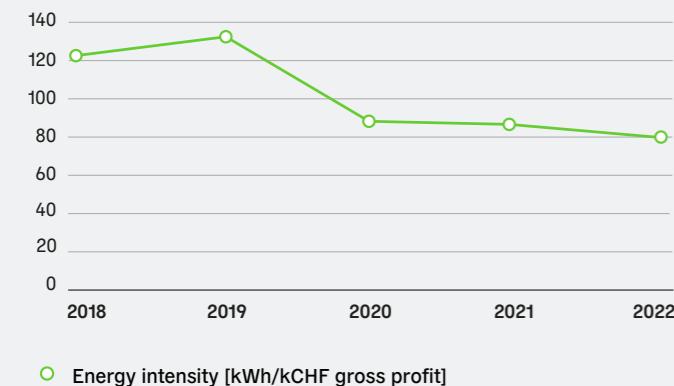
As for our supply chain, we actively encourage, monitor and support our key suppliers in reducing their direct and energy-use related GHG emissions, especially given the emissions driven by the production of silicon wafers, a critical component of our sensors.

* Gross profits = sales minus material expenses

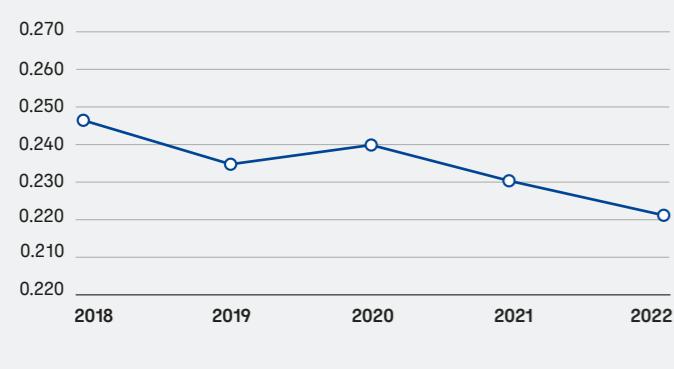
Emission intensity



Energy intensity



Water intensity



7 %
reduced energy intensity

The data 2018 to 2021 covers our four largest sites: Debrecen (HU), Seoul (KR), Shanghai (CN) and Stäfa (CH). In 2022, we covered our five largest sites including Enschede (NL).

3.5 %

reduction of water consumption per unit of output

2022 progress

In 2022, Sensirion has been able to implement various measures to further reduce our environmental impact such as switching to 100 % hydro-based electricity for Switzerland operations. China and South Korea were supplied by 100 % wind energy. In Stäfa, Sensirion changed the gas mix of the gas heating system to 25% of renewable biogas. In addition, we pushed the solar cells installation at our site in

Debrecen, Hungary. Furthermore, we have spent great effort with regards to the optimization of our filtration system of our crucial process gases which are used at our manufacturing in Switzerland. For 2022, the emission intensity for 1,000 CHF gross profit is 8.5 kgCO₂e.

Energy and emissions

	2022	2021		
	tCO ₂ e	MWh	tCO ₂ e	MWh
Total emissions / energy consumption	1,616	15,331	3,032	15,265
Scope 1	1,410	1,344	1,231	1,720
Heating	266	1,344	361	1,720
Natural gas	127	627	301	1,488
Heating oil	139	534	60	232
Biogas	0	183	-	-
Other	1,144	-	870	-
Process emissions ¹	1,144	-	870	-
Scope 2 ²	206	13,987	1,801	13,545
Electricity renewable	-	13,073	-	-
Electricity non-renewable	206	914	1,801	13,545

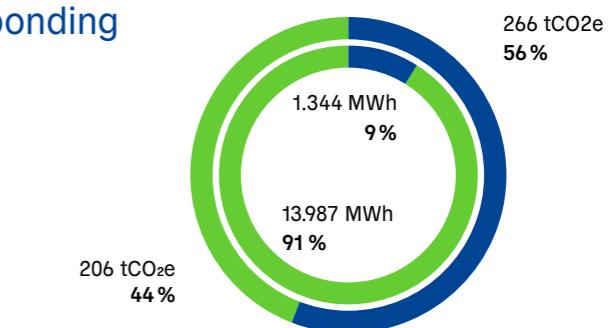
The 2022 data covers our five largest sites: Debrecen (HU), Enschede (NL), Seoul (KR), Shanghai (CN) and Stäfa (CH). Energy and emission conversion data are based on DEFRA 2022, IEA 2022 and local energy suppliers. The 2021 data cover our four largest sites: Debrecen (HU), Seoul (KR), Shanghai (CN) and Stäfa (CH). Energy and emissions conversion data are based on DEFRA 2022 and IEA 2022. In 2022, Sensirion sold 372 MWh, and in 2021, Sensirion sold 473 MWh of district heat externally.

¹ The emissions are mostly attributed to sulfur hexafluoride gases used in production processes.

² The 2022 emission data for electricity is calculated on a market-based approach. This includes the locations Seoul (KR), Shanghai (CN) and Stäfa (CH). The emissions of the sites Debrecen (HU), Enschede (NL) were calculated on a location-based approach. Location-based emissions from electricity consumption 2022 amounted 1,980 tCO₂e which is based on emission conversion data of IEA (2022). 2021 emissions from electricity are calculated on a location-based approach based on emission conversion data of IEA (2022).

Energy consumption and corresponding CO₂ emissions by Scope (2022)*

- Scope 1
- Scope 2



* Excl. other Scope 1 emissions

“In Stäfa, Sensirion changed the gas mix of the gas heating system to 25% of renewable biogas.”

Patrick Good, Head of Infrastructure & Capital Goods, Sensirion Stäfa

Energy use

Sensor production is an energy-intensive business primarily for two reasons: the strict environmental specifications (e.g. humidity, temperature or cleanliness) for production buildings and the energy demands of the production equipment (mainly in the microelectromechanical system cleanrooms, so-called MEMS).

By strengthening energy efficiency and switching to renewable energy, energy consumption can be lowered – reducing the risk of potential energy shortages in the respective regions – and the climate impacts of energy use can be reduced.

Reducing energy use

The two primary ways we reduce our energy consumption across our operations and supply chain are:

1. Increasing energy efficiency
2. Deliberate selection of technical equipment and more sustainable processes

Along with these efforts, we also continue to improve our sensors' functionalities given their important role in helping customers reduce their energy consumption.

2022 progress

During the year 2022, we implemented several measures to ensure our initiatives to cut down energy consumption. For specific energy consumption info, please see the table “energy and emissions” on page 49. Overall, we achieved a saving of 7% on energy intensity (kwh/gross profit) in 2022 compared to 2021.

In Stäfa

- we continued our renewable activities on the lighting system – in the meantime, more than 30 % of our working area is illuminated by LED
- we started to monitor the energy consumption (in real time) in order to create awareness to save energy (i.e. switch off light/computer, etc.)
- we decreased the room temperature to 20 degrees in order to contribute to the prevention of a possible electricity and gas shortage

Water and wastewater

Water protection is one of our three operational sustainability priorities. Our primary objective is to reduce water use where possible and ensure all wastewater is being disposed of cleanly. This includes working with our manufacturing sites to continually evaluate water used per sensor every year, along with using a holistic approach to waste and resource management. Sensirion's efforts to reduce water consumption and successfully manage effluents and wastewater in our own operations and along our supply chain affect the availability and quality of water in the region of operations.

Water protection

In Stäfa as well as in our production facilities and warehouses in Shanghai, Seoul and Debrecen, we are committed to the responsible management of water. We use water primarily for the separation of silicon wafers for the individual sensors: the wafer saw, which dices the wafers using a high-speed rotating diamond saw blade, is cooled with water. As we evolve our products, water management will remain a priority, especially as we ramp up production of miniature sensors. The smaller the sensor, the fewer resources are needed to produce it.

Since water consumption correlates well with the number of units produced, Sensirion has decided to calculate water consumption as intensity in relation to production units (PU). Our goal is to reduce the amount of water per PU by 5% per year until 2026. The reduction activities heavily depend on the product mix we will sell in the future. As we see a certain saturation in terms of the package density of sensors on one wafer, we focus also on a water recycling project. The technical evaluation started in 2022 and will be implemented on a trial base in the first quarter of 2023.

We are confident that we will be able to roll out the optimization on the remaining wafer saws after a successful test phase by the end of 2023.

2022 progress

The total water withdrawal of the five sites in Debrecen (HU), Enschede (NL), Seoul (KR), Shanghai (CN) and Stäfa (CH) amounted to 63,267m³ for 2022. In 2021, the water withdrawal was 64,252m³ (The water consumption of Debrecen site was included starting September 2021). In 2022, we reached the value of 3.5% savings of water consumption per PU [Liter/PU]. The deviation to our target value mainly comes from the sold product mix and some ongoing optimization activities in Debrecen.

Wastewater

Wastewater from all sites is discharged into the local sewer system. Only the Stäfa site produces industrial wastewater, which is fed into the sewer system via a two-stage filtration/absorption system that is monitored at regular intervals.

2022 challenges

At our Stäfa site, discharged industrial wastewater exceeded the legal limit for copper for four weeks in 2022 due to construction activities. The existing filter system can no longer cope with the increased production capacity, so Sensirion is currently evaluating a new wastewater treatment system of the latest generation, which will be implemented in 2023. The new system will also be a two-stage filtration system fully replacing the existing one. Main advantages besides capacity are easier maintenance handling, better separation efficiency and last but not least a proper monitoring possibility.



Our employees

At Sensirion, our people make us distinct and keep the SensiSpirit going strong. Our responsibility is to ensure our employees are thriving, growing professionally, balancing work with personal life, and working in a safe and healthy work environ are not just treated as a number ment. By promoting employee engagement and well-being, we influence the satisfaction, motivation and health of our employees.

Company culture and employee satisfaction

We hold our culture close to our heart. Sensirion is distinguished by its combination of innovation, dynamic energy and unique company culture, called “SensiSpirit”. The three values – “fair and honest”, “work together” and “top performance” – are the cornerstones of our culture. We nurture this atmosphere through flat hierarchies, short decision-making pathways and numerous employee-organized events. The “SensiSpirit” is promoted both inside and outside the office and drives our success story forward every day.

Employee Structure

In 2022, Sensirion counted 1,225 employees, including 60 apprentices, trainees and interns (FTE). The composition of the workforce by employment contract and by employment relationship is shown in the table below. Further, Sensirion employed 73 workers who are not employees, mostly contingent workers.

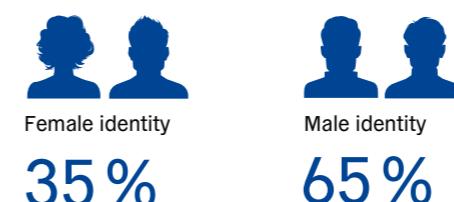
Composition of the workforce (in FTE)¹

Gender	2022			
	Permanent	Temporary	Permanent (%)	Temporary (%)
Men	751	11	64.5%	0.9%
Women	398	5	34.2%	0.4%
Total	1,149	16	98.7%	1.3%

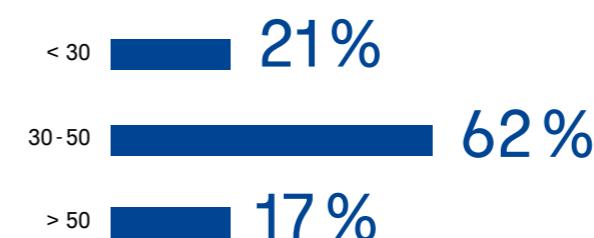
Gender	2022			
	Full time	Part time	Full time (%)	Part time (%)
Men	614	149	52.7%	12.8%
Women	333	69	28.6%	5.9%
Total	947	218	81.3%	18.7%

¹ The 2022 data covers all global employees excluding 60 apprentices, trainees and interns (FTE).

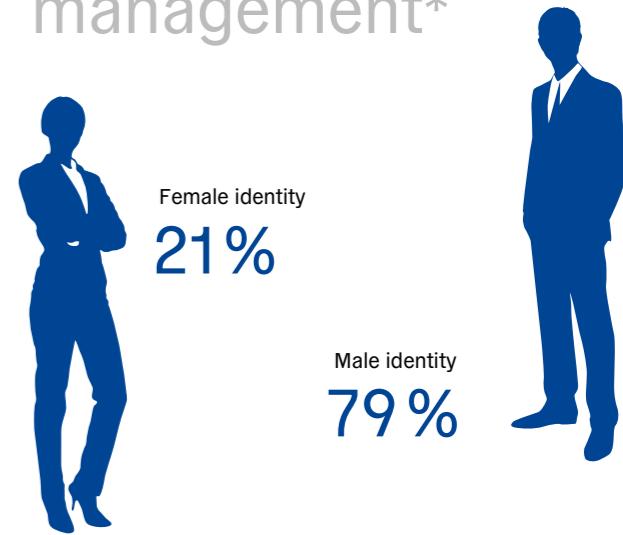
Gender



Age*



Gender in management*



* Data covers China, Hungary and Switzerland

Compared to the previous year, Sensirion grew in 2022 by 232 employees (headcount excl. apprentices, trainees and interns). Further fluctuation details are shown in the following table.

Fluctuation (gender and age group)¹

	2022	
	Entries	Exits ²
Permanent employees (in headcount)		
Gender		
Men	185	48
Women	113	18
Total	298	66
Age		
< 30	82	5 ³
30-50	197	39 ³
> 50	19	9 ³
Total	298	53³
Permanent employees (turnover in %)		
Gender		
Men	25%	6%
Women	28%	5%
Age		
< 30	41%	2%
30-50	25%	5%
> 50	9%	4%

¹ The 2022 data covers all global employees excluding apprentices, trainees, interns.

² Including retirement exits.

³ Exit rate over age structure currently only available for Switzerland.

Engaged employees drive growth

Since 2014, when we first formalized our company values, we have hosted annual culture workshops in Stäfa and in certain regional sites. The purpose of these workshops is to deepen Sensirion's company values in group work and meet new Sensirion colleagues.

In 2022, around 170 employees participated in the culture workshops in Stäfa. Due to the pandemic-related postponement of onsite events, we enjoyed a particularly high participation rate and therefore scheduled two dates in May 2022. In Berlin and Debrecen, culture workshops were

offered for the first time in 2022 with around 125 participants in total. We received positive feedback from the participants, emphasizing the importance of engagement and involvement of top management. Following the culture workshops, all participants are invited to take part in an anonymous survey, the results of which are discussed in a management meeting. Areas assessed as "in need of improvement" are taken as much as possible into account for the next year's culture workshop. Employee participation is recorded in the training system and it is checked that each employee participates once at the workshop.





“Being part of a company that values open communication and strong teamwork has taught me the power of collaboration.”

Laura Prioli, Project Leader Marketing Communications, Sensirion Stäfa

Sensirion is not a member of an employer association and therefore not subject to any collective labor agreement. Sensirion's employees are not covered under collective bargaining agreements accordingly. We maintain a non-hierarchical and transparent corporate culture, and the management prioritizes and lives by an open-door policy, so that all employees have the opportunity to directly interact with them as needed.

The organizational responsibility lies with the management, especially the Vice President Human Resources. For example, we hire applicants only if we consider them to be a cultural fit with Sensirion, even with excellent qualifications. In the event of repeated misconduct by employees against the company's culture and values, we part ways with them in a fair and honest manner. All managers and employees are responsible for exemplifying the corporate culture and values. We hold meetings with all our employees twice a year during their employee appraisal to survey employee satisfaction, well-being and alignment with company strategy, and to get their feedback on the culture in practice. Since the employee satisfaction data was collected for the first time eight years ago, we have continued to receive consolidated results of the Stäfa site employees in the range of 7.8 to 8.4 (in the scale of 1 unsatisfied to 10 very satisfied). The consolidated results on employee satisfaction are then discussed by the management and presented at the town hall meeting.

Additionally, employee satisfaction is measured since 2017 every two years with an anonymous satisfaction survey in course with the certification label “Great Place to Work”. All

surveys have resulted in our ranking as a top 3 “Great Place to Work” in the category of large companies in Switzerland. In November 2022, the company culture was anonymously evaluated for the same competition in Hungary, Germany and the Netherlands, in addition to re-evaluation in Switzerland. The results of the survey will be published in 2023. We also received a “Top Company” seal from kununu in 2022. Our company page on kununu can be found [here](#).

2022 progress

We hosted multiple events and workshops in 2022 as the height of the Covid-19 pandemic receded, with strong attendance from employees. We also brought back some pre-pandemic face-to-face events to maintain morale and to thank our employees for their hard work and perseverance. As we diversify and grow, we remain vigilant of the challenges by ensuring we continue to work with one company-wide culture despite new hiring across our global sites.

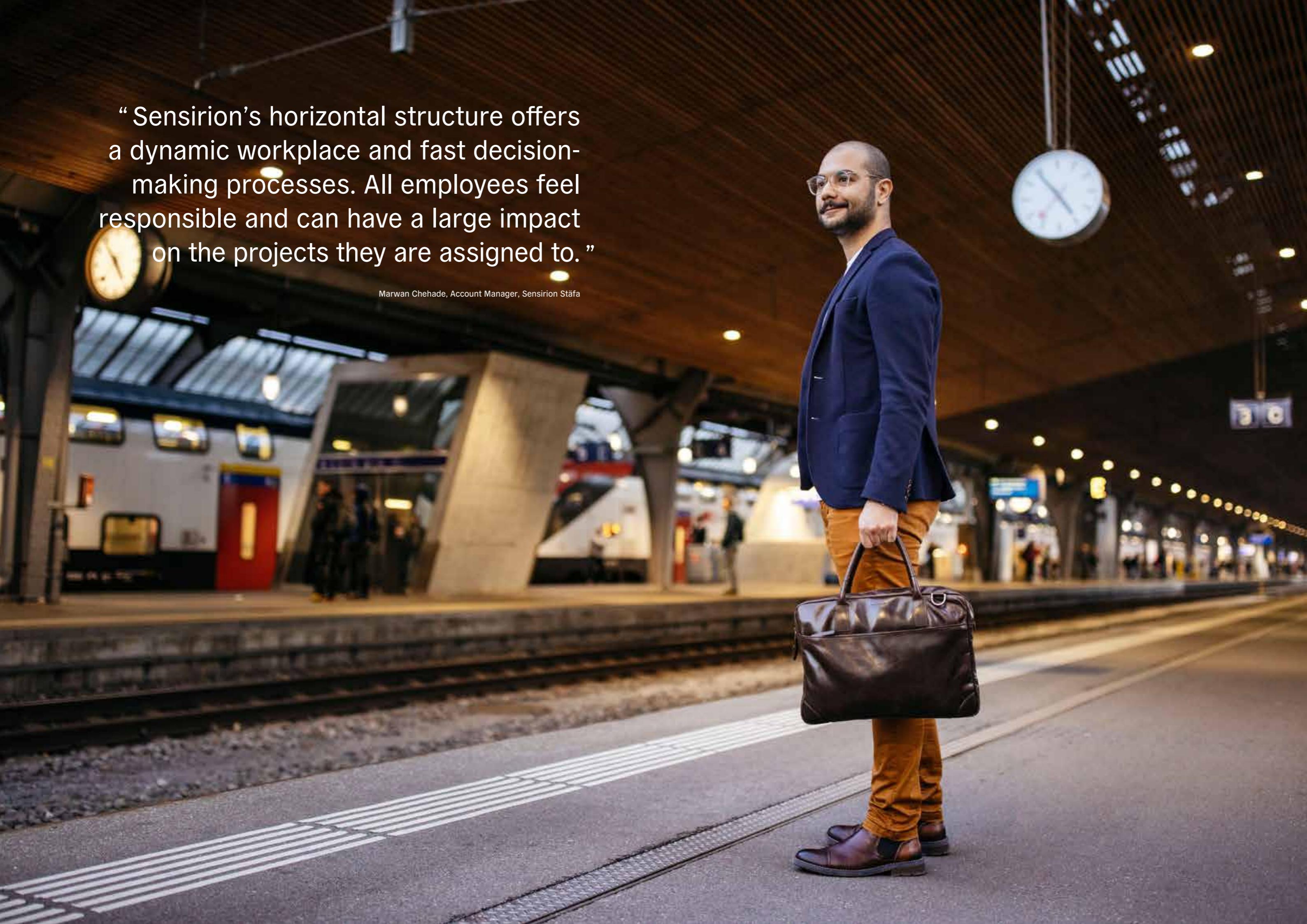
Our open, honest, appreciative and communicative culture is the basis for long-term employee satisfaction, which is reflected in the well-being rate of our employee appraisal survey in 2022 for Stäfa. This result is amongst the highest ever achieved.

Employee satisfaction¹

Year	Scale ²	2020	2021	2022
Subjective personal well-being in team	0-10	8.4	8.3	8.4
Subjective personal well-being in organization	0-10	7.9	8.1	8.2

¹ Switzerland only

² 0 = very bad, 10 = excellent

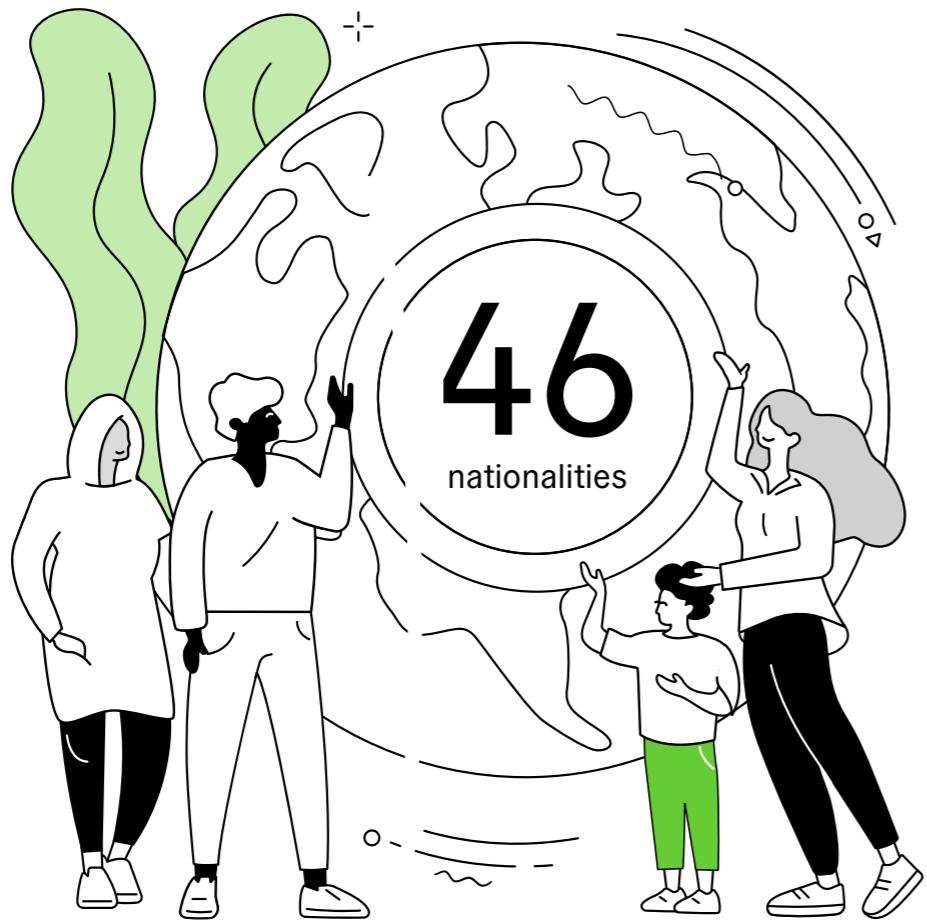


“Sensirion’s horizontal structure offers a dynamic workplace and fast decision-making processes. All employees feel responsible and can have a large impact on the projects they are assigned to.”

Marwan Chehade, Account Manager, Sensirion Stäfa



Diversity, equality and inclusion



Sensirion's global leadership believes that diversity, equity and inclusion (DE&I) is a mindset shift that takes deliberate effort. DE&I are key elements of our values, and we are committed to ensuring that all individuals feel accepted and part of the Sensirion culture, regardless of their race, gender, sexual or political orientation, or geographic origin.

Equality and inclusion

By promoting DE&I, we enable equal opportunities and fair conditions for all employees. When recruiting new employees for the R&D, marketing and sales teams where technical skillsets are required, we monitor the gender ratio of the teams compared to the gender ratio of graduating classes in the universities from which we recruit.

As part of this focus, we are planning to hold several events with schools in 2023 to raise awareness among women regarding careers in science, technology, engineering and math (STEM) fields.

Austria, Belgium, Bosnia and Herzegovina, Brazil, Bulgaria, China, Croatia, Czech Republic, Denmark, Eritrea, Estonia, France, Germany, Greece, Hungary, India, Ireland, Italy, Korea (the Republic of), Kosovo, Latvia, Liechtenstein, Luxembourg, Malaysia, Mexico, Morocco, Netherlands, New Zealand, Philippines, Poland, Portugal, Republic of North Macedonia, Romania, Russian Federation, Serbia, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Taiwan, Tunisia, Turkey, United Kingdom, United States

Sensirion supports the career advancement of all genders equally and encourages and supports qualified people to take up leadership positions and inspire others with our culture of DE&I.

Our global leadership and Board of Directors are unequivocally aligned on the value of nurturing an inclusive workforce to unite our people into a global team. Discrimination is always off-bounds at our company. In 2022, there were no confirmed cases of discrimination at Sensirion.

In 2021, an externally conducted salary equality analysis commissioned by Sensirion for its employees in Switzerland revealed that women and men earn equivalent salaries for the same function and performance. In addition, we conduct an internal salary comparison on an annual basis.

2022 progress

As we expand globally, we are evolving our hiring practices and working with partners to raise awareness about our employer brand to attract diverse candidates, especially at sites outside Switzerland. At the end of 2022, Sensirion employed people from 46 countries. The following table shows the diversity of gender and age in the management body and workforce of Sensirion in 2022.

Diversity of the management body and workforce

	2022	%
Board of Directors		
Gender		
Men	4	67%
Women	2	33%
Total	6	
Age		
< 30	0	0%
30-50	2	33%
> 50	4	67%
Executive Management		
Gender		
Men	6	100%
Women	0	0%
Total	6	
Age		
< 30	0	0%
30-50	3	50%
> 50	3	50%
Employees with management function¹		
Gender		
Men	100	79 %
Women	27	21 %
Total	127	
Age		
< 30	3	2 %
30-50	95	75 %
> 50	29	23 %
Employees without management function¹		
Gender		
Men	575	64 %
Women	322	36 %
Total	897	
Age		
< 30	216	24 %
30-50	546	61 %
> 50	135	15 %

¹ The 2022 data covers China, Hungary and Switzerland employees excl. apprentices, trainees and interns.

Employee development and training

We prioritize the development of our talent and invest in their professional growth. We believe our people are our brand ambassadors and it is incumbent upon us to make their time at Sensirion satisfying and productive by increasing their skills and empowerment.

Invested in our employees

At Sensirion, we appreciate the effort our employees put into the company's success. Therefore, we invest in them so that they are satisfied in their jobs, continue to grow professionally and consider us an employer of choice. In fact, Sensirion is proud to be considered a benchmark for other companies in the industry for our leading best practices in talent development.

Sensirion provides continuous performance and career development reviews to align individual career path opportunities with its employees. The following table shows the proportion of employees by gender and by position who received a performance/career development review in 2022.

Performance/career development reviews¹

	%
Gender	
Male	96 %
Female	96 %
Management position	
Employees with management function	100 %
Employees without management function	95 %

¹ The 2022 data covers only Switzerland employees excl. apprentices, trainees, interns, temporary and contract workers.

Our talent development efforts are overseen by Sensirion's Vice President Human Resources who works with several HR business partners on the local level using one common learning platform to roll out courses and evaluate engagement. Our goal is to have all Sensirion companies rolled out and employees trained in the new tool within the next three years. The employee development program of Sensirion comprises the following offers to its employees:

A) SensiAcademy

As part of the SensiAcademy, we currently offer digital and on-site trainings on around 180 topics with internal and external speakers. All employees can register for these trainings, provided the supervisor approves it. The costs are fully covered by the company. In addition, employees in certain specialized areas (such as information technology) where frequent training is required to keep skills up to date regularly participate in external courses.



“ Young talent is essential for a successful future.”

Corinne Osorio, Senior HR Administration Specialist, Sensirion Stäfa

B) Operator trainings

For operators, a large number of process training courses have to be completed, without which they are not permitted to carry out their work activities. These training costs, often with internal trainers or process managers, are not charged to the operator.

C) Special talent development trainings preparing for more responsibility and promotions

These talent development trainings focus on our best talents to prepare them for the next promotion. These trainings include external trainings, stays abroad at our subsidiaries and individual coaching. Sensirion covers the full cost of training. Our HR team is in close contact with the line managers in order to develop these talents individually and according to their career plans.

D) Individual trainings suggested by employees

Individual training suggestions by employees (such as MBA) are assessed case-by-case. Depending on the compatibility of the training with the current or foreseeable career path of the employee and therefore the long-term benefit from Sensirion's point of view, we contribute to the training costs. Employees commit to an agreement to stay employed at Sensirion for at least two years after the end of the training.

The training process and, above all, the effectiveness of these courses are monitored in line with existing processes. Manual tests are also used by the trainers to evaluate content immersion. For training courses at external education institutions, we check in regularly with the training instructor(s) to evaluate the effectiveness of the training, the applicability for the employee to practice new skills in their role and to document their progress. As part of externally required audits and to retain our ISO certifications, training processes are closely monitored. The following table shows the average hours of training received per employee in 2022.

Average hours of training per year per employee¹

	hours
Gender	
Male	17
Female	18
Management position	
Employees with management function	20
Employees without management function	14

¹ The 2022 data covers only Switzerland employees excl. apprentices, trainees, interns, temporary and contract workers.

2022 progress

In 2022, the new common learning platform was set up for Stäfa and Debrecen with its rollout planned in 2023. Looking ahead, we will prioritize global standardization of our training levels as well as harmonize all training content regardless of location (while keeping the local cultural context in mind).

Ethical business conduct



As an international company that is committed to creating long-term value, Sensirion maintains high standards of corporate governance and pursues a transparent information policy vis-à-vis its stakeholders. Transparent reporting forms the basis for trust.

Compliance and governance

Compliance and governance refer to the internal rules, management structures, processes and practices that we uphold at Sensirion to enable fairness, transparency and accountability and ensure ethical and transparent corporate governance. This includes, in particular, compliance with all legal and stock exchange requirements, such as the prevention of anti-competitive behavior, money laundering and corruption. Through good corporate governance, Sensirion ensures sound business practices that promote fairness, transparency and accountability and protect the best interests of its stakeholders.

We ensure that all our business practices are aligned with local/Swiss laws and our Code of Conduct. The Code of Conduct covers ethical topics, including anti-corruption, anti-bribery and whistleblowing, in order to protect our business from risks. We believe in creating value by building a corporate culture that puts people first. Sensirion's Executive Board is responsible for overseeing corporate governance with mandatory guidelines and policies defining our practices. All employees are required to comply with these guidelines and policies. For an overview of all our policies, please refer to "Our Approach to sustainability" on page 26.

In the event of violations against policies, varying actions such as reprimands or extraordinary terminations are taken depending on its severity.

Sensirion has clear processes in place for complaint management and conducts regular audits. The fundamental idea behind this is that employees with legitimate, justified complaints should not be concerned about any consequences of raising their voice. All employees are encouraged to raise issues of concern, including feedback on the strategic and behavioral status of management, to their supervisors or human resources (HR). Additionally, complaints can also be submitted anonymously via the whistle-

blower hotline. Complaints about Executive Committee members are handled discreetly by a member of the Board of Directors; complaints about employees are handled by the Vice President of Human Resources. For complaints from other stakeholders about suppliers, there is an ethics complaint form on our [_. Critical risks are presented and discussed in yearly meetings with the Audit Committee and afterwards reported to the Board of Directors.](#)

Audits and systems controls

Sensirion has an internal control system in place in order to ensure accuracy of bookkeeping. For all fully consolidated legal entities, we conducted internal audits to identify corruption risks in 2022. This also included checking whether all relevant employees had received training on the Code of Conduct. For the audit itself, the focus was on:

- a. Compliance with system controls in the processes (approval limits, compliance with the dual control principle)
- b. For legal entities with a higher risk that do not qualify as low-risk distributors (sales companies), a review of the internal control system and an analysis of contributions per product
- c. For legal entities, random testing of operating expenses (purpose, amount), review of bank transactions and check of payroll accounting (special payments, bonuses, salary)

Anti-corruption communication and trainings

All Sensirion employees in Stäfa must take the Code of Conduct training when hired and a refresher every five years. Temporary employees and interns in Stäfa must read and sign the most important information of the Code of Conduct. The Board of Directors and general management are responsible for training themselves. Sensirion Automotive Solutions South Korea and Sensirion Hungary KFT both signed an anti-bribery policy and employees are trained in the Code of Conduct and anti-corruption policy.

Supplier relationships

Our suppliers are required to comply with the RBA standards. Sensirion audits key suppliers on a regular basis and on-site as needed. The Code of Conduct is a part of this audit. Our ethical complaints process for suppliers is also tested internally by our EHS manager on an annual basis to ensure reports are being received by the correct addressee. As of this report's publication, no human rights violations including child labor have been reported in our supply chain.

2022 snapshot

We continued to maintain our compliance and governance leadership with no reports of significant violations of laws and regulations or ethical misconduct filed for 2022 besides exceeding the legal wastewater limit for copper in Stäfa for four weeks, see chapter "Water and wastewater". There were no significant instances of non-compliance resulting in administrative or judicial sanctions and fines. In 2022, there were no confirmed incidents of corruption. Additionally, there were no legal actions pending or completed regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in 2022.

In 2022, we scored well on the RBA audit with 177/200 points. The validated audit report is disclosed on our [website](#).

"From my point of view, the sustainability is that the company and the management listen to the employees from all areas and try to take their needs into account. Employees matter and are not just treated as a number that is just an element, but in all aspects we are the ones who move the company forward."

Bence Vince Nagy, Teamleader Automatic Assembly,
Sensirion Debrecen

Organizational structure

Nomination, selection, composition and independence of the Board of Directors

The Nomination and Compensation Committee of the Board of Directors determines the selection criteria for the succession of members of the Board of Directors. In doing so, it considers, among other things, competencies relevant to the further development of the company, the views of stakeholders (including shareholders), diversity and independence. Please find further information in the Corporate Governance Report – pages 96-98.

As of 31 December 2022, the Board of Directors consisted of six members. All members of the Board of Directors are non-executive directors. None of the members of the Board of Directors held an executive position with Sensirion during the last three financial years preceding the financial year 2022. The governance structure and members including the committees of the Board of Directors are described more detailed in the Corporate Governance Report – pages 92-93 and 96-98, in our [Organizational Regulations](#) and in the [Corporate Governance](#) section on our website.

The information on the two founders and Co-Chairmen of the Board of Directors and their function within Sensirion's management can be found in the Corporate Governance Report – page 99.

The information on the Independent Director's Committee to prevent and mitigate conflicts of interest can be found in the Corporate Governance Report – page 99.

Chapter eight "Conflicts of Interest" of the [Organizational Regulations](#) sets out guidelines for dealing with potential and actual conflicts of interest. Its purpose is to clarify and establish appropriate guidelines for conducting business to ensure business judgment and decision-making are not

influenced by improper personal interests. Any other board memberships of the Executive Board or Board of Director members are disclosed in their respective CVs in the Corporate Governance Report – pages 92-93 and 104-105. Related parties transactions are disclosed in the Financial Statements Report – page 157.

Policies and processes to determine remuneration

The remuneration policies of the Board of Directors and the Executive Committee are disclosed in the Remuneration Report – pages 113-114 and 116-119.

The processes to determine remuneration of the Board of Directors and the Executive Committee are disclosed in the Remuneration Report – pages 110-114.

The Annual total compensation ratio in 2022 of the CEO compared to the median annual total compensation for all employees (excluding the CEO) based in Switzerland was 6.17.

Management and oversight of sustainability

Particularly business relevant sustainability topics such as innovation and growth are anchored in the corporate strategy. The Board of Directors monitors the execution to the strategy and reviews the key activities. The Board of Directors is informed once a year about the progress in the CO₂ strategy, thereby also exerting indirect influence. In the future, further anchoring of sustainability topics in Board meetings is planned. The assessment of the quality and effectiveness of the external audit and the internal control system is performed by the Audit Committee. On a regular basis, members of the Board of Directors perform a self-evaluation and assess the efficiency and effectiveness of their work.

Most of the members of the Board of Directors have experiences from leading or oversight positions at other listed companies where they also face sustainability topics and are hence well aware of recent best practices.

Every year, the Board of Directors and the Executive Committee review the corporate strategy in a joint meeting. This is prepared by a strategy committee (consisting of the two founders and Co-Chairmen and three members of the Executive Committee), which meets several times a year for ongoing reviews and further development of the strategic framework.

Significant adjustments to the strategy must be approved by the full Board of Directors. Additionally, the Audit Committee assesses the quality and effectiveness of the internal control system including risk management on a yearly basis as described in the tasks of the Committee in Corporate Governance Report – page 96.

The Board of Directors has delegated the Company's management to the Executive Committee under the direction of the CEO. At the Executive Committee level, sustainability topics are managed by the CEO. A team of experts led by a representative for ESG matters meet once a month to discuss sustainability topics, measures and progress. Progress and pending decisions regarding sustainability ambitions are discussed with the CEO and the Executive Board on a regular basis.

The interdisciplinary sustainability team consisting of a group of internal experts on topics linked to sustainability (e.g. Investor Relations, Environmental Health and Safety, Maintenance & Infrastructure) drive activities and initiatives towards achieving the set goals. They are also responsible for recommendations to the Executive Board, which leads all strategic initiatives including the achievement of the set sustainability goals. They are also responsible for informing the Board of Directors on all relevant matters related to sustainability.

In 2022, the CO₂ roadmap and the materiality matrix have been approved by the Board of Directors.





About this sustainability report

This second sustainability report of Sensirion was published on March 14, 2023. The reporting frequency is until further notice annually and the reporting scope of this sustainability report covers the consolidated subsidiaries listed in the Consolidated Financial Statements on page 152 of the financial report, except it is stated differently within this sustainability report. The content of the sustainability report has not been externally assured and restatements of information from previous periods have not been made.

Regarding questions on this report, please contact:

Heiko Komaromi, Director Investor Relations / Business Development
Email: heiko.komaromi@sensirion.com

GRI Content Index



2023

Sensirion Holding AG has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022. For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report. This service was carried out on the English version of the report.

GRI 1 used	GRI 1: Foundation 2021	
Applicable GRI Sector Standard(s)	None	
GRI Standard	Disclosure	Location in Annual Report Omission

General Disclosures

The organization and its reporting practices

GRI 2: General Disclosures 2021	2-1 Organizational Details 2-2 Entities included in the organization's sustainability reporting 2-3 Reporting period, frequency and contact point 2-4 Restatements of information 2-5 External assurance	P. 20, 84 (Corporate Governance Report) P. 78 P. 78 P. 78 P. 78
------------------------------------	--	--

Activities and workers

GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships 2-7 Employees 2-8 Workers who are not employees	P. 20 P. 55 P. 55
------------------------------------	--	-------------------------

Governance

GRI 2: General Disclosures 2021	2-9 Governance structure and composition 2-10 Nomination and selection of the highest governance body 2-11 Chair of the highest governance body 2-12 Role of the highest governance body in overseeing the management of impacts 2-13 Delegation of responsibility for managing impacts 2-14 Role of the highest governance body in sustainability reporting 2-15 Conflicts of interest 2-16 Communication of critical concerns 2-17 Collective knowledge of the highest governance body 2-18 Evaluation of the performance of the highest governance body 2-19 Remuneration policies 2-20 Process to determine remuneration 2-21 Annual total compensation ratio	P. 73-74 P. 73 P. 73 P. 73-74 P. 74 P. 73 P. 71 P. 74 P. 73 P. 73 P. 73 P. 73 P. 73 P. 73
------------------------------------	---	--

GRI Standard	Disclosure	Location in Annual Report	Omission
Strategy, policies and practices			
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	P. 25	
	2-23 Policy commitments	P. 26	
	2-24 Embedding policy commitments	P. 26, 71	
	2-25 Processes to remediate negative impacts	P. 37, 51, 71	
	2-26 Mechanisms for seeking advice and raising concerns	P. 71-72	
	2-27 Compliance with laws and regulations	P. 72	
	2-28 Membership associations	P. 26	
Stakeholder engagement			
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	P. 27	
	2-30 Collective bargaining agreements	P. 59	
Material topics			
Materiality assessment and list of material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	P. 30	
	3-2 List of material topics	P. 31	
Economic value creation			
Growth			
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 32	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	P. 32	
Innovation			
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 34	
Sustainable products and services			
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 35	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	P. 36	
GRI 302: Energy 2016	302-5 Reductions in energy requirements of products and services	P. 35	
Sustainable supply chain management			
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 37	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	P. 37	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	P. 37	

GRI Standard	Disclosure	Location in Annual Report	Omission
Corporate environmental and climate protection			
Climate protection			
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 46-47	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	P. 49	
	305-2 Energy indirect (Scope 2) GHG emissions	P. 49	
	305-4 GHG emissions intensity	P. 48-49	
Energy use			
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 50	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	P. 49	
	302-3 Energy intensity	P. 48	
	302-4 Reduction in energy consumption	P. 50	
Water and wastewater			
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 51	
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	P. 51	
Employees			
Company culture and employee satisfaction			
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 54-59	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	P. 56	
Diversity, equality and inclusion			
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 64-65	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	P. 66	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	P. 65	
Employee development and training			
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 67-69	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	P. 69	
	404-3 Percentage of employees receiving regular performance and career development reviews	P. 67	
Ethical business conduct			
Compliance and governance			
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 71-72	
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	P. 72	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P. 72	



Corporate Governance

This report on corporate governance describes Sensirion's principles of management and control at the highest corporate level of Sensirion in accordance with the Directive on Information relating to Corporate Governance of SIX Exchange Regulation (DCG). Unless stated otherwise, the information in this report is provided as of 31 December 2022.

Sensirion's corporate governance largely follows the guidelines and recommendations set out in the Swiss Code of Best Practice for Corporate Governance issued by economiesuisse in July 2002, as amended in 2007, 2014 and 2016 (the "Swiss Code"). Sensirion has made some adjustments and simplifications to suit its management and shareholder structure.

Sensirion's principles and rules of corporate governance are set forth in its [Articles of Association](#), its [Organizational Regulations](#) (including committee charters) and its [Regulations on the Registration of Shareholders in the Share Register and the Maintenance of the Share Register \("Share Register Regulations"\)](#), which are all available on our website (<https://www.sensirion.com/articles-of-association/internal-regulations>). The Nomination and Compensation Committee of the Board of Directors of Sensirion Holding AG regularly reviews Sensirion's corporate governance framework and ensures compliance with corporate governance requirements.

Group structure and shareholders

Group structure

Sensirion Holding AG (or the "Company") is a stock corporation organized under the laws of Switzerland which was incorporated on 7 October 1998 and is registered in the commercial register of the Canton of Zurich under the register number CHE-104.836.469 (LEI: 894500ANJ9YNE8YCTT04). Its registered address is at Laubisrütistrasse 50, 8172 Stäfa, Switzerland. The shares of Sensirion Holding AG have been listed on the SIX Swiss Exchange since the Company's initial public offering ("IPO") on 22 March 2018 (ISIN CH0406705126, Swiss Security Number 40670512) according to the International Reporting Standard and since 1 July 2021 according to the Swiss Reporting Standard.

The Sensirion Group ("Sensirion" or the "Group") consists of Sensirion Holding AG and its consolidated subsidiaries, which are listed in the Consolidated Financial Statements on page 152.

Sensirion operates as a single operating and reporting segment that encompasses the development, production, sale and servicing of sensor systems, modules and components. This structure is described in more detail in the segment information in the Consolidated Financial Statements on pages 135.

Significant shareholders

As of 31 December 2022, the following shareholders or group of shareholders have reported to Sensirion Holding AG holding 3% or more of the voting rights in Sensirion Holding AG:

Shareholder	% of voting rights
Moritz Lechner, Uerikon, Switzerland; Felix Mayer, Stäfa, Switzerland; Fondation des Fondateurs, Zurich, Switzerland; 7-Industries Holding B.V., Amsterdam, Netherlands; EGS Beteiligungen AG, Zurich, Switzerland; Sensirion Holding AG, Stäfa, Switzerland ¹	32.5%
Gottlieb Knoch, Zug, Switzerland	4.9%
Davent Holding AG, Wollerau, Switzerland ²	3.5%

¹ The beneficial owner of 7-Industries Holding B.V. is Mrs. Ruthi Wertheimer, Herzliya, Israel. The beneficial owner of EGS Beteiligungen AG, Zurich, Switzerland, is the Ernst Göhner Stiftung, Zug, Switzerland. The shareholders act in concert within the meaning of Article 121 FMIA by virtue of a shareholders' agreement, as a result of which they, together with the Company, act in concert. Moritz Lechner, Felix Mayer, Fondation des Fondateurs, 7-Industries Holding B.V. and EGS Beteiligungen AG together hold 32.1% of the voting rights. Percentages are based on the shareholdings known by the Company as of 31 December 2022.

² The beneficial owner of Davent Holding AG is Dr. Thomas Knecht, Wollerau, Switzerland.

Moritz Lechner, Felix Mayer (together the "Founders"), Fondation des Fondateurs, 7-Industries Holding B.V. and EGS Beteiligungen AG (together the "Anchor Shareholders") have entered into a shareholders' agreement to govern their rights and obligations as shareholders and/or members of the Board of Directors of Sensirion Holding AG. According to the shareholders' agreement, the Anchor Shareholders can propose a majority of the candidates nominated for election to the Board of Directors and one of these candidates as Chairman (or two as Co-Chairmen) of the Board of Directors. In addition, each Founder has the right to be (re-)elected by the Anchor Shareholders as member and as Co-Chairman of the Board of Directors. Further, the Anchor Shareholders have also entered into voting undertakings with regard to shareholder resolutions requiring a qualified majority. With respect to the disposal of shares, the Anchor Shareholders have granted each other (and, failing them, Sensirion Holding AG) a right of first refusal and a right of first offer.

Finally, the Anchor Shareholders have undertaken that they will only sell all their shares (as long as they hold more than 25% but less than 33 1/3% of the Company's voting rights) or shares corresponding to 33 1/3% or more of the Company's voting rights to a third party if such third party agrees to launch a public tender offer for all publicly held shares of Sensirion Holding AG for a consideration not lower than the consideration promised to the selling Anchor Shareholders.

The announcements related to the disclosure notifications made by shareholders during 2022 can be found via the search facility on the platform of the Disclosure Office of the SIX Swiss Exchange: <https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/>. For the purposes of this section, percentages are based on the issued share capital of Sensirion Holding AG recorded in the commercial register as of 31 December 2022.

Cross shareholdings

The Group has no cross-shareholdings that exceed 5% of the holdings of capital or voting rights on both sides.

Capital structure

Capital

As of 31 December 2022, the share capital of Sensirion Holding AG amounts to CHF 1,561,572.30 divided into 15,615,723 fully paid-in registered shares with a par value of CHF 0.10 each. In addition, Sensirion Holding AG has authorized share capital in the amount of CHF 145,581.70 (corresponding to 9.3% of the share capital). Further, Sensirion Holding AG has conditional share capital for employee participations in the amount of CHF 138,924.70 (corresponding to 8.9 % of the share capital) and conditional share capital for financing, acquisitions and other purposes in the amount of CHF 145,581.70 (corresponding to 9.3% of the share capital). The following table summarizes the capital structure of Sensirion Holding AG.

Share capital

As per 31 December 2022	% of capital	Shares	In CHF
Share capital	100.0%	15,615,723	1,561,572.30
Authorized share capital¹	9.3%	1,455,817	145,581.70
Conditional share capital			
Reserved for employee participation plans	8.9%	1,389,247	138,924.70
Reserved for financing, acquisitions and other purposes	9.3%	1,455,817	145,581.70

¹ Expiring on 16 May 2024

Authorized capital

The annual general meeting of shareholders of Sensirion Holding AG (the “Annual General Meeting”) resolved on 16 May 2022, among other things, to renew the authorized share capital and authorized the Board of Directors to increase the share capital any time until 16 May 2024 by a maximum amount of CHF 145,581.70 by issuing a maximum of 1,455,817 fully paid-in registered shares with a par value of CHF 0.10 each (see Article 3a of the [Articles of Association](#)). Increases in partial amounts are allowed. The subscription and acquisition of the new shares as well as any subsequent transfer of the shares is subject to the restrictions set out in the [Articles of Association](#) (see “Limitations on Transferability and Nominee Registrations”). The Board of Directors determines the issue price, the type of contribution, the date of issue, the conditions for the exercise of pre-emptive rights and the beginning date for dividend entitlement. It may issue new shares by means of a firm underwriting with a subsequent offer to the existing shareholders or, if pre-emptive rights have been excluded or not duly exercised, to third parties. The Board of Directors may permit, restrict or exclude the trade with pre-emptive rights. It may permit the expiry of unexercised pre-emptive rights, or it may place such rights or the respective shares at market conditions or may use them otherwise in the interest of Sensirion Holding AG. Further, the Board of Directors is authorized to restrict or exclude pre-emptive rights of existing shareholders and allocate such rights to third parties or the Group for the acquisition of companies, part(s) of companies or participations, for the acquisition of products, intellectual property or licenses by or for investment projects of the Group, or for the financing or refinancing of any of such transactions through a placement of shares.

Conditional capital

As of 31 December 2022, the [Articles of Association](#) provide for two categories of conditional capital. First, the share capital of Sensirion Holding AG may be increased by an amount not to exceed CHF 138,924.70 by issuing up to 1,389,247 fully paid-in registered shares with a par value of CHF 0.10 per share through the direct or indirect issuance of shares, options or related subscription rights to members

of the Board of Directors, members of the Executive Committee or employees of the Group (see Article 3b of the [Articles of Association](#)). The pre-emptive rights and advance subscription rights of existing shareholders are excluded. Shares, options or related subscription rights are issued pursuant to regulations issued by the Board of Directors and taking into account the compensation principles pursuant to the [Articles of Association](#). Shares or subscription rights may be issued to employees at a price lower than the respective market price quoted on the stock exchange. Second, the share capital may be increased by an amount not to exceed CHF 145,581.70 by issuing up to 1,455,817 fully paid-in registered shares with a par value of CHF 0.10 per share through the exercise or mandatory exercise of conversion, exchange, option, warrant or similar rights for the subscription of shares granted to shareholders or third parties alone or in connection with bonds, notes, options, warrants or other securities or contractual obligations of Sensirion Holding AG or a Group company (see Article 3c of the [Articles of Association](#)). The pre-emptive rights of existing shareholders are excluded upon the exercise of any such financial instruments in connection with the issuance of shares. The then-current owners of such financial instruments are entitled to acquire the new shares issued upon exercise. The Board of Directors is authorized to restrict or withdraw advance subscription rights of existing shareholders in connection with the issuance of financial instruments if the issuance is for purposes of financing or refinancing the acquisition of companies, parts of a company, participations or investments. If the advance subscription rights are not granted, the financial instruments must be issued at market conditions, the exercise price must be set with reference to the prevailing market conditions and the maximum exercise period is 10 years.

The subscription and acquisition of the new shares under any conditional capital as well as any subsequent transfer of the shares is subject to the restrictions set out in the [Articles of Association](#) (see “Limitations on Transferability and Nominee Registrations”).

Changes in capital

The share capital of Sensirion Holding AG increased by CHF 4,237.30 from CHF 1,557,335.00 to CHF 1,561,572.30 between 1 January 2022 and 30 May 2022. A total of 42,373 fully paid-in registered shares with a par value of CHF 0.10 each were issued out of conditional capital to members of the Executive Committee and other employees under Sensirion’s employee participation plans (see the Compensation Report on pages 84 to 96 as well as Note 6.2 of the Consolidated Financial Statements on pages 127 to 128).

As a result, the conditional capital for employee participations (Article 3b of the [Articles of Association](#)) was reduced by CHF 4,247.30 (42,373 shares) from CHF 143,162.00 (1,431,620 shares) to CHF 138,924.70 (1,389,247 shares). These capital increases out of conditional capital were registered in the commercial register on 16 June 2022 and published in the Swiss Official Gazette of Commerce on 21 June 2022. Except for this capital increase, the share capital of Sensirion Holding AG did not change in 2022.

For information on changes of the share capital during 2021 and 2020, see our [Annual Report 2021](#) on page 59 and our [Annual Report 2020](#) on page 63, respectively.

Shares and participation certificates

All shares of Sensirion Holding AG are registered shares (Namenaktien) with a par value of CHF 0.10 each and are fully paid-in and non-assessable. All shares rank pari passu in all respects with each other, including in respect of entitlements to dividends, to a share in the liquidation proceeds in the case of a liquidation and to pre-emptive rights. Each share carries one vote at the general meeting of shareholders of Sensirion Holding AG, provided that shareholders and their shares are registered with voting rights in the share register of Sensirion Holding AG. The shares have been issued as uncertificated

securities (Wertrechte) within the meaning of Article 973c of the Swiss Code of Obligations ("CO"), are registered in the main register (Hauptregister) maintained by SIX SIS Ltd. and constitute intermediated securities (Bucheffekten) within the meaning of the Swiss Federal Act on Intermediated Securities.

As of 31 December 2022, Sensirion Holding AG has not issued any participation certificates.

Profit sharing certificates

As of 31 December 2022, Sensirion Holding AG has not issued any profit sharing certificates (Genussscheine).

Limitations on transferability and Nominee registrations

Persons acquiring shares will be registered in the share register as shareholders with voting rights upon their request if they expressly declare to have acquired these shares in their own name and for their own account. The Board of Directors may refuse the registration of an acquirer in the share register as a shareholder with voting rights if such acquirer would, directly or indirectly, acquire or hold in the aggregate, more than 5% of the shares of Sensirion Holding AG recorded in the commercial register (the "Percentage Limit"; see Article 5 of the [Articles of Association](#)). According to Article 5 para. 7 of the [Articles of Association](#), a group clause applies to determine whether the Percentage Limit is crossed. Even if the Percentage Limit is exceeded, the Board of Directors may grant an exception and enter a shareholder with voting rights in the share register (i) if such shareholder held or was allotted more than 5% of the shares recorded in the commercial register before completion of the IPO, (ii) if such incumbent shareholder (or their legal successor, respectively) acquires additional shares after the IPO, provided that the opting-up threshold of 40% of voting rights is not exceeded or (iii) if a person acquires such shares recorded with voting rights from such an incumbent shareholder off-market.

Details on the implementation of such exceptions are set out in the Share Register Regulations, in particular, the rule that no shareholder or group of shareholders will be registered in the share register with more than 40% of the Company's voting rights. The decision on the granting of exceptions to the Percentage Limit lies with the Board of Directors who may, with the approval of all members of the Board of Directors, in its own discretion grant further exceptions.

In the financial year 2022, the Board of Directors granted no exceptions from the Percentage Limit pursuant to Article 5 para. 3 of the [Articles of Association](#).

Further, any person that does not expressly state in its application for registration that the relevant shares were acquired for its own account (a "Nominee") may be entered in the share register as a shareholder with voting rights regarding up to 5% of the share capital recorded in the commercial register, provided that the Nominee has entered into an agreement with the Company regarding its position and is subject to a recognized bank or financial market supervision. Beyond such registration limit, the Board of Directors may register Nominees as shareholders with voting rights in the share register if such Nominees undertake to disclose the full name, address, citizenship and shareholdings of those persons for whose account the Nominee holds 0.5% or more of the share capital recorded in the commercial register. The group clause pursuant to Article 5 para. 7 of the [Articles of Association](#) also applies to Nominees.

A resolution passed at a general meeting of shareholders with a qualified majority of at least two-thirds of the votes represented and the absolute majority of the par value of shares represented at such meeting is required for the restriction on the transferability of shares or the cancellation of such a

restriction and for the amendment or cancellation of Article 5 of the [Articles of Association](#) regarding the share register and restrictions on the registration of shareholders and Nominees (see Article 13 para. 2 of the [Articles of Association](#)).

Convertible bonds and options

Except for Sensirion's employee participation plans, neither Sensirion Holding AG nor any of its Group companies has any convertible bonds or options on the equity securities of Sensirion Holding AG outstanding as of 31 December 2022. For information on Sensirion's employee participation plans, see the Compensation Report on pages 110 to 124 as well as Note 6.2 of the Consolidated Financial Statements on pages 155 to 156.

Board of Directors

The duties and responsibilities of the Board of Directors of Sensirion Holding AG are defined by the Swiss Code of Obligations, the [Articles of Association](#) and the [Organizational Regulations](#).

Members of the Board of Directors

The Board of Directors consists of at least three and no more than seven members (see Article 14 of the [Articles of Association](#)). As of 31 December 2022, the Board of Directors consisted of six members. All members of the Board of Directors are non-executive directors. None of the members of the Board of Directors held an executive position with Sensirion during the last three financial years preceding the financial year 2022. Other than as set forth below, none of the members of the Board of Directors has any significant business connections with the Group.

The following table sets forth the name, function and committee membership of each member of the Board of Directors as of 31 December 2022.

Name	Function	Committee membership	First elected	Elected until AGM
Dr. Moritz Lechner ¹	Co-Chairman	Member of the Nomination and Compensation Committee	1998 (formation)	2023
Dr. Felix Mayer ¹	Co-Chairman	Chairman of the Nomination and Compensation Committee	1998 (formation)	2023
Ricarda Demarmels ²	Member	Chairwoman of the Audit Committee Chairwoman of the Independent Directors' Committee and Lead Independent Director	2018	2023
François Gabella ²	Member	Member of the Nomination and Compensation Committee Member of the Independent Directors' Committee	2019	2023
Dr. Anja König ²	Member	Member of the Audit Committee Member of the Independent Directors' Committee	2021	2023
Dr. Franz Studer ²	Member	Member of the Audit Committee	2019	2023

¹ Dr. Moritz Lechner and Dr. Felix Mayer act for Sensirion AG, each on a 50% basis, where they are responsible for sensor innovation and strategic tasks.

² Independent in the sense of the Swiss Code.

Board of Directors



Ricarda Demarmels, Non-Executive Director



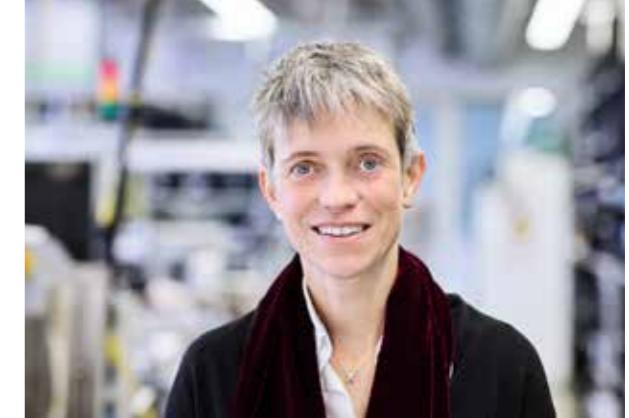
Felix Mayer, Co-Chairman



Moritz Lechner, Co-Chairman



Franz Studer, Non-Executive Director



Anja König, Non-Executive Director



François Gabella, Non-Executive Director

Board of Directors

Dr. Moritz Lechner Co-Chairman, Swiss national, born in 1969

Moritz Lechner is one of the two founders and Co-Chairman of the Board of Directors of Sensirion Holding AG and a member of the Nomination and Compensation Committee. He has been a member of the Board of Directors, acting as Chairman or Vice-Chairman, since the incorporation of Sensirion in 1998. Until June 2016, he served as Co-CEO of the Company together with Felix Mayer. Moritz Lechner has received numerous entrepreneurial awards. Currently, he serves on the Board of Directors of Dectris AG as well as 3db Access AG and IRsweep AG. Moritz Lechner worked in the fields of microelectronics and detector technology research at the Swiss Federal Institute of Technology (ETH Zurich) and the Paul Scherrer Institute, and studied Physics at ETH Zurich, from which he also received his PhD in Microelectronics and Detector Technology.

Dr. Felix Mayer Co-Chairman, Swiss national, born in 1965

Felix Mayer is one of the two founders and Co-Chairman of the Board of Directors of Sensirion Holding AG and Chairman of the Nomination and Compensation Committee. He has been a member of the Board of Directors, acting as Chairman or Vice-Chairman, since the incorporation of Sensirion in 1998. Until June 2016, he served as Co-CEO of the Company together with Moritz Lechner. Felix Mayer worked at Siemens for five years and conducted research in the area of microtechnology at the Swiss Federal Institute of Technology (ETH Zurich) for four years. He is a recipient of numerous entrepreneurial awards. Currently, Felix Mayer serves on the Board of Directors of Lumiphase AG, Nextlens AG, Optotune AG and Luma Beef AG. He studied Physics at ETH Zurich, from which he also received his PhD in Physics.

Ricarda Demarmels Non-executive Director, Swiss national, born in 1979

Ricarda Demarmels has been a non-executive member of the Board of Directors of Sensirion Holding AG since 2018. She serves as Chairwoman of the Audit Committee and the Independent Directors' Committee and as Lead Independent Director. As of 1 January 2023, Ricarda has been appointed as CEO of the Emmi Group where she has served as Group CFO and a member of the Group Management since June 2019. Between 2015 and 2018, Ricarda Demarmels served as Group CFO and member of the Management Board at Orior AG. From 2009 until 2014, she worked for Capvis Equity Partners AG, where she was in charge of various acquisitions and divestitures and supported the strategic development of portfolio companies. From 2005 to 2009, Ricarda Demarmels led various strategy, M&A and integration projects for Oliver Wyman, a global management consulting firm. She studied Finance and Accounting at the University of St. Gallen and holds a Master's degree in Business Administration from the University of St. Gallen (lic.oec. HSG).

François Gabella Non-Executive Director, Swiss national, born in 1958

François Gabella has been a non-executive member of the Board of Directors of Sensirion Holding since 2019. He serves as member of the Nomination and Compensation Committee and the Independent Directors' Committee. Prior to joining the Board of Directors, he served as CEO of LEM Holding AG for eight years until 2018. Between 2006 and 2010, he was a member of the Metrology Executive Board and CEO of TESA AG at Hexagon Metrology, Sweden. Prior to that, François Gabella served as Senior Vice President, Power Transmission & Distribution Division, at ARVEDA T&D for three years. From 1999 until 2001, he served as Group CEO of a portfolio company at Texas Pacific Group, USA. Prior to that, he held various positions in the ABB Group. Currently, François Gabella is Chairman of the Board of Directors on Natron Energy, Inc and serves on the Board of Directors of LEM Holding AG, Nextlens AG, Optotune AG and Sonceboz AG. He is Vice President of Swissmem, Vice President of the Advisory Board of Switzerland Global Enterprise and member of economiesuisse. He received a Master's degree in Microengineering from Ecole Polytechnique Fédérale de Lausanne (EPFL) and an MBA from IMD Lausanne.

Dr. Anja König Non-executive Director, Swiss national, born in 1970

Anja König has been a non-executive member of the Board of Directors of Sensirion Holding AG since 2021. She serves as a member of the Audit Committee and Independent Directors' Committee. Since 2017, Anja König has been Global Head of the Novartis Venture Fund (NVF) in Basel, Switzerland. Prior to that, she held the position of Managing Director at NVF for 10 years. In the context of her work at NVF, she has served on more than fifteen private biotech and foundation boards in the US, Europe and Asia. From 2000 to 2006, Anja König was an Associate Partner at McKinsey & Company in New York. She is currently also a member of the Foundation Board and Foundation Board Committee at the Swiss National Science Foundation (SNF). Anja König holds a Master's degree (Diploma) in Physics from Ludwig-Maximilians-Universität in Munich and a PhD in Theoretical Physics from Cornell University.

Dr. Franz Studer Non-executive Director, Swiss national, born in 1965

Franz Studer has been a non-executive member of the Board of Directors of Sensirion Holding since 2019. He serves as member of the Audit Committee. Since 2012, he has served as Investment Director and Member of the Executive Committee of EGS Beteiligungen AG. In 2010 and 2011, he was CEO/COO of aizo group. Prior to that, for more than ten years, Franz Studer held various management positions at Bühler AG, including Commercial Director, Vice President, Engineered Products. From 1994 until 1999, he served as attorney at a law firm in Zurich. Currently, he serves on the Board of Directors of Roth Gerüste AG (Chairman of the Board), FAES AG (Chairman of the Board), Kantonsspital Winterthur (Chairman of the Board) and HUBER + SUHNER AG. Franz Studer received both a Master's and PhD degree from the Faculty of Law, University of Zurich, bar admission from the Canton of Zurich and an Executive MBA from the University of St. Gallen.

Changes in the Composition of the Board of Directors

Since Heinrich Fischer had reached the extended age limit for members of the Board of Directors, he did not stand for re-election at the Annual General Meeting on 16 May 2022. All other members of the Board of Directors were re-elected for another term of office until completion of the next Annual General Meeting to be held in 2023.

Other functions and activities

Pursuant to Article 29 of the [Articles of Association](#), no member of the Board of Directors may hold more than ten mandates on the supreme governing body of companies other than Sensirion Holding AG or its subsidiaries, of which not more than four may be in listed companies.

Elections and terms of office

The members of the Board of Directors and the Chairman (or the two Co-Chairmen) of the Board of Directors are elected individually by the general meeting of shareholders for a term of office until completion of the next Annual General Meeting. Re-election is permitted. If the office of both Co-Chairmen is vacant, the Board of Directors has to appoint a new Chairman from among its members for a term of office until completion of the next Annual General Meeting. The [Organizational Regulations](#) of Sensirion Holding AG provide that the Board of Directors shall not propose any candidate for election to the Board of Directors who is aged 70 years or above. On an exceptional basis, the Board of Directors may propose candidates aged up to 75 years.

Internal organization

The Board of Directors may appoint one or several vice-chairmen from among its members. The Board also has to appoint a secretary, who need not be a member of the Board of Directors. According to the [Articles of Association](#) and the [Organizational Regulations](#), the Board of Directors meets at the invitation of the competent Co-Chairman as often as required and at least four times a year, or whenever a member of the Board of Directors so requests in writing. In 2022, the Board of Directors held eight meetings, two of which were telephone conferences. The meetings lasted on average approximately eight hours each and the telephone conferences approximately one hour. All at site meetings were attended by all members of the Board of Directors. The CEO and CFO regularly participate in meetings of the Board of Directors in an advisory capacity. Other members of the Executive Committee are invited to advise on individual items of the agenda.

According to Article 3.6 of the [Organizational Regulations](#) and subject to certain exceptions, the Board of Directors is quorate when the majority of its members (including at least one Co-Chairman) is present. Generally, the Board of Directors may adopt a resolution by the majority of the votes cast. In case of a tie, the Co-Chairman who chairs the meetings of the Board of Directors has the casting vote. However, according to the [Organizational Regulations](#), (i) decisions regarding the registration or non-registration of acquirers of shares as shareholders with voting rights in deviation from the regulations governing such registrations and (ii) amendments to the [Organizational Regulations](#) that are not of a merely formal nature or made to conform to statutory requirements require the consent of all members of the Board of Directors. Resolutions of the Board of Directors may also be passed by way of written consent (including consent by e-mail or other electronic communication), provided that no member of the Board of Directors requests oral deliberations.

Powers and duties

The Board of Directors is responsible for the ultimate direction of the Company and the Group's business and the supervision of the persons entrusted with the management of Sensirion. The Board of Directors represents Sensirion Holding AG vis-à-vis third parties and manages all matters that have not been delegated to another corporate body by law, the [Articles of Association](#), the [Organizational Regulations](#) or other internal regulations.

Pursuant to Article 19 of the [Articles of Association](#), the non-transferable and inalienable duties of the Board of Directors include:

- the ultimate management of the Company and the issuance of necessary instructions;
- the determination of the organization of the Company;
- the structuring of the accounting system, the financial controls and the financial planning;
- the appointment and dismissal of the persons entrusted with management and representation of the Company and issuance of rules on the signature authority;
- the ultimate supervision of the persons entrusted with management, in particular in view of compliance with the law, the [Articles of Association](#), regulations and directives;
- the preparation of the annual report and the compensation report;
- the preparation of the general meeting of shareholders and the implementation of its resolutions;
- the adoption of resolutions on the increase of the share capital to the extent that such power is vested in the Board of Directors, the confirmation of capital increases, the preparation of the report on the capital increase and the respective amendments to the [Articles of Association](#) (including deletions);
- the non-transferable and inalienable duties and powers of the Board of Directors pursuant to the Swiss Merger Act;
- the notification of the judge if liabilities exceed assets; and
- other powers and duties reserved to the Board of Directors by law or the [Articles of Association](#).

In addition, Article 3.3 of the [Organizational Regulations](#) reserves the powers of the Board of Directors (i) to approve the annual investment and operating budgets of the Company and the Group, (ii) to approve certain major transactions, including the purchase and sale of real estate, the raising of financial indebtedness outside of the ordinary course of business, the granting of unsecured loans and guarantees exceeding CHF 2 million, any unbudgeted non-recurring investment exceeding CHF 2 million and any recurring expenses exceeding CHF 500,000 per year, (iii) to adopt or amend the Company's compensation and benefits strategy and the basic elements of the compensation system for the members of the Board of Directors and of the Executive Committee, (iv) to adopt or amend any participation or incentive plans for the members of the Board of Directors, the Executive Committee or other employees, (v) subject to shareholder approval of the maximum aggregate compensation, to approve the compensation of each member of the Board of Directors, (vi) to establish the Company's dividend policy and to approve share buy-back programs, and (vii) to exercise shareholder rights in other Group companies and to supervise their business operations. Further, the Nomination and Compensation Committee proposes the individual fixed and variable compensation of the members of the Executive Committee to the Board of Directors for approval.

In accordance with and subject to Swiss law, the [Articles of Association](#) and the [Organizational Regulations](#), the Board of Directors has delegated the Company's management to the Executive Committee under the direction of the CEO.

The Co-Chairmen

According to Article 4 of the [Organizational Regulations](#), each Co-Chairman may exercise all powers of a Chairman externally and may represent the Company like a Chairman using the title of Co-Chairman. One Co-Chairman is to chair the meetings of the Board of Directors (as of 31 December 2022 Moritz Lechner) and the other Co-Chairman is to chair the annual general meeting of shareholders (as of 31 December 2022 Felix Mayer). The Co-Chairman who is to chair the meetings of the Board of Directors has the casting vote at meetings of the Board of Directors. Further, the Board of Directors has delegated the preparation and implementation of its resolutions as well as the supervision of particular matters to the Co-Chairmen. Should a Co-Chairman be unable to exercise his functions, his functions are assumed by the other Co-Chairman or, if the latter should also be unavailable, by another member of the Board of Directors appointed by the Board of Directors.

Board Committees

The Board of Directors has established three standing board committees: an audit committee (the "Audit Committee"), a nomination and compensation committee (the "Nomination and Compensation Committee") and an independent directors' committee (the "Independent Directors' Committee"). According to the [Organizational Regulations](#), each standing board committee has the power to procure any information and assistance from within the Company and the Group that it needs to discharge its responsibilities and is authorized to obtain subject-specific professional consultancy services from third parties at the expense of the Company. The chairperson of a board committee reports to the Board of Directors on the committee's activities. The minutes of the meetings of the board committees are available upon request to the members of the Board of Directors.

Audit Committee

The chairperson and the other members of the Audit Committee are appointed by the Board of Directors. According to Article 5.2 of the [Organizational Regulations](#), a majority of the members of the Audit Committee shall be independent as defined by the Swiss Code of Best Practice for Corporate Governance of 2014, published by economiesuisse (the "Swiss Code"), and a majority of the members of the Audit Committee, including its chairperson, shall be experienced in financial and accounting matters. As of 31 December 2022, the Audit Committee consisted of Ricarda Demarmels (Chairwoman), Franz Studer and Anja König.

According to the Charter of the Audit Committee attached to the [Organizational Regulations](#), the Audit Committee's responsibilities include:

- assessing the quality and effectiveness of the external audit and the internal control system, including risk management;
- reviewing the Company's financial statements and the auditors' management letter;
- making recommendations to the Board of Directors regarding the submission of the Company's financial statements to the Annual General Meeting;
- assessing the performance, costs and independence of the external auditors;
- reviewing the scope of the external audit and any other matters pertaining thereto;
- ensuring appropriate reporting by the external auditors;
- reviewing any questions, comments or suggestions the external auditors may have regarding internal control, risk management, accounting practices and procedures with the external auditors and the CFO;
- supporting the Board of Directors in preparing the proposal to the general meeting of shareholders to elect or remove the external auditors;

- discussing any material legal or risk matters with the Executive Committee;
- supporting the Board of Directors with regard to financial planning and the principles of accounting and financial control;
- reviewing the appropriateness of the Audit Committee's powers and responsibilities at least annually and proposing any amendments to the Board of Directors; and
- any other tasks delegated to the Audit Committee by the Board of Directors.

The Audit Committee holds meetings as often as required, but in any event at least twice a year, or as requested by any of its members. In 2022, the Audit Committee held three meetings, which lasted on average approximately three hours each. All members of the Audit Committee, the CEO as well as the CFO in an advisory capacity, attended all meetings. External statutory auditors also participated in the meetings on specific topics.

Nomination and Compensation Committee

The members of the Nomination and Compensation Committee are elected by the general meeting of shareholders for a term of office until completion of the next Annual General Meeting. Re-election is possible. According to the [Articles of Association](#), the compensation committee shall consist of at least three members of the Board of Directors, which also applies to the Nomination and Compensation Committee for so long as the functions of a nomination committee and a compensation committee are combined in one committee. In case of vacancies, the Board of Directors may appoint substitute members from among its members for a term of office until completion of the next Annual General Meeting. The chairperson of the Nomination and Compensation Committee is appointed by the Board of Directors. According to the [Organizational Regulations](#), at least one member of the Nomination and Compensation Committee shall be independent as defined by the Swiss Code. As of 31 December 2022, the Nomination and Compensation Committee consisted of Felix Mayer (Chairman), Moritz Lechner and François Gabella. Moritz Lechner and Felix Mayer were re-elected, François Gabella was elected as successor of Heinrich Fischer by the Annual General Meeting on 16 May 2022. Moritz Lechner and Felix Mayer, Co-CEOs until June 2016, have been proposed as members of the Nomination and Compensation Committee due to their long-standing experience with the Group and its workforce.

According to the Charter of the Nomination and Compensation Committee attached to the [Organizational Regulations](#), the Nomination and Compensation Committee's responsibilities include:

- reviewing and submitting proposals to the Board of Directors regarding the Company's compensation and benefits strategy and the basic elements of the compensation for members of the Board of Directors and the Executive Committee;
- developing the compensation system for the members of the Board of Directors and of the Executive Committee and ensuring its implementation;
- reviewing and submitting proposals to the Board of Directors regarding any participation or incentive plans for the members of the Board of Directors, the Executive Committee or other employees;
- making grants under participation or incentive plans to members of the Executive Committee and delegating authority to make grants to beneficiaries other than members of the Executive Committee;
- reviewing and submitting proposals to the Board of Directors regarding the compensation of each member of the Board of Directors;
- resolving on the performance criteria and target values of the compensation of the members of the Executive Committee;

- proposing the fixed and variable compensation of the CEO and, upon recommendation of the CEO, of the other members of the Executive Committee to the Board of Directors for approval, subject to approval of the aggregate compensation by the Annual General Meeting;
- determining selection criteria for the succession of the members of the Board of Directors and its committees, the CEO and the other members of the Executive Committee (upon motion of the CEO) and establishing the related succession planning;
- assessing the performance of the members of the Board of Directors and its committees, as well as that of the members of the Executive Committee, on an annual basis;
- reviewing proposals to be made to the Board of Directors for the amendment of the [Articles of Association](#), the [Organizational Regulations](#) or any other rules or regulations;
- reviewing the appropriateness of the Nomination and Compensation Committee's powers and responsibilities at least annually and proposing any amendments to the Board of Directors; and
- any other tasks delegated to the Nomination and Compensation Committee by the Board of Directors.

The Nomination and Compensation Committee holds meetings as often as required, but in any event at least twice a year, or as requested by any of its members. In 2022, the Nomination and Compensation Committee held five meetings, which lasted on average approximately two hours each. All members, as well as the CEO in an advisory capacity, attended all meetings.

Independent Directors' Committee

According to the [Organizational Regulations](#), all members of the Board of Directors who are non-executive, have not been members of the Executive Committee for at least three years, have no or comparatively minor business relations with the Company, and are not the Founders or other representatives of the shareholder pool to which the Founders belong collectively form the Independent Directors' Committee. The chairperson of the Independent Directors' Committee is appointed by the members of the Independent Directors' Committee and also acts as Lead Independent Director. As of 31 December 2022, the Independent Directors' Committee consisted of Ricarda Demarmels (Chairwoman and Lead Independent Director), François Gabella and Anja König.

The responsibilities of the Independent Directors' Committee include:

- approving any transactions between Anchor Shareholders (or their representatives on the Board of Directors) and the Group;
- resolving any matters in which an Anchor Shareholder (or its representative on the Board of Directors) has a conflicting interest;
- reviewing the appropriateness of the Independent Directors' Committee's powers and responsibilities at least annually and proposing any amendments to the Board of Directors;
- resolving any changes to the Independent Directors' Committee's powers; and
- any other tasks delegated to Independent Directors' Committee by the Board of Directors.

The Independent Directors' Committee holds meetings as often as required or as requested by any of its members. The Independent Directors' Committee held no meeting in 2022 since no matter to be reviewed or approved by the Independent Directors' Committee was pending.

Areas of responsibility of the Board of Directors and the Executive Committee

The Board of Directors has the ultimate responsibility for the business strategy of Sensirion and supervises the management of the Group. In particular, it decides on the strategic, organizational, accounting and financial planning framework of Sensirion.

The Board of Directors has delegated the management to the Executive Committee under the direction of the CEO. The powers and duties of the CEO and the Executive Committee are set forth in the [Organizational Regulations](#). The CEO has all powers and duties that are not reserved to the Board of Directors or the Co-Chairmen by virtue of law, the [Articles of Association](#) or the [Organizational Regulations](#). The CEO chairs the Executive Committee and is responsible for:

- preparing and implementing resolutions of the Board of Directors and making proposals to the Board of Directors;
- organizing, managing and supervising the day-to-day business;
- making proposals regarding the appointment of other members of the Executive Committee and for the approval of certain major transactions;
- organizing the Executive Committee and preparing, calling and chairing Executive Committee meetings; and
- ensuring a timely and orderly flow of information between the Executive Committee and the Board of Directors.

The Executive Committee shall support the CEO in the discharge of his duties and shall consider and decide on all matters and decisions material to the Group that are within its purview. The Executive Committee meets on a regular basis in accordance with the guidelines and instructions established from time to time by the CEO.

Information and control instruments vis-à-vis the Executive Committee

The CEO informs the Board of Directors at its meetings on the current course of business and all major business matters of the Company or the Group companies. On a quarterly basis, the CEO informs the Board of Directors on quarterly results (with a comparison to the budget and the result of the previous quarter and the same quarter of the previous year), the Company's financial situation as well as any developments that might have a significant impact on the course or conduct of business. Any extraordinary matters must be reported by the CEO to the members of the Board of Directors without delay.

The Co-Chairmen maintain close contact with the CEO and the other members of the Executive Committee. The course of business and all major issues are discussed at regular meetings with the CEO and/or the CFO scheduled at least once a month. Each member of the Board of Directors may request information from the CEO and from the other members of the Executive Committee on the course of business.

The Executive Committee updates the Board of Directors on the status of the business plan and key financial figures on a monthly basis. Disruptive differences to the business plan are reported by the CEO to the Co-Chairmen on a case-by-case basis. The yearly forecast and business plan are approved by the Board of Directors.

The internal audit, control and risk management systems within the Group are based on structured and assigned competencies, which are implemented in the ERP system based on function and legal entity. To mitigate financial risks, the subsidiaries may not take out any credit lines nor any bank loans with third parties. Furthermore, clear delimitations of responsibilities and process-integrated controls such as the use of the dual control principle constitute additional control measures. During the financial year, specific control activities have been performed at subsidiary level to ensure a proper and reliable accounting from a stand-alone but also from a group view. The correctness and effectiveness of the internal control system is ensured on an annual basis by process-independent auditing activities by internal audit team members and is regularly reported to the Executive Committee and the Audit Committee. The internal audit reports are made available to the external statutory auditors.

The subsidiaries report their financial results to the Executive Committee on a monthly basis. Recruiting of new staff at the subsidiary level has to be approved by the respective board of directors. In addition, the Board of Directors of Sensirion Automotive Solutions AG, Qmicro B.V. and Sensirion Connected Solutions AG receive a stand-alone financial and business update from its business on a quarterly basis.

Executive Committee

In accordance with and subject to Swiss law, the [Articles of Association](#) and the [Organizational Regulations](#), the Board of Directors has delegated the Company's management to the Executive Committee under the direction of the CEO.

Members of the Executive Committee

According to the [Organizational Regulations](#), the CEO is appointed by the Board of Directors and shall not be a member of the Board of Directors. The other members of the Executive Committee are appointed or removed by the Board of Directors upon motion of the CEO.

As of 31 December 2022, the Executive Committee consisted of six members (including the CEO). The following table sets forth the name and position of each member of the Executive Committee.

Name	Appointed	Position
Dr. Marc von Waldkirch	2016	CEO
Dr. Johannes Bleuel	2012	VP Operations
Matthias Gantner	2012	CFO
Heiko Lambach	2011	VP Human Resources
Dr. Andrea Orzati	2013	VP Sales & Marketing
Dr. Johannes Schumm	2016	VP Research & Development

Other functions and activities

Pursuant to Article 29 of the [Articles of Association](#), no member of the Executive Committee may hold more than five mandates on the supreme governing body of companies other than Sensirion Holding AG or its subsidiaries, of which not more than one may be in listed companies.

Management contracts

Sensirion Holding AG has not entered into any management contracts with other companies (or individuals) not belonging to the Group.

Executive Committee



Marc von Waldkirch, CEO



Matthias Gantner, CFO



Heiko Lambach, VP Human Resources



Johannes Schumm, VP Research & Development



Andrea Orzati, VP Sales & Marketing



Johannes Bleuel, VP Operations

Executive Committee

Dr. Marc von Waldkirch CEO, Swiss national, born in 1974

Marc von Waldkirch has been serving as the Company's CEO since 2016. Before becoming CEO, he held a variety of management positions in the Group from 2005 to 2016, including Vice President Research & Development and Head of the Research & Development Liquid Flow Sensors. Before joining the Group, he worked as Research Assistant at the Swiss Federal Institute of Technology (ETH Zurich). Currently, Marc von Waldkirch serves on the Board of Directors of Tannerberg AG. He received a MSc in Physics and a PhD in Electrical Engineering, both from ETH Zurich.

Dr. Johannes Bleuel VP Operations, German national, born in 1971

Johannes Bleuel has been the Vice President Operations since 2012. Prior to joining the Group, he was COO of E-Senza Technologies GmbH for three years. Prior to that, he worked at Siemens Communications in Germany and the United States for nine years, where he held various management positions in R & D and Operations. He studied Physics at the Technical University Darmstadt (Dipl. Phys.) and holds a PhD in Physics from the Technical University Munich.

Matthias Gantner CFO, German national, born in 1964

Matthias Gantner has been serving as the Company's CFO since 2012. He has many years of experience in finance and, prior to joining the Group, he held the position of Head of Service and Sales Order Processing at allsafe Jungfalk for one year, where he was a member of the Executive Committee for the same period. Prior to that, he held various functions related to finance and controlling at Norican Group for thirteen years and worked as Controller at Schiesser Eminence Group for three years. He holds a degree in Business Administration from the University of Applied Sciences, Pforzheim (Dipl.-Betriebswirt).

Heiko Lambach VP Human Resources, German national, born in 1968

Heiko Lambach has been the Vice President Human Resources since 2011. Prior to joining the Group, he held various human resources positions, including the position of Director Human Resources at Shot Blast Europe (Georg Fischer) DISA Industrie AG for eight years. Prior to that, he worked as Human Resources Manager at FJA Feilmeier & Junker AG in Germany and Switzerland for five years. After studying Economics at the University of Applied Sciences in Bochum, he joined Orsay GmbH in Germany, where he started his career as Personnel Officer. Heiko Lambach holds a degree in Business Administration (Dipl.-Betriebswirt).

Dr. Andrea Orzati VP Sales & Marketing, Italian and Swiss national, born in 1973

Andrea Orzati has been Vice President Sales & Marketing since 2013. After joining the Group in 2008, he held various positions, including Vice President of Mobile & Consumer Business, Director International Sales and Manager Distribution Network. Before that, he worked for u-blox AG as Design Manager for three years and was a Research Group Leader at the Swiss Federal Institute of Technology (ETH Zurich) for two years. Currently, Andrea Orzati is partner of ILA Wine SCL. He studied Electronic Engineering at the University of Cagliari and holds a PhD in Microwave Electronics from ETH Zurich as well as a joint MBA from the Ecole Polytechnique Fédérale de Lausanne (EPFL) and the Faculty of Business and Economics of the University of Lausanne (HEC Lausanne).

Dr. Johannes Schumm VP Research & Development, German national, born in 1979

Johannes Schumm has been the Vice President Research & Development since 2016. Before that, he worked as Director of Research & Development Pressure Sensors and Project Manager. Prior to joining the Group in 2010, he was Research Assistant at the Swiss Federal Institute of Technology (ETH Zurich) for four years. He studied Electrical Engineering and Information Technology at RWTH Aachen University and received a PhD in Electrical Engineering from ETH Zurich.

Compensation, shareholdings and loans

Information on the compensation and shareholdings of the members of the Board of Directors and the Executive Committee are set forth in the Compensation Report starting on page 110.

Shareholders' participation rights

Voting rights restrictions and representation

At the general meeting of shareholders of Sensirion Holding AG, each registered share of Sensirion Holding AG entitles the owner to one vote. A shareholder may only exercise voting rights or rights associated therewith to the extent that such shareholder has been recorded in the share register as a shareholder with voting rights. No shareholder or proxy may, directly or indirectly, exercise voting rights attached to shares that he or she owns or represents that would collectively exceed 5% of the shares of Sensirion Holding AG recorded in the commercial register (the "Voting Limit"; see Article 12 of the [Articles of Association](#)). According to Article 12 para. 3 of the [Articles of Association](#), a group clause applies to determine whether the Voting Limit is crossed. The Voting Limit does not apply to (i) the exercise of voting rights by shareholders or their proxies, respectively, to the extent that their shares are registered with voting rights in the share register (see above "Limitations on Transferability and Nominee Registrations" on page 88) or (ii) to the independent proxy to the extent that he has been appointed as proxy by shareholders. A resolution passed at a general meeting of shareholders with a qualified majority of at least two-thirds of the votes represented and the absolute majority of the par value of shares represented at such meeting is required for the amendment or cancelation of Article 12 para. 1 to 4 of the [Articles of Association](#) regarding the Voting Limit.

Shareholders of Sensirion Holding AG may elect to be represented at a general meeting of shareholders by the independent proxy, by their legal representative or, by means of a written proxy, by any other proxy, who need not be a shareholder. On 16 May 2022, the Annual General Meeting re-elected Law Office Keller Partnership, Zurich, as the independent proxy of Sensirion Holding AG for a term of office until completion of the next Annual General Meeting.

Quorum and majorities required by the Articles of Association

There is no provision in the [Articles of Association](#) requiring the presence of shareholders to constitute a quorum for general meetings of shareholders.

Shareholders' resolutions generally require the approval of an absolute majority of the votes represented at the general meeting of shareholders, unless otherwise required by Swiss law or the [Articles of Association](#). A resolution passed at a general meeting of shareholders with a qualified majority of at least two-thirds of the votes represented and the absolute majority of the par value of shares represented at such meeting is required by the [Articles of Association](#) for (i) any amendment of the Company's purpose; (ii) the creation or cancelation of shares with privileged voting rights; (iii) restrictions on the transferability of registered shares and the cancelation of such a restriction; (iv) an authorized or conditional share capital increase; (v) a share capital increase by conversion of equity surplus, against contributions in kind or for purposes of an acquisition of assets, or the granting of special benefits; the limitation or withdrawal of pre-emptive rights of shareholders; (vii) the relocation of the registered office of the Company; (viii) the dissolution of the Company; and (ix) mergers, demergers and conversions pursuant to the Swiss Merger Act. In addition, such qualified majority is also required pursuant to Article 13 para. 2 section 10 of the [Articles of Association](#) for the amendment or cancellation of the following provisions of the [Articles of Association](#), with the exception of editorial or technical amendments: (w) the provisions regarding the

share register, restrictions on the registration of shareholders therein, and Nominees (Article 5), (x) the provisions regarding shareholders' right to vote, including the Voting Limit (Article 12 para. 1 to 4), (y) the provision regarding the size of the Board of Directors (Article 14), and (z) the provision regarding the opting-up in relation to the obligation to make a mandatory tender offer (Article 33).

Calling and agenda of the general meeting of shareholders

General meetings of shareholders are convened by the Board of Directors or, if necessary, by the external auditors in accordance with Swiss law. Pursuant to Article 8 of the [Articles of Association](#), an extraordinary general meeting of shareholders must be convened upon resolution of a general meeting of shareholders or upon written request by one or several shareholders who represent an aggregate of at least 10% of the Company's share capital recorded in the commercial register, provided that such request specifies the agenda items and the proposals or, in case of elections, the names of the proposed candidates. Pursuant to Article 10 of the [Articles of Association](#), one or several shareholders who represent an aggregate of at least 3% of the Company's share capital recorded in the commercial register have the right to request that a specific proposal be put on the agenda for the next general meeting of shareholders. The [Articles of Association](#) require that such request is communicated to the Board of Directors at least 45 calendar days prior to the next general meeting.

A general meeting of shareholders is convened at least 20 calendar days prior to such meeting by publishing a notice of the meeting in the Swiss Official Gazette of Commerce (Schweizerisches Handelsblatt). Registered shareholders may in addition be notified of a general meeting of shareholders in writing.

Registration in the share register

Prior to a general meeting of shareholders, the Board of Directors will determine the date on which a shareholder has to be registered in the share register in order to exercise his or her participation and voting rights in the general meeting of shareholders. This record date will be published, together with the invitation to the general meeting of shareholders, in the Swiss Official Gazette of Commerce. As a rule, the share register will be closed for new entries around 10 days prior to the general meeting of shareholders.

Changes of control and defense measures

Duty to make an offer and opting-up

Pursuant to the Swiss Federal Financial Market Infrastructure Act ("FMIA"), any person that acquires equity securities of a company whose shares are listed on a Swiss stock exchange, whether directly or indirectly or acting in concert with third parties, and, as a result, exceeds the threshold of 33 1/3 % of the voting rights (whether exercisable or not) of such company must submit a public tender offer to acquire 100% of the listed equity securities of such company. Article 33 of the [Articles of Association](#) of Sensirion Holding AG provides for an opting-up pursuant to art. 135 para. 1 FMIA by raising such threshold to 40% of the voting rights of Sensirion Holding AG. Accordingly, the rules regarding mandatory tender offers would only be triggered if the threshold of 40% of the voting rights is exceeded.

Clauses on changes of control

Sensirion Holding AG granted restricted share units ("RSUs") outstanding as of 31 December 2022 to employees of the Group, including members of the Executive Committee, under the Bonus and Restricted Share Unit Plan of Sensirion Holding AG (see Compensation Report on pages 110 to 124). In the event of a change of control of Sensirion Holding AG, the Board of Directors may in its sole discretion (i) terminate unvested RSUs against compensation, (ii) convert, replace or roll over unvested RSUs, and (iii) in the event of a conversion, sell the shares resulting from such conversion.

Auditors

Duration of the mandate and term of office of the lead auditor

KPMG AG (“KPMG”), Badenerstrasse 172, 8036 Zurich, Switzerland has acted as statutory external auditor of Sensirion Holding AG since 2008. The Annual General Meeting re-elected KPMG as external auditors on 16 May 2022. Silvan Jurt (Partner) has been acting as the responsible lead auditor since 2019. In accordance with Swiss law, the lead auditor will rotate at least every seven years.

Auditing fees and additional fees

In the financial year 2022, total auditing fees charged by KPMG for the audit of the consolidated financial statements of Sensirion Holding AG and its Group companies as well as the audit of the statutory financial statements of Sensirion Holding AG amounted to CHF 340,800. This includes audit-related additional fees of CHF 68,400.

For additional services performed by KPMG in the financial year 2022, Sensirion was charged total non-auditing fees as follows.

Additional fees, in thousand of CHF	Amount
Tax advice	6
Total	6

Information instruments

The Board of Directors exercises its responsibility for the supervision of the auditors through the Audit Committee, which assesses the quality and effectiveness of the external audit on a regular basis. The Audit Committee reviews the scope of the external audit, the audit plan as well as the results of the external audit. Further, the Audit Committee reviews any questions, comments or suggestions of the external auditors regarding internal control, risk management and accounting practices and procedures with the external auditors and the CFO.

In addition to the audit reports on the consolidated financial statements and the statutory financial statements of Sensirion Holding AG, the external auditors prepare a comprehensive report for the Board of Directors pursuant to Article 728b CO. The Audit Committee discusses the comprehensive report and the results of the external audit in detail with the external auditors.

The lead auditor attended all meetings of the Audit Committee. Further, the Audit Committee assesses the performance, costs and independence of the external auditors on an annual basis and supports the Board of Directors in preparing the proposal to the general meeting of shareholders to elect the external auditors.

The Audit Committee verifies that any additional services of the external auditors not relating to the audit services are provided within the independence requirements pursuant to Swiss law. The external auditors are required to confirm that their performance of these additional services will not affect their independence for the audit mandate.

Information policy

Sensirion Holding AG publishes its annual report and its interim report on the dates listed in the financial calendar set forth below and published on its Investor Relations website at <https://www.sensirion.com/financial-calendar>. Financial reports, press releases, information on corporate governance and share information are available on the Investor Relations website at <https://www.sensirion.com/investors>.

The CEO, the CFO and the Director Investor Relations regularly take part in various external investor meetings.

Sensirion Holding AG publishes price-sensitive information in accordance with its disclosure obligations pursuant to the rules of the SIX Swiss Exchange (rules on ad hoc publicity). Interested persons may join Sensirion's mailing list for ad hoc disclosures by subscribing for the company's financial media releases at <https://www.sensirion.com/financial-newsletter>. Further information for shareholders is available at <https://www.sensirion.com/ad-hoc-notices>.

General black-out periods

According to the Company's securities trading policy, members of the Board of Directors and the Executive Committee and employees directly reporting to them including their respective staff having access to inside information are prohibited from trading in shares and other securities of the Company as well as related financial instruments during the following periods due to their access to confidential information on a regular basis:

- the periods starting two weeks prior to the end of any half- and full-year reporting period of the Company and ending one full trading day following the public release of the respective results;
- the period starting two weeks before any other public earnings release of the Company and ending one full trading day following such public release; and
- the period starting four weeks prior to the first public release of an offering memorandum for the issuance of shares or other securities of the Company and ending one full trading day following such public release.

Contact

Sensirion Holding AG · Heiko Komaromi, Director Investor Relations and Business Development
Laubisrütistrasse 50 · 8712 Stäfa · Switzerland
Phone: +41 44 544 1644 · heiko.komaromi@sensirion.com

Financial calendar

14 March 2023	2022 full-year results and annual report
15 May 2023	Annual general meeting
23 August 2023	2023 half-year results and interim report

Compensation Report

This Compensation Report describes Sensirion's principles of compensation and provides information on the compensation awarded to the members of the Board of Directors and the Executive Committee in the financial year 2022. The Compensation Report has been prepared in accordance with the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (the "Compensation Ordinance"), item 5 of the Directive on Information relating to Corporate Governance of SIX Exchange Regulation and the Swiss Code of Best Practice for Corporate Governance issued by economiesuisse (the "Swiss Code").

The Compensation Report will be presented to the annual general meeting of shareholders of Sensirion Holding AG (the "Annual General Meeting") on 15 May 2023 for a consultative vote.

Basic principles of compensation

The compensation system of Sensirion aims to attract, engage and retain talented, highly qualified and motivated executives and employees to implement Sensirion's strategy, to ensure sustainable corporate growth, to foster an entrepreneurial mindset and to create long-term sustainable shareholder value. The key principles of our compensation system are based on our company values "fair and honest, work together, top performance" and are as follows:

- Fairness, transparency and simplicity (reflecting "fair and honest");
- Reward for performance (reflecting "top performance");
- Focus on sustainable long-term value creation, thereby aligning executives' and employees' interests with shareholders' interests (reflecting "work together").

In order to implement the above-mentioned principles, we treat all employees, including the Executive Committee, in the same manner regarding remuneration. In addition, as a result of Sensirion's long-term business perspective based on the fact that the majority of projects worked on in a given year only generate relevant revenues within a timeframe of two to four years, Sensirion does not believe that a very short-term view reflects all considerations pertaining to an annual bonus. As a consequence, our guiding principles for the annual bonus are as follows:

- Employees participate in the long-term development of Sensirion by way of the Bonus and RSU Plan.
- At Sensirion, individual performance is assessed against pre-defined individual performance objectives and discussed with the supervisor as part of a year-end personal review meeting where new individual performance objectives are determined for the following year.
- Sensirion believes that individual performance cannot be fully measured by key performance indicators only and that looking at quantitative targets only may create wrong incentives. Therefore, (i) the major part of an employee's compensation consists of a fixed base salary and the variable bonus only accounts for a small portion of the total compensation and (ii) the bonus takes into account the overall assessment of an employee's individual performance by their direct supervisor. The annual bonus typically amounts to up to 10% of fixed compensation for employees and up to 20% of fixed compensation for members of the Executive Committee.
- For the members of the Executive Committee, the aggregate variable compensation proposed to the Annual General Meeting by the Board of Directors is subject to approval by the Annual General Meeting before being executed.

Compensation governance

Responsibility for compensation

In accordance with the [Articles of Association](#) and the [Organizational Regulations](#) of Sensirion Holding AG, the Board of Directors is responsible for the compensation and benefits strategy of Sensirion and for the basic elements of the compensation system for the members of the Board of Directors and of the Executive Committee. The Board of Directors approves the individual compensation of the members of the Board of Directors and the Executive Committee subject to approval of the maximum aggregate compensation by the Annual General Meeting.

The Nomination and Compensation Committee supports the Board of Directors in compensation-related matters. It consists of at least three members of the Board of Directors, of which at least one member must be independent as defined by the Swiss Code. As of 31 December 2022, the Nomination and Compensation Committee consisted of Felix Mayer (Chairman), Moritz Lechner and François Gabella, who were elected by the Annual General Meeting on 16 May 2022. According to the Charter of the Nomination and Compensation Committee attached to the [Organizational Regulations](#), the Nomination and Compensation Committee has the following main tasks:

- developing the compensation system for the members of the Board of Directors and the Executive Committee and ensuring its implementation;
- making grants under participation or incentive plans to members of the Executive Committee and delegating authority to make grants to beneficiaries other than members of the Executive Committee;
- resolving on the performance criteria and target values of the compensation of the members of the Executive Committee; and
- proposing the fixed and variable compensation of the CEO and, upon recommendation of the CEO, of the other members of the Executive Committee to the Board of Directors for approval, subject to approval of the aggregate compensation by the Annual General Meeting

The Nomination and Compensation Committee holds meetings as often as required, but in any event at least two times a year, or as requested by any of its members. In 2022, the Nomination and Compensation Committee held five meetings, which all members attended. The Chairman of the Nomination and Compensation Committee reports to the Board of Directors on the committee's activities. The minutes of the meetings of the Nomination and Compensation Committee are available upon request to the members of the Board of Directors.

Additional information on the Nomination and Compensation Committee is provided in the Corporate Governance Report on page 97 and 98.

Authorities in compensation-related matters

	AGM	Board	NCC	CEO
Compensation and benefits strategy; basic elements of the compensation system		Approves	Proposes	
Maximum aggregate compensation of the Board	Approves	Proposes	Proposes	
Individual compensation of Board members		Approves	Proposes	
Maximum aggregate fixed compensation of the EC (prospective)	Approves	Proposes	Proposes	
Aggregate variable compensation of the EC (retrospective)	Approves	Proposes	Proposes	
Individual compensation of the CEO		Approves	Proposes	
Individual compensation of other EC members		Approves	Proposes	Proposes
Performance criteria and target values of compensation of EC members		Approves	Proposes	
Compensation Report	Consultative vote	Approves	Proposes	

AGM: Annual General Meeting; Board: Board of Directors; NCC: Nomination and Compensation Committee;
CEO: Chief Executive Officer; EC: Executive Committee

Shareholders' approval of compensation (Say on Pay)

In accordance with Article 18 of the Compensation Ordinance and Article 25 of the [Articles of Association](#), the Annual General Meeting must approve the proposals by the Board of Directors regarding the aggregate amounts of:

- (1) the maximum compensation of the Board of Directors until completion of the next Annual General Meeting;
- (2) the maximum fixed compensation of the Executive Committee for the following financial year; and
- (3) the variable compensation of the Executive Committee for the preceding financial year.

The following chart shows for which periods proposals on compensation will be submitted for approval to the Annual General Meeting on 15 May 2023.



If the maximum aggregate amount of compensation of the Executive Committee already approved by the Annual General Meeting is not sufficient to also cover the compensation of persons newly appointed to or promoted within the Executive Committee, each such person may be paid up to 40 % (in the case of the CEO) or 20 % (all other members of the Executive Committee), as applicable, of the aggregate amount of (maximum) compensation of the Executive Committee last approved by the Annual General Meeting.

Compensation rules in the Articles of Association

The [Articles of Association](#) of Sensirion Holding AG, which can be found on our website (<https://www.sensirion.com/articles-of-association-internal-regulations>), provide for the principles of compensation applicable to the Board of Directors and the Executive Committee. These provisions include:

- Approval of the compensation of the Board of Directors and the Executive Committee by the Annual General Meeting (Article 25);
- Supplemental amount for changes to the Executive Committee (Article 26); and
- Principles of compensation of the members of the Board of Directors and the Executive Committee (Article 27).

The [Articles of Association](#) do not provide for the granting of loans and credit facilities to the members of the Board of Directors or the Executive Committee.

Compensation of the members of the Board of Directors

Compensation structure

The compensation for the members of the Board of Directors consists exclusively of a fixed compensation in cash to ensure that the Board of Directors remains independent in exercising its supervisory duties towards the Executive Committee. In accordance with the [Articles of Association](#), the Board of Directors determines the amount of compensation of its members based on their position and level of responsibility on an annual basis.

The Co-Chairmen are both acting for Sensirion AG, Stäfa, Switzerland, each on a 50 % basis, and are responsible for sensor innovation and strategic tasks. They are not involved in the day-to-day management of Sensirion. For their work, each Co-Chairman receives a fixed compensation of CHF 250,000 p.a., consisting of CHF 100,000 for their role as Co-Chairman and CHF 150,000 for sensor innovation and strategic tasks. In addition, they participate in the occupational pension plans of Sensirion. The Co-Chairmen are neither entitled to a performance-related compensation nor to any additional compensation as Co-Chairmen and chairman or member of any committee.

The compensation awarded to the other members of the Board of Directors consists of a fixed board membership fee of CHF 50,000 p.a. and additional fixed fees as chairperson or member of a committee of the Board of Directors as set forth below.

Elements of Board compensation (in CHF per year)	Chairperson	Member
Board of Directors	250,000 ¹	50,000
Audit Committee (AC)	30,000	20,000
Nomination and Compensation Committee (NCC)	n/a ²	10,000 ³
Independent Directors' Committee (IDC)	10,000	10,000

¹ Each Co-Chairman receives a fixed compensation of CHF 250,000 p.a. by Sensirion AG, each on a 50% basis, CHF 100,000 for their role as Co-Chairman and CHF 150,000 for sensor innovation and strategic tasks. The Co-Chairmen do not receive any additional compensation as Co-Chairmen of the Board of Directors.

² Dr. Felix Mayer, Co-Chairman, does not receive any additional compensation as chairman of the NCC.

³ Dr. Moritz Lechner, Co-Chairman, does not receive any additional compensation as member of the NCC.

For the last time in 2021, Sensirion performed a comparison of the compensation for the members of the Board of Directors with peers listed on the SIX Swiss Exchange from the technology and manufacturing sectors with revenues in the range of CHF 50-600 million.

In addition, all members of the Board of Directors may be compensated with an additional fee in exceptional circumstances for performing special tasks for Sensirion, assigned to them and approved by the Board of Directors, that are outside of their regular duties and activities as members of the Board of Directors.

The members of the Board of Directors are compensated in cash. The cash compensation is paid to the Co-Chairmen on a monthly basis and to the other members of the Board of Directors on an annual basis in arrears. Further, the members of the Board of Directors are reimbursed for all reasonable expenses incurred by them in the discharge of their duties.

The Nomination and Compensation Committee reviews the annual compensation of the members of the Board of Directors and submits a proposal to the Board of Directors regarding the compensation of each member of the Board of Directors on an annual basis. The Co-Chairmen and the other members of the Nomination and Compensation Committee participate in meetings of the Nomination and Compensation Committee where their compensation is discussed. The Nomination and Compensation Committee decides collectively on the overall proposal to the Board of Directors regarding the individual compensation of the members of the Board of Directors. The Board of Directors approves collectively in one vote the individual compensation of the Co-Chairmen and its other members as well as the proposal to the Annual General Meeting regarding the aggregate amount of the maximum compensation for all of its members once per year in a meeting where all members are present.

Compensation awarded to the members of the Board of Directors

As of 31 December 2022, the Board of Directors consisted of six members. At the Annual General Meeting on 16 May 2022, Heinrich Fischer did not stand for re-election after reaching the extended age limit pursuant to the Organizational Regulations. All other current members of the Board of Directors were re-elected for another period. For the financial years 2022 and 2021, the compensation of the members of the Board of Directors is set out in the table below.

The compensation awarded to the members of the Board of Directors for the term up to the Annual General Meeting 2022 was within the maximum aggregate amount of compensation approved by the Annual General Meeting 2021 as set forth below. The maximum aggregate amount of compensation for the members of the Board of Directors for the current term was approved at the Annual General Meeting on 16 May 2022.

Compensation period	Approved (CHF)	Effective (CHF)
AGM 2021 – AGM 2022	1,010,000	996,854
AGM 2022 – AGM 2023	950,000	to be determined ¹

AGM: Annual General Meeting

¹ The effective amount will be disclosed in the 2023 Compensation Report.

Compensation of the Board of Directors in 2022 (audited)

In CHF	Basic compensation	Additional compensation (committees, special tasks)	Pension benefits and social security contributions	Total compensation
Dr. Moritz Lechner, Co-Chairman	250,000 ²	–	45,138	295,138
Dr. Felix Mayer, Co-Chairman	250,000 ²	–	48,813	298,813
Ricarda Demarmels	50,000	40,000	6,767 ³	96,767
Heinrich Fischer ¹	16,667	13,333	1,835 ³	31,835
François Gabella	50,000	16,667	5,013 ³	71,680
Dr. Anja König	50,000	23,333	5,514 ³	78,847
Dr. Franz Studer	50,000	20,000	5,263 ³	75,263
Total	716,667	113,333	118,343	948,343

¹ Member of the Board of Directors until 16 May 2022.

² Each Co-Chairman receives a fixed compensation of CHF 250,000 p.a. by Sensirion AG, each on a 50% basis, consisting of CHF 100,000 for their role as Co-Chairman and CHF 150,000 for sensor innovation and strategic tasks. The Co-Chairmen do not receive any additional compensation as Co-Chairmen of the Board of Directors.

³ Social security contributions required by Swiss Law.

Compensation of the Board of Directors in 2021 (audited)

In CHF	Basic compensation	Additional compensation (committees, special tasks)	Pension benefits and social security contributions	Total compensation
Dr. Moritz Lechner, Co-Chairman	250,000 ¹	–	45,643	295,643
Dr. Felix Mayer, Co-Chairman	250,000 ¹	–	49,398	299,398
Ricarda Demarmels	50,000	40,000	6,767 ²	96,767
Heinrich Fischer	50,000	40,000	4,699 ²	94,699
François Gabella	50,000	10,000	4,511 ²	64,511
Dr. Anja König	33,333	6,667	2,938 ²	42,938
Dr. Franz Studer	50,000	20,000	5,263 ²	75,263
Total	733,333	116,667	119,219	969,219

¹ Each Co-Chairman received a fixed compensation of CHF 250,000 p.a. by Sensirion AG, each on a 50% basis, consisting of CHF 100,000 for their role as Co-Chairman and CHF 150,000 for sensor innovation and strategic tasks. The Co-Chairmen did not receive any additional compensation as Co-Chairmen of the Board of Directors.

² Social security contributions required by Swiss Law.

Loans or credits to members of the Board of Directors (audited)

As of 31 December 2022, there were no outstanding loans or credit facilities between Sensirion and current members of the Board of Directors.

Former members of the Board of Directors (audited)

In 2022, no compensation was paid to former members of the Board of Directors. As of 31 December 2022, there were no outstanding loans or credit facilities between Sensirion and former members of the Board of Directors.

Related parties of members of the Board of Directors (audited)

In 2022, no compensation was paid to parties closely related to current or former members of the Board of Directors. As of 31 December 2022, there were no outstanding loans or credit facilities between Sensirion and parties closely related to current or former members of the Board of Directors.

Compensation of the members of the Executive Committee

Compensation structure

The compensation for the members of the Executive Committee (or "EC") consists of an annual base salary, benefits and a bonus awarded in the form of restricted shares and restricted share units ("RSUs").

Compensation components	Instrument	Purpose	Influenced by
Annual base salary	Basic fixed compensation Paid in cash on a monthly basis	Attract and retain talented and highly qualified executives	Position Experience Competitive market
Bonus (share-based compensation)	Annual variable bonus Paid in restricted shares and RSUs	Reward individual and company performance Align to shareholders' interest Foster entrepreneurial mindset	Contribution to short-, mid- and long-term goals of the company Personal initiative Individual extra efforts
Benefits	Pension benefits and social security contributions Allowances in kind	Risk protection for participants and their dependents	Market practice and position Legal requirements

Base salary

Members of the Executive Committee receive an annual base salary as fixed compensation paid in cash on a monthly basis. It reflects the scope and key areas of responsibility of the position, the qualification and skills required to perform the role, and the experience, seniority and skill set of the individual person. The base salary is reviewed and determined on an annual basis by the Nomination and Compensation Committee and approved by the Board of Directors. The CEO makes recommendations to the Nomination and Compensation Committee for the base salary of the other members of the Executive Committee.

For the last time in 2021, Sensirion performed a comparison of the compensation for the members of the Executive Committee with peers listed on the SIX Swiss Exchange from the technology and manufacturing sectors with revenues in the range of CHF 50-600 million.

Bonus (Equity Award)

Members of the Executive Committee are awarded an annual bonus as variable compensation paid in restricted shares subject to a blocking period of three years and in RSUs subject to a vesting period of three years under Sensirion's Bonus and Restricted Share Unit Plan (the "Bonus and RSU Plan"), as further described below. As a result, the annual bonus consists of both a short-term incentive and a long-term incentive. According to Article 25 of the [Articles of Association](#), the aggregate amount of the annual bonuses awarded to the members of the Executive Committee is subject to the approval of the variable compensation for 2022 by the Annual General Meeting on 15 May 2023.

The Nomination and Compensation Committee reviews and proposes to the Board of Directors the annual bonus of the CEO and, upon recommendation of the CEO, the annual bonus of each other member of the Executive Committee in its sole discretion on an annual basis.

In determining variable compensation, Sensirion takes an encompassing approach that considers both meeting measurable targets and qualitative factors. The number of restricted shares to be awarded is determined by dividing the bonus amount by an average price of the shares as quoted on the SIX Swiss Exchange over a period of time prior to the date of allocation of the shares as determined by the Company in its sole discretion (in 2022, 10 (ten) trading days), rounded up to the nearest full number of shares. The number of RSUs to be awarded is determined by the Board of Directors in its sole discretion upon recommendation of the Nomination and Compensation Committee. In 2022, the RSUs awarded for the 2022 bonus of the members of the Executive Committee represented 100% of the value of the restricted shares to create long-term incentives and alignment with shareholders' interests. The Nomination and Compensation Committee submits the individual annual bonuses to be awarded to the members of the Executive Committee to the full Board of Directors for approval on an annual basis.

As a result of Sensirion's long-term business perspective based on sustainable innovation and resulting long investment cycles, common, mainly short-term-oriented, quantitative target metrics are considered inappropriate to determine the annual bonus of the members of the Executive Committee on a strictly mathematical basis. Sensirion believes that individual performance cannot be fully measured by key performance indicators only and that looking at quantitative targets only may create wrong incentives. Therefore, the major part of the compensation consists of a fixed base salary, and the variable bonus, which is based on performance criteria, only accounts for a small portion of the total compensation.

For the members of the Executive Committee and all other employees, individual performance objectives are pre-defined prior to the relevant financial year by such person's direct supervisor (for the CEO, the

Co-Chairmen; for the other members of the Executive Committee, the CEO) and discussed as part of the year-end personal review meeting. At the end of each financial year, the individual performance of the members of the Executive Committee and all other employees is assessed against those objectives and considered when determining the annual bonus. In general, the annual bonus of the members of the Executive Committee and all other employees is determined by taking into account the following performance criteria, which are weighted by the Nomination and Compensation Committee in its sole discretion:

- **Individual criteria**

Personal contribution to the short-, mid- and long-term goals of Sensirion and the team

Personal initiative and willingness to take on responsibility

Individual extra efforts to achieve short- and mid-term goals

Team player and interdisciplinary skills

Entrepreneurial approach to achieve Sensirion's goals

- **Additional criteria for team and project leaders**

Ability to attract, retain and coach talents in one's team

Communication and motivation skills

- **Team criteria**

Overall performance of the team

Achievement of the team's goals

As a result of this method to determine the annual bonus for the Executive Committee, Article 25 of the [Articles of Association](#) requires retrospective shareholder approval of the variable compensation. Therefore, the Company will not deliver the restricted shares and the RSUs granted with the annual bonus in 2022 to the members of the Executive Committee prior to the approval by the Annual General Meeting 2023.

In 2022, the variable compensation in the form of the annual bonus, including RSUs, awarded to members of the Executive Committee represented around 19% (in 2021, around 27%) of the base salary for the CEO and between 11% and 18% (in 2021, 17% to 27%) of the base salary for the other members of the Executive Committee. As a rule, the amount of the annual bonus, including RSUs, granted to each member of the Executive Committee must not exceed 40% of such member's annual fixed base salary.

Details of the Bonus and RSU Plan

The Bonus and RSU Plan, which is applicable to all employees of Sensirion (including the members of the Executive Committee) eligible for a bonus, includes special provisions applicable to the members of the Executive Committee as set forth in this Compensation Report. In particular, members of the Executive Committee are awarded their bonus only in the form of restricted shares and RSUs, whereas the other employees may choose between a cash bonus or an equity bonus.

Restricted shares are subject to a blocking period of three years as from the date of grant, during which the shares may not be sold, otherwise transferred, pledged or made the object of hedging transactions. The Co-Chairmen, acting jointly, may waive this sale restriction in cases of hardship or in case of termination of employment to the extent permitted by law. As a rule, all restricted shares remain restricted until the expiration of the blocking period.

The RSUs granted under the Bonus and RSU Plan are subject to a cliff vesting three years after the date of grant, provided that the relevant participant has not given or received notice of termination of his or her employment as set forth below by the vesting date and has not sold or otherwise transferred the economic benefit of or pledged any of the restricted shares allocated to him or her as part of the equity award.

On the vesting date, each RSU is automatically converted into one share of Sensirion Holding AG. Sensirion may settle the RSUs with newly issued shares out of the Company's conditional share capital and/or out of the Company's treasury shares and/or with shares purchased in the open market.

In case of termination of the employment of a participant as a result of ordinary retirement, disability or death, such member's RSUs vest at the relevant vesting date. In all other cases of termination, all unvested RSUs will be forfeited without any compensation. The Co-Chairmen, acting jointly, may provide for exceptions to the extent permitted by law.

In the event of the acquisition of 50% or more of the voting rights of all outstanding shares of Sensirion Holding AG, through the acquisition of securities or a merger or consolidation, or the sale of substantially all of the Company's assets to a third party, the Board of Directors may, in its sole discretion,

(i) terminate unvested RSUs against compensation, (ii) convert, replace or roll over unvested RSUs, and (iii) in the event of a conversion, sell the shares resulting from such conversion.

Benefits

Benefits consist mainly of retirement and insurance plans that are designed to provide a reasonable level of protection for the employees and their dependents with respect to retirement, risk of disability, death and illness or accident. The current members of the Executive Committee are all employed under a Swiss employment agreement. They participate in Sensirion's occupational pension plan offered to all employees in Switzerland, whereby the base salary is insured up to the maximum amount permitted by law. Sensirion's pension benefits exceed the legal requirements of the Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (BVG).

In addition, members of the Executive Committee are eligible for standard benefits, such as a representation allowance and benefits in kind and, in particular, support when commuting by public transportation.

Shareholding ownership guideline

Pursuant to the Bonus and RSU Plan, no member of the Executive Committee shall sell or otherwise transfer his shares in Sensirion Holding AG if, as a result, the value of his shareholdings in Sensirion Holding AG falls below 100% of his last annual fixed and variable compensation. The value of the shareholdings held by an individual member of the Executive Committee is determined by multiplying the number of shares (including restricted shares) owned by such member with the market price of the shares.

Compensation awarded to members of the Executive Committee

In the financial year 2022, the Executive Committee consisted of six members. For the financial years 2022 and 2021, the compensation of the members of the Executive Committee is set out in the tables below. In general, the 2022 base salaries of the members of the Executive Committee were increased marginally compared to 2021.

The fixed compensation awarded to the members of the Executive Committee for the financial year 2022 is within the maximum aggregate amount of fixed compensation of CHF 2,200,000 approved by the Annual General Meeting 2021.

Fixed compensation for the financial year	Approved (CHF)	Effective (CHF)
2022 (approved by the AGM 2021)	2,200,000	2,060,232

AGM: Annual General Meeting

Compensation of the Executive Committee in 2022 (audited)

Compensation Components (in CHF)	Marc von Waldkirch (CEO)	Other EC (5 members)	Total EC
Base salary	430,868	1,288,433	1,719,301
Pension and social security, for base salary	88,478	252,453	340,931
Total fixed compensation	519,346	1,540,886	2,060,232
Variable bonus (restricted shares and RSUs) ¹	81,718	193,606	275,324
Social security, for variable bonus	6,537	15,488	22,026
Total compensation	607,601	1,749,980	2,357,582

¹ Variable bonus is based on the average of the share prices over 10 (ten) trading days prior to the date of allocation (CHF 100.00) and consists of 50% restricted shares subject to a blocking period of three years and 50% RSUs subject to a vesting period of three years, and is subject to approval by the Annual General Meeting on 15 May 2023. Following such approval, a revised fair value will be determined for accounting purposes only.

Compensation of the Executive Committee in 2021 (audited)

Compensation Components (in CHF)	Marc von Waldkirch (CEO)	Other EC (5 members)	Total EC
Base salary	430,868	1,232,092	1,662,960
Pension and social security, for base salary	77,161	216,283	293,444
Total fixed compensation	508,029	1,448,375	1,956,404
Variable bonus (restricted shares and RSUs) ¹	116,966	276,100	393,066
Social security, for variable bonus	9,357	22,088	31,445
Total compensation	634,352	1,746,563	2,380,915

¹ Variable bonus was based on the average of the share prices over 10 (ten) trading days prior to the date of allocation (CHF 125.60) and consisted of 50% restricted shares subject to a blocking period of three years and 50% RSUs subject to a vesting period of three years and was approved by the Annual General Meeting on 16 May 2022. Following such approval, a revised fair value was determined for accounting purposes only.

Loans or credits to members of the Executive Committee (audited)

As of 31 December 2022, there were no outstanding loans or credit facilities between Sensirion and current members of the Executive Committee.

Contracts with members of the Executive Committee

All members of the Executive Committee are employed under employment contracts of unlimited duration that are subject to a notice period of six months. None of the members of the Executive Committee is contractually entitled to termination payments or any change of control provisions other than the accelerated vesting and unblocking of equity awards as described above.

Former members of the Executive Committee (audited)

In 2022, no compensation was paid to former members of the Executive Committee. As of 31 December 2022, there were no outstanding loans or credit facilities between Sensirion and former members of the Executive Committee.

Related Parties of members of the Executive Committee (audited)

In 2022, no compensation was paid to parties closely related to current or former members of the Executive Committee. As of 31 December 2022, there were no outstanding loans or credit facilities between Sensirion and parties closely related to current or former members of the Executive Committee.

Employee participation plans

As of 31 December 2022, Sensirion maintains an employee participation plan for its employees in Switzerland as well as for employees of Sensirion's foreign subsidiaries. The Bonus and RSU Plan applies to the bonus granted to employees for their performance in the financial year 2022 (the "2022 Bonus") and to any future bonuses.

Bonus and RSU Plan

The purpose of the Bonus and RSU Plan is to provide employees eligible for a bonus with an opportunity to participate in the creation of the long-term shareholder value of Sensirion. Sensirion Holding AG and its subsidiaries may award a bonus to their employees under the Bonus and RSU Plan, provided that such employees have not given or received notice of termination at the time of the award. The Executive Committee determines the bonus of the employees in its sole discretion on an annual basis. As a rule, the bonus amount shall not exceed 20% of an employee's annual fixed salary. The annual funding pool for the Bonus and RSU Plan allocated to participants is determined by the Board of Directors in its sole discretion upon recommendation of the Nomination and Compensation Committee.

In 2022, Sensirion awarded bonuses to 980 employees who, in accordance with the Bonus and RSU Plan, were given the opportunity to choose between payment of their 2022 Bonus either in cash (the "Cash Bonus") or in restricted shares of Sensirion Holding AG subject to a blocking period of three years and additional RSUs subject to a vesting period of three years (the "Equity Bonus"). Any bonus is subject to the condition that the eligible employee has not been given notice of termination for cause by its employer during the election period. If an eligible employee does not notify Sensirion of his or her election during the election period, he or she receives his or her 2022 Bonus in the form of a Cash Bonus. The election period for the 2022 Bonus ended on 3 January 2023.

For the Equity Bonus, the number of restricted shares is determined by dividing the amount of the Cash Bonus by an average price of the shares as quoted on the SIX Swiss Exchange over a period of time prior to the date of allocation of the shares as determined by the Company in its sole discretion (in 2022, 10 (ten) trading days), rounded up to the nearest full number of shares. The number of RSUs to be awarded is determined by the Board of Directors in its sole discretion upon recommendation of the Nomination and Compensation Committee. In 2022, the RSUs awarded for the 2022 Bonus of all employees (other than the members of the Executive Committee) represented 25% of the value of the restricted shares.

For further information, please refer to the description of the Bonus and RSU Plan on page 118 and 119 of this Compensation Report.

Shares held by members of the Board of Directors and the Executive Committee

The details on shareholdings of the members of the Board of Directors and the Executive Committee are set forth in Note 3.5 of the statutory financial statements of Sensirion Holding AG on page 170 of the annual report.

Auditor's Report



Report of the Statutory Auditor

To the General Meeting of Sensirion Holding AG, Stäfa

Report on the Audit of the Compensation Report

Opinion

We have audited the Compensation Report of Sensirion Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermäßige Vergütungen bei börsennotierten Aktiengesellschaften, VegüV) in the tables marked "audited" on pages 115, 116, 120 and page 121 of the Compensation Report.

In our opinion, the information on remuneration, loans and advances in the enclosed Compensation Report complies with Swiss law and Art. 14-16 VegüV.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Compensation Report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the Compensation Report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the Compensation Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Compensation Report

The Board of Directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

1



Auditor's Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG

Silvan Jurt
Licensed Audit Expert
Auditor in Charge

Matthias Bachmann
Licensed Audit Expert

Zurich, 13. March 2023

KPMG AG, Badenerstrasse 172, CH-8036 Zurich
© 2023 KPMG AG, a Swiss corporation, is a subsidiary of KPMG Holding AG, which is a member of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Financial Report

Table of Contents

Financial Report

Consolidated Financial Statements	130
Consolidated Income Statement	130
Consolidated Balance Sheet	131
Consolidated Statement of Cash Flows	132
Consolidated Statement of Changes in Equity	133
Notes to the Consolidated Financial Statements	134
1 Information on this report	134
2 Performance	135
3 Invested capital	138
4 Financing and risk management	146
5 Group structure	150
6 Other information	154
Auditor's Report	158
Financial Statements of Sensirion Holding AG	164
Notes to the Financial Statements of Sensirion Holding AG	166
Proposed Appropriation of Available Earnings	171
Auditor's Report	172

Consolidated Financial Statements

Consolidated Income Statement

In thousands of CHF, for the year ended 31 December	Note	2022	Δ in %	2021
Revenue	2.1	321,727	11.9%	287,482
Cost of sales		(131,145)		(110,220)
Gross profit		190,582		177,262
- as % of revenue		59.2%		61.7%
Research and development expenses		(50,771)		(46,408)
Selling and distribution expenses		(33,705)		(23,753)
Administrative expenses		(31,689)		(30,320)
Operating profit (EBIT)¹		74,417	(3.1%)	76,781
- as % of revenue		23.1%		26.7%
Financial result	2.3	(4,121)		(166)
Result of equity-accounted investees		677		(215)
Profit before tax		70,973		76,400
Income taxes	2.4	(7,393)		(10,491)
Profit for the period, attributable to owners of Sensirion Holding AG		63,580	(3.5%)	65,909
- as % of revenue		19.8%		22.9%
Earnings per registered share				
Basic earnings per registered share (in CHF)	4.3	4.08		4.24
Diluted earnings per registered share (in CHF)	4.3	4.07		4.24
Earnings before interest, tax, depreciation and amortization (EBITDA)				
Earnings before interest, tax, depreciation and amortization (EBITDA)	1.4	89,596	(1.7 %)	91,149
- as % of revenue		27.8%		31.7%

¹ Defined as profit for the period before financial result, result of equity-accounted investees and income taxes (EBIT).

Consolidated Balance Sheet

In thousands of CHF	Note	31 December 2022	in %	31 December 2021	in %
Assets					
Cash and cash equivalents	4.1	123,025		112,104	
Trade receivables	3.1	36,502		27,824	
Prepaid expenses		1,564		1,866	
Other receivables	3.1	6,680		7,277	
Inventories	3.2	60,055		38,294	
Total current assets		227,826	63.6%	187,365	63.2%
Property, plant and equipment	3.3	82,051		64,845	
Financial assets	3.4	29,392		25,129	
Equity-accounted investees		5,352		4,650	
Intangible assets	3.5	13,356		14,432	
Total non-current assets		130,151	36.4%	109,056	36.8%
Total assets		357,977	100.0%	296,421	100.0%
Liabilities					
Trade payables		10,062		9,242	
Accrued expenses		14,332		14,085	
Employee benefits	3.6	10,122		10,439	
Provisions	3.7	2,046		2,897	
Other liabilities		2,670		5,729	
Total current liabilities		39,232	11.0%	42,392	14.3%
Employee benefits	3.6	2,695		3,718	
Provisions	3.7	4		7,551	
Deferred tax liabilities	2.4	11,901		6,766	
Total non-current liabilities		14,600	4.0%	18,035	6.1%
Total liabilities		53,832	15.0%	60,427	20.4%
Equity					
Share capital		1,562		1,557	
Capital reserve		156,826		153,999	
Treasury shares		(3,774)		(472)	
Retained earnings		149,531		80,910	
Total equity, attributable to owners of Sensirion Holding AG	4.2	304,145	85.0%	235,994	79.6%
Total liabilities and equity		357,977	100.0%	296,421	100.0%

Consolidated Statement of Cash Flows

In thousands of CHF, for the year ended 31 December

	2022	2021
Cash flows from operating activities		
Profit for the period	63,580	65,909
Adjustments for:		
- Depreciation and amortization	15,179	14,368
- Gain on sale of property, plant and equipment	(39)	-
- Other non-cash expense (income)	944	(375)
- Financial result without foreign exchange (gain) loss	1,433	138
- Result of equity-accounted investees	(677)	215
- Equity-settled share-based payment transactions	2,659	3,996
- Tax expense	7,393	10,491
Changes in:		
- Trade and other receivables	(8,106)	(1,559)
- Prepaid expenses	303	(473)
- Inventories	(21,761)	(11,346)
- Trade and other payables	(250)	(1,267)
- Accrued expenses	(757)	622
- Employee benefits	(1,339)	2,885
- Asset from employer contribution reserve (in financial assets)	-	(5,612)
- Provisions	(2,144)	(1,343)
Interest and bank charges paid	(26)	(297)
Income taxes paid	(6,885)	(3,322)
Net cash from operating activities	49,507	73,030
Cash flows from investing activities		
Investments in property, plant and equipment	(27,711)	(11,266)
Proceeds from sale of property, plant and equipment	39	-
Acquisition of business, net of cash acquired	-	(34,673)
Proceeds from financial assets (short term deposit)	-	30,000
Investments in financial assets (equity securities)	-	(388)
Change of loans receivable	-	(1,818)
Investments in equity-accounted investees	(3,100)	-
Investments in intangible assets	(1,710)	(898)
Development expenditure capitalized	(1,781)	(3,272)
Net cash from investing activities	(34,263)	(22,315)
Cash flows from financing activities		
Proceeds from issue of share capital	5	-
Transaction costs related to issue of share capital	(54)	-
Repurchase of treasury shares	(3,305)	-
Net cash from financing activities	(3,354)	-
Net change in cash and cash equivalents	11,890	50,715
Cash and cash equivalents at 1 January	112,104	61,933
Currency translation	(969)	(544)
Cash and cash equivalents at 31 December	123,025	112,104

Consolidated Statement of Changes in Equity

	Attributable to owners of Sensirion Holding AG							
	In thousands of CHF	Share capital	Capital reserve	Treasury shares	Translation reserve	Other retained earnings	Total retained earnings	Total equity
Balance at 1 January 2021	1,557	151,211	(1,735)	(533)	63,769	63,236	214,269	
Profit for the period	-	-	-	-	65,909	65,909	65,909	
Currency translation of foreign operations	-	-	-	(1,155)	-	(1,155)	(1,155)	
Transaction with treasury shares	-	(1,263)	1,263	-	-	-	-	
Goodwill offset	-	-	-	-	(47,080)	(47,080)	(47,080)	
Equity-settled share-based payment transactions	-	4,051	-	-	-	-	-	4,051
Balance at 31 December 2021	1,557	153,999	(472)	(1,688)	82,598	80,910	235,994	
Balance at 1 January 2022	1,557	153,999	(472)	(1,688)	82,598	80,910	235,994	
Profit for the period	-	-	-	-	63,580	63,580	63,580	
Currency translation of foreign operations	-	-	-	(1,213)	-	(1,213)	(1,213)	
Capital increases	5	(54)	-	-	-	-	(49)	
Transaction with treasury shares	-	(3)	(3,302)	-	-	-	(3,305)	
Change in earn-out provisions	-	-	-	587	5,667	6,254	6,254	
Equity-settled share-based payment transactions	-	2,884	-	-	-	-	2,884	
Balance at 31 December 2022	1,562	156,826	(3,774)	(2,314)	151,845	149,531	304,145	

Notes to the Consolidated Financial Statements

1 Information on this report

1.1 Reporting entity

Sensirion Holding AG (the "Company") is domiciled in Switzerland. The Company's registered office is at Laubisrütistrasse 50, 8712 Stäfa. These consolidated financial statements comprise the Company, its subsidiaries (collectively the "Group" and individually "Group companies") and their investments in equity-accounted investees.

Sensirion is one of the world's leading manufacturers of digital microsensors and microsystems. The product range includes gas and liquid flow sensors, differential pressure sensors, as well as environmental sensors for the measurement of humidity and temperature, volatile organic compounds (VOCs), carbon dioxide (CO₂), and particulate matter (PM2.5). Using Sensirion's microsensor solutions, OEM customers benefit from the proven CMOSens® Technology. In addition to the sale of sensors, a new business area was launched in 2021 with the sale of measured data "Sensing as a service", based on service contracts.

1.2 Basis of accounting

The consolidated financial statements have been prepared in compliance with all existing guidelines of Swiss GAAP FER (Swiss Accounting and Reporting Recommendations). They provide a true and fair view of the net assets, financial position and results of operations and meet the requirements of Swiss law.

The consolidated financial statements are presented in Swiss francs. Unless otherwise stated, all financial information in Swiss francs has been rounded to the nearest thousand. For this reason, rounding differences may occur.

The valuation basis used in these consolidated financial statements is based on historical acquisition or production costs, unless a standard requires a different valuation basis for an item or a different valuation basis has been used to exercise an option. In this case, it is explicitly mentioned in the accounting principles. Accounting principles that are relevant to an understanding of the consolidated financial statements are set out in the specific notes. The consolidated income statement is presented according to the activity-based costing method.

1.3 Use of judgments and estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. Information about assumptions and estimation uncertainties at 31 December 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities is included in the following notes:

- Note 3.5 – Intangible assets (recoverability of development costs);
- Note 3.2 – Inventories (measurement);
- Note 3.7 – Provisions (measurement).

1.4 Performance measures not defined by Swiss GAAP FER

Internally and externally, the Group uses EBITDA as an additional performance measure, which is not defined by Swiss GAAP FER. EBITDA is calculated as the sum of operating profit and depreciation and amortization.

In thousands of CHF, for the year ended 31 December	2022	2021
Reconciliation of operating profit to EBITDA for the period		
Operating profit (EBIT)	74,417	76,781
Depreciation and amortization	15,179	14,368
Earnings before interest, taxes, depreciation and amortization (EBITDA)	89,596	91,149

2 Performance

2.1 Segment reporting and breakdown of revenue

2.1.1 Basis for segmentation

The Group operates in one industry segment which encompasses the development, production, sales and servicing of sensor systems, modules and components. The allocation of resources and performance assessment is made at Group level. The Group's organization is not divided into business units, neither in the management structure nor in the internal reporting system.

2.1.2 Breakdown of revenue

In thousands of CHF, for the year ended 31 December and as % of revenue	2022	2021
Revenue – geographic information by regions		
APAC	143,295	44.5%
EMEA	120,587	37.5%
Americas	57,845	18.0%
Total	321,727	100.0%
	287,482	100.0%

The geographic information on revenues in the table above is based on the customers' location.

As an additional voluntary information, revenue is allocated to end markets as follows:

In thousands of CHF, for the year ended 31 December and as % of revenue	2022	2021
Revenue – per customer markets		
Automotive	65,091	20.3%
Medical	76,065	23.6%
Industrial	153,833	47.8%
Consumer	26,738	8.3%
Total	321,727	100.0%
	287,482	100.0%

Accounting principles

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when the risks and benefits incidental to ownership are transferred to a customer. Our contracts generally include a standard warranty clause to guarantee that the products comply with agreed specifications.

Sensors The Group sells its standardized sensors generally via purchase orders to customers (i.e. end customers and distributors) and recognizes as revenue when the sensor is delivered to the customer. This generally occurs in accordance with the applicable Incoterms which are usually FCA (Free carrier named place of delivery) or DAP (Delivered at place). Sales are stated before value added tax, sales tax and after any deduction of discounts and credits. Appropriate warranty provisions are recognized for anticipated claims. Customers usually pay within 30 to 60 days from the delivery of the products.

2.2 Expenses by nature

In thousands of CHF, for the year ended 31 December	2022	2021
Changes in inventories	21,761	11,825
Raw materials and consumables	(95,468)	(75,850)
Employee benefits	(124,736)	(107,955)
Depreciation, amortization and impairment loss	(15,179)	(14,368)
Other	(33,688)	(24,353)
Total cost of sales, research and development expenses, selling and distribution expenses and administrative expenses	(247,310)	(210,701)

2.3 Net finance costs

In thousands of CHF, for the year ended 31 December	2022	2021
Finance income		
Interest income	154	42
Net foreign exchange gains	–	500
Other financial income	101	323
Finance income	255	865
In thousands of CHF, for the year ended 31 December		
Finance costs		
Interest expense	(151)	(200)
Net foreign exchange losses	(2,688)	(528)
Bank charges	(130)	(97)
Other financial costs	(1,407)	(206)
Finance costs	(4,376)	(1,031)
Net finance costs recognized in profit	(4,121)	(166)

Other financial costs in 2022 include CHF 1,407 thousand (2021: CHF 206 thousand) impairments on financial assets.

2.4 Income taxes

In thousands of CHF, for the year ended 31 December	2022	2021
Current income taxes	(7,889)	(7,213)
Deferred income taxes	496	(3,278)
Total	(7,393)	(10,491)
Average applicable tax rate	17.5%	19.2%

In thousands of CHF	2022	2021
Details on change of tax claims from tax loss carryforwards		
Recognized tax claims from tax loss carryforwards	4,177	1,680
Unrecognized tax claims from tax loss carryforwards	3,790	2,547
Total tax claims from tax loss carryforwards	7,967	4,227
Recognized tax claims from tax loss carryforwards at 1 January	1,680	7,476
Additions	3,584	–
Utilization	(1,087)	(5,796)
Recognized tax claims from tax loss carryforwards at 31 December	4,177	1,680

The effective tax rate of 10.4% (2021: 13.7%) has decreased due to the recognition of previously unrecognized tax claims from tax loss carryforwards.

The income tax effect from the utilization of non-capitalized loss carryforwards in 2022 amounts to CHF 176 thousand (2021: CHF 593 thousand). In 2022, a reassessment in relation to non-capitalized loss carryforwards lead to the capitalization of CHF 1,354 thousand (2021: CHF 0). In 2022, no loss carryforwards expired (2021: CHF 0).

The deferred tax assets related to recognized tax claims from tax loss carryforwards amount to CHF 4,177 thousand and CHF 593 thousand (2021: CHF 1,680 thousand) were offset with deferred tax liabilities.

Accounting principles

Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred income tax

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it can be assumed with sufficient probability that the respective company will have sufficient taxable income against which temporary differences and unutilized loss carryforwards can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

3 Invested capital

3.1 Trade and other receivables

In thousands of CHF	31 December 2022	31 December 2021
Trade receivables, gross	36,546	27,902
Allowance for doubtful receivables	(44)	(78)
Total trade receivables	36,502	27,824
Non-income tax receivables	3,454	3,898
Social security	200	632
Other	3,026	2,747
Total other receivables	6,680	7,277

Trade receivables result from transactions in the ordinary course of business where Sensirion has provided goods and services and has a right to receive the payment.

Accounting principles

Receivables are reported at nominal value. Business default risks are taken into account by individual and general value adjustments. General value adjustments are made for items which have not already been subject to individual value adjustments. General value adjustments are based on the past experience of Sensirion.

3.2 Inventories

In thousands of CHF	31 December 2022	31 December 2021
Purchased parts	23,650	14,017
Semi-finished and finished goods	39,474	24,744
Work in progress	5,864	5,673
Total	68,988	44,434
Allowance on purchased parts	(4,645)	(3,318)
Allowance on semi-finished and finished goods	(4,288)	(2,822)
Total	(8,933)	(6,140)
Total Inventories	60,055	38,294

Accounting principles

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Inventory allowances are recognized for slow- and non-moving stock. Technically obsolete items are written off.

The valuation of work in progress, semi-finished and finished goods is underlying management judgment with regard to planned production capacities which impact standard costs. Valuation allowances are calculated based on historical experience including management's judgement which directly affects the carrying amount of inventories.

3.3 Property, plant and equipment

In thousands of CHF	Land and buildings	Production facilities	Under construction	Other	Total
Cost					
Opening amount 1 January 2022					
	51,146	85,232	5,388	18,697	160,463
Additions	4,465	13,266	7,952	2,832	28,515
Disposals	–	(4,151)	–	(613)	(4,764)
Reclassifications	842	3,072	(4,916)	1,002	–
Currency translation differences	(299)	(441)	(96)	(398)	(1,234)
Closing amount 31 December 2022	56,154	96,978	8,328	21,520	182,980
Accumulated depreciation and impairment					
Opening amount 1 January 2022					
	19,021	64,311	–	12,286	95,618
Depreciation	2,050	6,038	–	2,219	10,307
Disposals	–	(4,124)	–	(592)	(4,716)
Currency translation differences	(21)	(128)	–	(131)	(280)
Closing amount 31 December 2022	21,050	66,097	–	13,782	100,929
Total carrying amount	35,104	30,881	8,328	7,738	82,051
Carrying amount pledged as security for liabilities	–	–	–	–	–
Cost					
Opening amount 1 January 2021					
	49,968	80,983	2,425	16,903	150,279
Change in scope of consolidation	–	353	–	211	564
Additions	972	3,363	5,319	1,612	11,266
Disposals	–	(897)	–	(365)	(1,262)
Reclassifications	571	1,388	(2,317)	338	(20)
Currency translation differences	(365)	42	(39)	(2)	(364)
Closing amount 31 December 2021	51,146	85,232	5,388	18,697	160,463
Accumulated depreciation and impairment					
Opening amount 1 January 2021					
	17,088	59,560	–	10,639	87,287
Change in scope of consolidation	–	155	–	68	223
Depreciation	1,956	5,491	–	1,964	9,411
Disposals	–	(871)	–	(365)	(1,236)
Currency translation differences	(23)	(24)	–	(20)	(67)
Closing amount 31 December 2021	19,021	64,311	–	12,286	95,618
Total carrying amount	32,125	20,921	5,388	6,411	64,845
Carrying amount pledged as security for liabilities	–	–	–	–	–

As of the balance sheet date, prepayments in the amount of CHF 2,400 thousand (2021: CHF 500 thousand) were recognized in property, plant and equipment.

Accounting principles

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful life, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in the income statement.

Subsequent expenditures

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful life and is generally recognized in the income statement. Land is not depreciated. The estimated useful life of property, plant and equipment for current and comparative periods is as follows:

Class	Years
Land	No depreciation
Buildings	20-40
Production facilities	2-8
Other property, plant and equipment	4-8

Depreciation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

3.4 Financial assets

In thousands of CHF	31 December 2022	31 December 2021
Non-current financial assets		
Assets from employer contribution reserve	20,033	20,034
MaxWell Biosystems AG	3,688	3,688
Other	5,671	1,407
Total non-current financial assets	29,392	25,129

Accounting principles

Investments

Investments with a long-term investment purpose and less than 20% capital rights are considered financial assets. Such investments are recognized at acquisition cost, taking into account any reductions in value (impairment) through corresponding devaluations in the income statement.

Assets from employer contribution reserve

Please refer to Note 6.1

3.5 Intangible assets

In thousands of CHF	Patents and trademarks	Development costs	Software	Under construction	Other intangibles	Total intangible assets
Cost						
Opening amount 1 January 2022	11,353	20,358	3,067	377	990	36,145
Additions – internally developed	–	1,410	–	371	–	1,781
Additions – separately acquired	728	–	76	–	1,215	2,019
Disposals	(1,065)	–	–	–	–	(1,065)
Reclassifications	–	377	–	(377)	–	–
Currency translation differences	(7)	–	(2)	–	–	(9)
Closing amount 31 December 2022	11,009	22,145	3,141	371	2,205	38,871
Accumulated amortization and impairment						
Opening amount 1 January 2022	5,502	12,566	2,655	–	990	21,713
Amortization	1,651	2,967	178	–	76	4,872
Disposals	(1,065)	–	–	–	–	(1,065)
Currency translation differences	(3)	–	(2)	–	–	(5)
Closing amount	6,085	15,533	2,831	–	1,066	25,515
Total carrying amount 31 December 2022	4,924	6,612	310	371	1,139	13,356
Cost						
Opening amount 1 January 2021	11,449	16,055	2,927	1,408	1,072	32,911
Change in scope of consolidation	162	–	37	–	–	199
Additions – internally developed	–	3,272	–	–	–	3,272
Additions – separately acquired	660	–	238	–	–	898
Disposals	(1,029)	–	(121)	–	–	(1,150)
Reclassifications	121	1,031	(19)	(1,031)	(82)	20
Currency translation differences	(10)	–	5	–	–	(5)
Closing amount 31 December 2021	11,353	20,358	3,067	377	990	36,145
Accumulated amortization and impairment						
Opening amount 1 January 2021	4,730	9,572	2,502	–	1,007	17,811
Change in scope of consolidation	66	–	31	–	–	97
Amortization	1,734	2,994	229	–	–	4,957
Disposals	(1,029)	–	(121)	–	–	(1,150)
Currency translation differences	1	–	14	–	(17)	(2)
Closing amount	5,502	12,566	2,655	–	990	21,713
Total carrying amount 31 December 2021	5,851	7,792	412	377	–	14,432

Accounting principles

Research and Development

Expenditure on research activities is recognized in the income statement as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in the income statement as incurred. Directly attributable borrowing costs are capitalized as part of the respective development costs. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Patents and trademarks

Patents, trademarks and capitalized customer relationships that are acquired by the Group have finite useful life and are measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful life and is generally recognized in the income statement.

The estimated useful life for current and comparative periods is as follows:

Class	Years
Patents and trademarks	10
Development costs	5
Software	4
Other intangible assets	4-10

Amortization methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

Effects of the theoretical capitalization of goodwill

In thousands of CHF	2022	2021
Cost at 1 January	56,852	12,449
Acquisition of subsidiaries	–	47,080
Change in earn-out provisions	(5,667)	–
Exchange differences	(2,443)	(2,677)
Cost at 31 December	48,742	56,852
Accumulated amortization at 1 January	15,327	10,056
Amortization for the year	9,807	6,125
Exchange differences	(972)	(854)
Accumulated amortization at 31 December	24,162	15,327
Theoretical net book value at 31 December	24,580	41,525
Equity according to balance sheet	304,145	235,994
Theoretical book value of goodwill	24,580	41,525
Theoretical shareholders' equity at 31 December including goodwill	328,725	277,519
Profit for the year	63,580	65,909
Theoretical amortization of goodwill	(9,807)	(6,125)
Theoretical profit for the year after goodwill amortization	53,773	59,784

Accounting principles

Goodwill is offset with equity at the date of the acquisition of a subsidiary or an investment in an associated company. The theoretical capitalization of goodwill with straight-line amortization over five years would impact the consolidated balance sheet and consolidated income statement as shown above.

3.6 Employee benefits

In thousands of CHF	31 December 2022	31 December 2021
Short-term employee benefits	10,122	10,439
Total employee benefit liabilities, current	10,122	10,439
Other long-term employee benefit liabilities	2,695	3,718
Total employee benefit liabilities, non-current	2,695	3,718

Accounting principles

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits

The Group's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in the income statement in the period in which they arise.

3.7 Provisions

In thousands of CHF	31 December 2022		
	Warranty provisions	Earn-out provisions	Total
Current provisions	2,046	–	2,046
Non-current provisions	4	–	4
Total provisions	2,050	–	2,050
Opening amount 1 January 2022	4,492	5,956	10,448
Utilization	(32)	–	(32)
Reversal	(2,278)	(5,667)	(8,234)
Currency translation differences	(132)	(289)	(132)
Closing amount 31 December 2022	2,050	–	2,050

In thousands of CHF	31 December 2021		
	Warranty provisions	Earn-out provisions	Total
Current provisions	2,897	–	2,897
Non-current provisions	1,595	5,956	7,551
Total provisions	4,492	5,956	10,448
Opening amount 1 January 2021	5,835	–	5,835
Additions	–	6,254	5,956
Utilization	(177)	–	(177)
Reversal	(909)	–	(909)
Currency translation differences	(257)	(298)	(257)
Closing amount 31 December 2021	4,492	5,956	10,448

The warranty provisions have been estimated based on incurred warranty expenses to date as well as expected future costs. The calculation is based on various weighted scenarios and discounted with a discount rate of 3.5% (2021: 3.5%).

Accounting principles

Provisions are recognized when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Where the effect of the time value of money is material, the amount recognized is the present value of the estimated expenditures.

Provisions for warranty commitments are recognized as a consequence of the Group's policy to cover the cost of repair of defective products.

3.8 Contingent liabilities and other commitments

In thousands of CHF	31 December 2022	31 December 2021
Operating lease liabilities		
Due within 1 year	3,745	3,526
Due within 1 to 5 years	11,084	10,323
Due after more than 5 years	3,656	5,375
Total undiscounted lease payments	18,485	19,224

Accounting principles

Contingent liabilities and other obligations not to be recognized are valued and disclosed on each balance sheet date. Payments from operating leases are recognized in the income statement on a straight-line basis over the lease term.

4 Financing and risk management

4.1 Cash and cash equivalents

In thousands of CHF	31 December 2022	31 December 2021
Cash and bank accounts	123,025	72,104
Short-term money market investments	-	40,000
Cash and cash equivalents	123,025	112,104

Accounting principles

Cash and cash equivalents are defined as short-term, liquid financial investments that are readily convertible to defined cash amounts within 90 days from the balance sheet date.

4.2 Equity

4.2.1 Share capital

As of 31 December 2022, the fully paid-up share capital of the parent company, Sensirion Holding AG, in the total amount of CHF 1,561,572.30 (2021: CHF 1,557,335) is divided into 15,615,723 registered shares (2021: 15,573,350) with a nominal value of CHF 0.10. Holders of these shares are entitled to dividends and to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

	2022	
	Registered shares	
In shares		
Total in issue at 1 January	15,573,350	
Capital increase from conditional share capital	42,373	
Total in issue at 31 December	15,615,723	

	2021	
	Registered shares	
In shares		
Total in issue at 1 January	15,573,350	
Total in issue at 31 December	15,573,350	

In 2022, a total of 42,373 employee options were exercised at an exercise price of the nominal value of CHF 0.10 through a conditional capital increase. The costs arising from the capital increase were deducted from the capital reserve and amounted to CHF 54 thousand.

4.2.2 Conditional capital

As of 31 December 2022, the Company's conditional capital amounts to CHF 285 thousand, encompassing 2,845,064 shares each with a nominal value of CHF 0.10. In prior year, the company's conditional capital amounted to CHF 289 thousand, encompassing 2,887,437 shares with a nominal value of CHF 0.10.

The Company's conditional capital is composed as follows:

In shares	31 December 2022	31 December 2021
Conditional share capital for employee participations	1,389,247	1,431,620
Conditional share capital for financing, acquisitions and other purposes	1,455,817	1,455,817
Total conditional share capital	2,845,064	2,887,437

4.2.3 Non-distributable legal reserves

Non-distributable legal reserves amounted to CHF 4,086 thousand as at 31 December 2022 (previous year: CHF 783 thousand).

4.2.4 Nature and purpose of reserves

4.2.4.1 Capital reserve

The capital reserve comprises share premiums, the gain or loss on sale of treasury shares, the effect of modification of cash-settled to equity-settled plans and the effects of equity-settled share-based payment transactions, including any tax effects such as excess tax deductions.

4.2.4.2 Treasury shares

The reserve for the Company's treasury shares comprises the cost of the Company's shares directly held by the Group. As of 31 December 2022, the Group held 57,450 of the Company's registered shares (2021: 20,599 registered shares). The treasury shares held at 31 December 2022 account for 0.37% of the issued capital (2021: 0.13% of the issued capital).

	Ø Transaction price in CHF	Number of registered shares	Balance in thousands of CHF
Balance at 1 January 2021		75,857	1,735
Allocations from share-based payment plans	59.35	(55,258)	(1,263)
Closing amount 31 December 2021		20,599	472
Balance at 1 January 2022		20,599	472
Purchase treasury shares	88.32	37,000	3,305
Allocations from share-based payment plans	99.71	(149)	(3)
Closing amount 31 December 2022		57,450	3,774

The transaction prices corresponded to the respective market prices. For shares allocated in the current period, the average acquisition costs per share amounted to CHF 22.92 (previous year: CHF 22.86).

Accounting principles

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury shares reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within the capital reserve.

4.2.4.3 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, including foreign currency differences on dedicated intra-group loans.

4.2.4.4 Retained earnings

The retained earnings include the accumulated net profits of the Group and offsetting of goodwill.

4.3 Earnings per registered share

4.3.1 Basic earnings per share

The weighted-average number of registered shares for the period ended 31 December 2022 for the purpose of calculating basic earnings per registered share amounts to 15,587,252 (2021: 15,550,792).

4.3.2 Diluted earnings per share

The calculation of diluted earnings per share has been based on the profit or loss attributable to ordinary shareholders as presented in the consolidated income statement and the weighted-average number of registered shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

The weighted-average number of registered shares for the purpose of calculating diluted earnings per registered share amounts to 15,603,148 (2021: 15,570,741).

The dilutive effect results from the outstanding restricted share units under the bonus and restricted share unit plan. Upon conversion at the beginning of the reporting year, the average number of outstanding shares would increase by 15,897 shares (2021: 19,949 shares) with no impact on net profit. This results in a potential dilution of earnings per share of CHF 0.01 in the reporting year (2021: CHF 0.00).

4.4 Capital management

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure. In order to maintain or adjust the capital structure, the Group may repay capital to shareholders, issue new capital or sell assets to reduce debt.

By ensuring the Group adheres to defined debt/equity ratio covenant limits and other covenants under the Group's financing arrangements, management meets the primary capital risk objective.

In thousands of CHF	31 December 2022	31 December 2021
Total liabilities	(53,832)	(60,427)
Less: cash and cash equivalents	123,025	112,104
Net cash (debt)	69,193	51,677
Total equity	304,145	235,994
Net cash (debt) to equity ratio	22.8 %	21.9 %

4.5 Financial risk management

The Group's international operations expose it to a variety of financial risks, such as credit, liquidity, market and currency risks.

4.5.1 Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's management is assisted in its oversight role by internal audits. Internal audits take place on both a regular and ad-hoc basis, the results of which are reported to the Group's management and the Company's Board of Directors.

4.5.2 Credit risk

Credit risk is the risk of incurring financial loss when a counterparty to a financial instrument fails to meet its contractual obligations.

Credit risks are most likely to be associated with trade receivables and cash or cash equivalents. The Group minimizes the credit risk associated with cash and cash equivalents by only doing business with reputable financial institutions and by dealing with a range of such institutions rather than just one. To reduce the risk associated with trade receivables, customers are subject to internal credit limits. Creditworthiness is reviewed on an ongoing basis according to internal guidelines. Credit limits are set based on financial situation, previous experience and other factors. The Group's extensive customer base, which covers a variety of regions and sectors, means that the credit risk on receivables is limited. For incurred and expected losses on receivables, value adjustments are recognized. In the past, actual losses have not exceeded the management's expectations. Details of concentration of revenue are included in Note 2.1.

The Group's policy is to provide financial guarantees to subsidiaries. At 31 December 2022, the Company has issued a guarantee to certain banks in respect of credit facilities granted to Sensirion AG in the amount of CHF 40,000 thousand (2021: CHF 40,000 thousand). The credit line is used with a guarantee to CHF 493 thousand as of 31 December 2022 (2021: CHF 546 thousand).

4.5.3 Liquidity risk

A liquidity risk arises if future payment obligations of the Group cannot be covered by its available liquidity or corresponding credit facilities. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Suitable processes are in place within the Group with which cash inflows or outflows and maturities are monitored and controlled on an ongoing basis.

Within the frame of a rolling liquidity plan, the Group ensures that sufficient liquidity to cover the short-term operational needs is continuously available. Within the liquidity plan, the Group includes cash and cash equivalents, lines of credit and possibilities to increase share capital. As part of the Group's liquidity management, lines of credit are maintained.

4.5.4 Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments.

4.5.5 Currency risk

The functional currencies of the Group companies are in the currency of the local legislation. The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of the Group companies. The main exposure arises from sales transactions denominated in USD and EUR and other currencies deviating from the functional currency of the respective Group company. Generally, cash flows generated by the underlying operations of the Group are primarily in USD, EUR and CHF or in the currency of the local legislation. The Group's cash outflows are denominated mainly in CHF due to the significant amount of personnel costs generated in Switzerland. To a certain extent, there is an economic hedge by sourcing activities in USD and EUR.

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate		Total
	2022	2021	2022	2021	
In CHF					
Euro (EUR) 1	1.0210	1.0968	0.9839	1.0339	752
US Dollar (USD) 1	0.9630	0.9205	0.9233	0.9127	266
South-Korean Won (KRW) 1,000	0.7547	0.8115	0.7330	0.7669	(696)
					(1,064)
					(742)

4.5.6 Interest risk

The Group has no significant interest-bearing financial assets. Therefore, the income is not exposed to significant interest rate risk. Furthermore, the tenure for fixing interest rates on financial liabilities are one year as maximum. Therefore, interest rate risk is not considered to be significant for the Group.

5 Group structure

5.1 Changes in the scope of consolidation

There were no changes in the scope of consolidation in 2022. The companies acquired in 2021 reported the following main balance sheet items at the date of acquisition and are fully consolidated.

5.1.1 Acquisition of Qmicro B.V.

On 11 February 2021, and with economic effect from the same date, Sensirion Holding AG acquired 100 % of the shares of Qmicro B.V. based in Enschede, the Netherlands.

At the time of acquisition, the values of net assets according to Swiss GAAP FER are as follows:

In thousands of CHF	Total
Fair value of assets (liabilities)	
Current assets	770
Non-current assets	125
Current liabilities	(428)
Total net identifiable assets	467

5.1.2 Step acquisition of IRsweep AG

On 7 May 2021, and with economic effect from the same date, Sensirion Holding AG acquired the residual 67 % of the shares of IRsweep based in Stäfa, Switzerland.

At the time of acquisition, the values of net assets according to Swiss GAAP FER are as follows:

In thousands of CHF	Total
Fair value of assets (liabilities)	
Current assets	752
Non-current assets	266
Current liabilities	(696)
Non-current liabilities	(1,064)
Total net identifiable assets (liabilities)	(742)

5.1.3 Acquisition of Sensirion Connected Solutions Inc. (formerly known as AiSight Inc.)

On 17 September 2021, and with economic effect from the same date, Sensirion Holding AG acquired 100 % of the shares of Sensirion Connected Solutions Inc. based in Chicago, IL, USA.

If specific conditions according to the share purchase price agreement are met, an additional purchase price up to EUR 31.5 million will be due. The expected additional purchase price is zero, based on the updated estimate (see note 3.7).

At the time of acquisition, the values of net assets according to Swiss GAAP FER are as follows:

In thousands of CHF	Total
Fair value of assets (liabilities)	
Current assets	1,858
Non-current assets	55
Current liabilities	(2,197)
Non-current liabilities	(1,818)
Total net identifiable assets (liabilities)	(2,102)

A detailed breakdown of the identified assets and liabilities is not disclosed due to materiality considerations.

5.2 Subsidiaries

The Company has direct or indirect control over the following subsidiaries or significant influence over the following associates.

For the year ended 31 December			2022		Consolidation	
			Voting rights in %	Voting rights in %	2021	
Company, principal place of business		Share capital				
Sensirion AG, Stäfa (Switzerland)	CHF	2,000,000	100	100	100	100
Sensirion China Co. Ltd., Shenzhen (China)	CNY	1,260,000	100	100	100	100
Sensirion Inc., Chicago (USA)	USD	660,000	100	100	100	100
Sensirion Japan Co. Ltd., Yokohama (Japan)	JPY	25,000,000	100	100	100	100
Sensirion Korea Co. Ltd., Anyang-Si (South Korea)	KRW	100,000,000	100	100	100	100
Sensirion Taiwan Co. Ltd., Hsinchu (Taiwan)	TWD	25,000,000	100	100	100	100
Sensirion Hungary Kft., Debrecen (Hungary)	HUF	3,110,000	100	100	100	100
Sensirion Automotive Solutions AG, Stäfa (Switzerland)	CHF	100,000	100	100	100	100
Sensirion Automotive Solutions Inc., Eaton Rapids (USA)	USD	250,000	100	100	100	100
Sensirion Automotive Solutions Korea Co. Ltd., Seoul (South Korea)	KRW	38,543,000,000	100	100	100	100
Sensirion Automotive Solutions (Shanghai) Co. Ltd., Shanghai (China)	CNY	28,450,000	100	100	100	100
Sensirion Automotive Solutions Hungary Kft., Debrecen (Hungary) ¹	HUF	3,100,000	100	100	100	100
Sensirion Connected Solutions AG, Stäfa (Switzerland) ²	CHF	100,000	100	100	100	100
AiSight GmbH, Berlin (Germany)	EUR	30,870	100	100	100	100
Sensirion Connected Solutions Inc., Chicago (USA)	USD	2,631,099	100	100	100	100
IRsweep AG, Stäfa (Switzerland)	CHF	166,667	100	100	100	100
Qmicro B.V., Enschede (Netherlands)	EUR	1,000	100	100	100	100
Lumiphase AG, Kilchberg (Switzerland)	CHF	203,601	51	36	25	20
						Δ

¹ Founded on 28 May 2021

Consolidation

² Founded on 30 September 2021

○ Fully consolidated company

Δ Equity method

Accounting principles

Business combinations

Business combinations are accounted for using the acquisition method. The assets and liabilities of the acquired company are valued at fair values using uniform accounting policies. The differences between the cost of acquisition and the fair value of the net assets acquired are recognized as goodwill and offset with equity. In a step acquisition, the fair value of any non-controlling equity interest in the acquiree that is held immediately before obtaining control is used in the determination of goodwill. Therefore, the non-controlling interest is remeasured to fair value at the date of acquisition with any resulting gain or loss recognized in the income statement. When a company is divested, the original cost of the goodwill is included in the gain or loss on disposal. Transaction costs in connection with acquisitions and divestments are recognized directly in the income statement. Upon acquisition of minority interests in a fully consolidated company, the difference between the purchase price and the carrying value of the minority interests is recognized directly in retained earnings. A reduction in the ownership interest without the loss of control is also recognized in equity.

The acquisition costs also include deferred or owed purchase price payments. Contingent purchase price payments (e.g. earn-out) are recognized if they are considered probable. They are recorded in provisions until the date of payment. Changes in the estimate of the contingent purchase price payment are recognized directly in equity. Contingent purchase price payments affect goodwill and are offset directly against retained earnings.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity directly or indirectly, either by holding more than half of the voting rights or by having the power to govern their operating and financial policies. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Associated companies

Companies in which Sensirion Group can exercise a decisive influence are included in the consolidation using the equity method. The investment is valued at the Group's share of the equity, and the Group's share of the net result is included in the consolidated income statement. A decisive influence is assumed if the Group holds at least 20% but less than 50% of the voting rights. Goodwill arising from the acquisition of an associated company is offset with equity.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign currency transactions in Group companies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are generally recognized in the income statement. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Translation of financial statements to be consolidated

Group financial statements are presented in Swiss francs. Assets and liabilities of Group companies with a functional currency other than the Swiss franc are translated at the exchange rates at the reporting date, equity is translated at historical rates, while the income statement is translated using average rates for the reporting period. Any resulting exchange differences are recognized in shareholders' equity.

Translation differences on long-term loans which are similar in nature to equity are posted in translation reserves in equity. In the event of loss of control of a subsidiary or loss of significant influence of an associate, the corresponding accumulated exchange differences of foreign companies recognized in equity are reclassified to the income statement. Accumulated exchange differences arising from equity-like loans are reclassified to the income statement upon disposal of the subsidiary.

6 Other information

6.1 Pension benefit obligations

The Group has pension plans in Switzerland and South Korea in accordance with the relevant national regulations. The Swiss plan is the most important, as the majority of staff operate from Switzerland.

6.1.1 Economical benefit/economical obligation and pension benefit expenses

In thousands of CHF	Surplus/ Deficit	Economical part of the organization	Change from previous year		Contributions concerning the business period		Pension benefit expenses within personnel expenses
			2022	2022	2022	2021	
Pension funds without surplus/deficit					5,597	5,597	4,859
Total economical benefit/economical obligation and pension benefit expenses	-	-	-	-	5,597	5,597	4,859

Swiss employees are insured with Swisscanto Sammelstiftung. As of 31 December 2022, the statutory funding ratio of this pension plan is 97.6% (31 December 2021: 108.0%). Due to the comprehensive solidarities in the pension fund, the deficit cannot be allocated to the affiliated companies. Therefore, no economic share of the Group can be claimed.

6.1.2 Employer contribution reserves (ECR)

In thousands of CHF	Nominal value	Waiver of use	Balance sheet	Accumu- lation	Balance sheet	Result from ECR in personnel expenses		
						31 Dec 2022	2022	31 Dec 2022
Pension funds	20,033	-	20,033	-	20,033	-	-	-
Total employer contribution reserves	20,033	-	20,033	-	20,033	-	-	-

Accounting principles

Assets and liabilities from employee benefits (incl. employer contribution reserve)

The employee benefit plans are either financially independent entities and foundations outside of the Group (funded plans) or unfunded plans with a corresponding liability in the balance sheet. Financing is provided by employee and employer contributions. The actual economic impact of all employee benefit plans that provide benefits for retirement, death or disability are calculated as at the balance sheet date. In the case of foreign plans, the provisions calculated according to local regulations are included in the consolidated financial statements. A benefit resulting from employer contribution reserves is recognized as an asset. Any additional economic benefit (from a surplus in pension fund cover) is not capitalized. An economic obligation is recognized as a liability if the conditions for the recognition of a provision are met.

6.2 Share-based payment arrangement

6.2.1 Description of share-based payment arrangements

At 31 December 2022, the Group had the following share-based payment arrangements.

Bonus and Restricted Share Unit Plan (settlement choice for employees and equity-settled for members of the Executive Committee)

The Group established a recurring bonus program under which an eligible employee who has not given or received notice of termination may choose between the payment of its annual bonus entirely in cash ("Cash Bonus") or entirely in shares of the Company and additional RSU ("Equity Bonus"), provided that the employee has not been given notice of termination for cause by its employer. For the Equity Bonus, the number of shares is determined by dividing the bonus amount by the average price of the Company's shares on the SIX Swiss Exchange over a period of time before the date of the allocation of the shares. Such shares may not be sold, otherwise transferred, pledged or made the object of hedging transactions for a period of three years after the end of the election period. The number of RSU granted within the Equity Bonus will be determined by the Group in its sole discretion at the grant date. The RSU vest over a period of three years starting from the end of the election period.

The number of shares granted to employees amounts to 19,685 (2021: 26,308) and the number of RSU granted amounts to 5,047 (2021: 6,704). The fair value of one share at grant date amounts to CHF 95.90 (2021: CHF 124.70) and the fair value of one RSU at grant date amounts to CHF 95.90 (2021: CHF 124.70). The values correspond to the listed share price of the Company's shares at grant date.

Contrary to employees, members of the Executive Committee have no settlement choice; they will receive their annual bonus entirely in the form of an Equity Bonus. Approval of the aggregate amount of variable compensation for the Executive Committee by Sensirion Holding AG's Annual General Meeting pursuant to the Articles of Association of the Company is required. All other conditions are similar to the other employees. The number of shares granted to members of the Executive Committee amounts to 1,378 (2021: 1,566) and the number of RSU granted amounts to 1,378 (2021: 1,566). The estimated fair value of one share at grant date amounts to CHF 97.90 (2021: CHF 133.30) and the estimated fair value of one RSU at grant date amounts to CHF 97.90 (2021: CHF 133.30). The values correspond or are derived from the listed share price of the Company's shares at 31 December 2022. These estimated fair values will be updated to reflect the circumstances at the date of the next Annual General Meeting.

For 2022, the Group granted a total annual bonus amount of CHF 5,995 thousand (2021: CHF 8,671 thousand). The amount is split between cash bonus of CHF 3,353 thousand (2021: CHF 4,137 thousand) and equity bonus of CHF 2,642 thousand (2021: CHF 4,534 thousand).

6.2.2 Outstanding instruments at the reporting date

Details on the number of instruments outstanding under the share-based payment arrangements at the reporting date are as follows:

In units	31 December 2022	31 December 2021
Restricted share units – Bonus and Restricted Share Unit Plan	36,810	45,542

6.2.3 Reconciliation of outstanding RSU

The number and weighted-average exercise prices of RSU under the share-based payment arrangements were as follows:

	Number of RSU	Weighted-average exercise price (in CHF)
In options		
2022		
Outstanding at 1 January	45,542	0.10
Exercised during the year	(14,648)	0.10
Granted during the year	6,425	0.10
Forfeited during the year	(509)	0.10
Outstanding at 31 December	36,810	0.10
Exercisable at 31 December	-	-
2021		
Outstanding at 1 January	38,995	0.10
Exercised during the year	(156)	0.10
Granted during the year	8,270	0.10
Forfeited during the year	(1,567)	0.10
Outstanding at 31 December	45,542	0.10
Exercisable at 31 December	-	-

The RSU outstanding at 31 December 2022 had an exercise price of CHF 0.10 (31 December 2021: CHF 0.10) and a weighted-average contractual life of 1.4 years (31 December 2021: 1.4 years).

Accounting principles

Cash-settled share-based payment transactions

The fair value of the amount payable to employees is recognized as an expense with a corresponding increase in liabilities. The liability is remeasured to fair value at each reporting date and at settlement date. Any changes in the liability is recognized as part of personnel costs.

Equity-settled share-based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards, if any. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service condition, if any, is expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service condition at the vesting date.

Share-based payment transactions with settlement choice for the counterparty

When the counterparty has a choice of settlement in a share-based payment transaction, the Group grants a compound financial instrument which includes a debt component (i.e. the counterparty's right to demand payment in cash) and an equity component (i.e. the counterparty's right to demand settlement in equity instruments rather than in cash). The Group first measures the fair value of the debt component and then measures the fair value of the equity component. The fair value of the debt component is recognized over the vesting period, if any, as employee benefit expenses with a corresponding entry to cash-settled share-based payment liabilities, whereas the equity component is recognized as employee benefit expenses with a corresponding entry to capital reserves. At the date of settlement, the Group remeasures the cash-settled share-based payment to its fair value. If the counterparty chooses to receive equity instruments, the remeasured liability is transferred directly to capital reserves.

6.3 Related parties

As part of its normal business activities, the company maintains relations with associated companies as well as transactions with key management personnel.

Transactions with key management personnel

There were no transactions with key management personnel outside of the ordinary compensation from their activities as employees or as specifically appointed bodies.

Other related party disclosures

In thousands of CHF	31 December 2022	31 December 2021
Trade receivables	192	55

In thousands of CHF, for the year ended 31 December

2022	2021	
Sales and other income	467	205

6.4 Subsequent events

The consolidated financial statements were approved for publication by the Board of Directors on 13 March 2023. The approval of the consolidated financial statements by the shareholders will take place at the Annual Shareholders' Meeting.

No events have occurred between 31 December 2022 and 13 March 2023 which would necessitate adjustments to the carrying values of the Sensirion Group's assets or liabilities, or which require additional disclosure.

Auditor's Report



Statutory Auditor's Report

To the General Meeting of Sensirion Holding AG, Stäfa

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sensirion Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 130 to 157) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

REVENUE RECOGNITION

COSTING OF WORK IN PROGRESS, SEMI-FINISHED AND FINISHED GOODS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



REVENUE RECOGNITION

Key Audit Matter

Revenue is the basis for evaluating the course of business of the Group and is thus a focus area of internal target setting and external expectations. These expectations create potential pressure on management to achieve the set targets, which leads to an increased risk in revenue recognition, in particular the risk that the accrual principle is not correctly applied.

Our response

We analysed the processes set up to ensure a correct application of the accrual principle. We identified internal controls with regards to revenue recognition and tested the design and implementation of selected controls.

Furthermore, we performed, amongst others, the following procedures:

- We evaluated the application of the accrual principle as of 31 December 2022 on a sample basis by comparing invoices to delivery papers and assessing the effect of incoterms.
- We inspected a sample of credit notes issued after year-end and evaluated whether the related adjustments to revenue had been recognised in the appropriate financial period.
- We assessed profit margins and deviation analyses, identifying significant or unusual deviations to prior year and to our expectations. We discussed such analyses with management and where appropriate corroborated with additional documentation.
- Additionally, we identified transactions that deviated from the standard processes, such as entries with unusual counter-entries, for further investigation and validated the existence and accuracy of this population.

For further information on revenue recognition refer to the following:

- Note 2.1 to the consolidated financial statements



COSTING OF WORK IN PROGRESS, SEMI-FINISHED AND FINISHED GOODS

Key Audit Matter

Work in progress, semi-finished and finished goods amount to MCHF 41.1 as of 31 December 2022 and therefore form a significant part of the Group's inventories.

The business is characterized by high precision serial production with significant value added during the manufacturing process.

During the manufacturing process, standard costs are used to allocate fixed and variable overhead costs to the produced goods. Standard costs underly management judgement with regards to planned production capacities. Furthermore, input data such as personnel and depreciation costs as well as calculation methods of standard costs directly affect the carrying amount of inventories.

For further information on costing of work in progress, semi-finished and finished goods refer to the following:

- Note 3.2 to the consolidated financial statements

Our response

Our audit procedures in this area included, amongst others:

- Challenging the Group's calculation of standard cost rates on a sample basis by comparing key parameters such as personnel and depreciation costs used in the calculation to the underlying actual data and relevant documentation.
- Inspecting on a sample basis whether cost components included or excluded in the standard cost rates is appropriate.
- Assessing on a sample basis if fixed and variable overhead costs were appropriately considered based on normal production capacities.



Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.



- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Silvan Jurt
Licensed Audit Expert
Auditor in Charge

Matthias Bachmann
Licensed Audit Expert

Zurich, 13 March 2023

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

© 2023 KPMG AG, a Swiss corporation, is a subsidiary of KPMG Holding AG, which is a member of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Financial Statements of Sensirion Holding AG

Income Statement

In thousands of CHF, for the year ended 31 December	Note	2022	2021
Revenue from royalties	1.6	8,360	7,644
Total income		8,360	7,644
Personnel expenses		(1,072)	(1,027)
Other operating expenses		(884)	(1,320)
Amortization on intangible assets		(15)	(15)
Financial income	2.5	559	822
Financial expense	2.5	(2,073)	(758)
Income taxes		(805)	(488)
Total expenses		(4,290)	(2,786)
Profit for the year		4,070	4,858

Balance Sheet

In thousands of CHF	Note	31 December 2022	31 December 2021
Assets			
Cash and cash equivalents		55,123	54,129
Other short-term receivables			
– from third parties		22	–
– from companies in which the entity holds an investment		135	205
Prepaid expenses and accrued income		93	90
Total current assets		55,373	54,424
Financial assets	2.1	51,925	52,616
Investments	2.2	70,957	69,776
Intangible assets		7	23
Total non-current assets		122,889	122,415
Total assets		178,262	176,839
Liabilities			
Trade payables			
– to third parties		24	20
Other liabilities			
– to third parties		119	88
– to companies in which the entity holds an investment		817	3,100
Accrued expenses		680	542
Total current liabilities		1,640	3,750
Provisions			5,955
Total non-current liabilities		–	5,955
Total liabilities		1,640	9,705
Equity			
Share capital		1,562	1,557
Legal capital reserves	2.4		
– Reserves from capital contributions		132,723	127,311
– Other capital reserves		4,597	4,597
Legal retained earnings			
– General legal retained earnings		603	603
– Reserves for treasury shares		3,774	472
Voluntary retained earnings			
– Retained earnings brought forward		29,293	27,736
– Profit for the year		4,070	4,858
Total equity		176,622	167,134
Total liabilities and equity		178,262	176,839

Notes to the Financial Statements of Sensirion Holding AG

1 Principles

1.1 General aspects

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that, to ensure the company's going concern, the company's financial statements may be influenced by the creation and release of hidden reserves.

1.2 Financial assets

Financial assets include long-term loans. Loans granted in foreign currencies are translated at the exchange rate at the balance sheet date, unrealized losses are recognized immediately whereby unrealized profits are not recognized. Investments with a long-term investment purpose and less than 20% capital rights are considered financial assets. Investments with long-term investment purpose with more than 20% capital rights are considered investments.

1.3 Investments

Investments are accounted for at costs less any impairment losses.

1.4 Treasury shares

Treasury shares are held in the subsidiary Sensirion AG.

1.5 Share-based payments

The purpose of the Bonus and Restricted Share Plan (see Note 6 of the Consolidated Financial Statements) is to provide eligible employees with an opportunity to participate in the creation of long-term shareholder value of the Sensirion Group. Members of the Executive Committee shall be awarded their bonus in the form of an equity bonus only, not having the right to choose between a cash bonus and an equity bonus. Except for exceptions as determined by the Executive Committee, eligible employees who are awarded a bonus from time to time may choose between

- (a) payment of the bonus in cash (the cash bonus); or
- (b) payment of the bonus in shares of Sensirion Holding AG (shares) and additional restricted share units (RSUs), in each case subject to the terms, conditions and restrictions set forth in the plan.

An eligible employee can only elect to receive either the full bonus in the form of a cash bonus or an equity bonus. The number of shares to be awarded shall be determined by dividing the bonus amount by an average price of the shares as quoted on the SIX Swiss Exchange over a period of time prior to the date of allocation of the shares as determined by Sensirion Holding AG in its sole discretion, rounded down to the nearest full number of shares. The number of RSUs to be awarded shall be determined by Sensirion Holding AG in its sole discretion.

1.6 Revenue from royalties

Sensirion Holding AG charges its subsidiaries royalties. The royalties are based on the revenue that is generated by the subsidiaries using the patented technology of Sensirion Holding AG.

1.7 Foregoing a cash flow statement and additional disclosures in the notes

As Sensirion Holding AG has prepared its consolidated financial statements in accordance with a recognized accounting standard (Swiss GAAP FER), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law.

2 Disclosure on balance sheet and income statement items

2.1 Financial assets

In thousands of CHF	31 December 2022	31 December 2021
Non-current financial assets		
Clarity Movement Co.	-	524
MaxWell Biosystems AG	3,688	3,688
Loans to subsidiaries	48,237	48,404
Total non-current financial assets	51,925	52,616

2.2 Investments

	31 December 2022		31 December 2021					
In thousands of CHF								
a) Direct investments								
Company, location	Share capital	in %	Share capital	in %				
Sensirion AG, Stäfa (Switzerland)	CHF 2,000,000	100	2,000,000	100				
Sensirion China Co. Ltd., Shenzhen (China)	CNY 1,260,000	100	1,260,000	100				
Sensirion Inc., Chicago (USA)	USD 660,000	100	660,000	100				
Sensirion Japan Co. Ltd., Yokohama (Japan)	JPY 25,000,000	100	25,000,000	100				
Sensirion Korea Co. Ltd., Anyang-Si (South Korea)	KRW 100,000,000	100	100,000,000	100				
Sensirion Taiwan Co. Ltd., Hsinchu (Taiwan)	TWD 25,000,000	100	25,000,000	100				
Sensirion Hungary Kft., Debrecen (Hungary)	HUF 3,110,000	100	3,010,000	100				
Sensirion Automotive Solutions AG, Stäfa (Switzerland)	CHF 100,000	100	100,000	100				
Sensirion Connected Solutions AG, Stäfa (Switzerland)	CHF 100,000	100	100,000	100				
Sensirion Connected Solutions Inc., Chicago (USA)	USD 2,631,099	100	2,631,099	100				
IRsweep AG, Stäfa (Switzerland)	CHF 166,667	100	166,667	100				
Qmicro B.V., Enschede (Netherlands)	EUR 1,000	100	1,000	100				
Lumiphase AG, Zürich (Switzerland)	CHF 203,601	51	133,323	25				
b) Significant indirect investments								
Sensirion Automotive Solutions Inc., Eaton Rapids (USA)	USD 250,000	100	250,000	100				
Sensirion Automotive Solutions Korea Co. Ltd., Seoul (South Korea)	KRW 38,543,000,000	100	38,543,000,000	100				
Sensirion Automotive Solutions (Shanghai) Co. Ltd., Shanghai (China)	CNY 28,450,000	100	28,450,000	100				
Sensirion Automotive Solutions Hungary Kft., Debrecen (Hungary)	HUF 3,100,000	100	3,000,000	100				
AiSight GmbH, Berlin (Germany)	EUR 30,870	100	30,870	100				

2.3 Treasury shares

Held by subsidiary Sensirion AG

	2022	2021
In thousands of CHF		
Treasury shares nom. CHF 0.10		
Stock at 1 January in shares	20,599	75,857
Book value at 1 January	472	1,735
Purchases in shares	37,000	-
Purchase price	3,305	-
Allocations from share-based payment plans in shares	(149)	(55,258)
Allocation Price	(3)	(1,263)
Stock at 31 December in shares	57,450	20,599
Book value at 31 December	3,774	472

2.4 Legal capital reserves

Reserves from capital contributions in the amount of CHF 127,311 thousand have been confirmed by the Federal Tax Authority. The additional increase of the reserves from capital contributions in the amount of CHF 5,412 thousand have not been confirmed by the Federal Tax Authority yet. Therefore, the reserves from capital contributions may still change and needs to be considered as provisional.

2.5 Financial result

In thousands of CHF, for the year ended 31 December	2022	2021
Financial income	559	822
Financial expenses	(2,073)	(758)
Total	(1,514)	64

The financial income of CHF 559 thousand (prior year: CHF 822 thousand) mainly include interest income from loans to subsidiaries. Financial expenses in the amount of CHF 2,073 thousand (prior year: CHF 758 thousand) mainly include valuation differences of financial assets and exchange losses as of 31 December 2022.

3 Other information

3.1 Full-time equivalents

Sensirion Holding AG has no employees.

3.2 Collateral provided for liabilities of third parties

Collateral provided for liabilities of third parties amount to CHF 40,000 thousand (prior year: CHF 40,000 thousand). These are guarantees issued on behalf of subsidiaries of which CHF 493 thousand are used.

3.3 Letter of comfort

Sensirion Holding AG has undertaken to provide Sensirion Automotive Solutions AG (as a supplier to a customer) with the necessary financial resources on an ongoing basis. The obligation to provide financial resources amounts to EUR 4,500 thousand per calendar year and to a maximum total amount of EUR 45,000 thousand during the term of the contract. This contract may be terminated for the first time on 31 December 2046 with 12 months' notice.

3.4 Equity-settled share-based payment transactions

Value in thousands of CHF	2022		2021	
	Quantity	Value	Quantity	Value
Allocated shares to employees excluding the EC	19,685	1,978	26,308	3,507
Allocated RSUs to employees excluding the EC	5,047	494	6,704	894
Total	24,732	2,472	33,012	4,401

3.5 Shares held by members of the Board of Directors and the Executive Committee

The members of the Board of Directors and the Executive Committee (including related parties) held the following number of shares and RSUs as of 31 December:

Board of Directors	2022		2021	
	Shares	RSUs	Shares	RSUs
Dr. Moritz Lechner, Co-Chairman	863,181	-	871,900	-
Dr. Felix Mayer, Co-Chairman ¹	863,181	-	871,900	-
Ricarda Demarmels, member	250	-	250	-
Heinrich Fischer, member, resigned 16 May 2022	117,781	-	117,781	-
François Gabella, member	-	-	-	-
Dr. Franz Studer, member	-	-	-	-
Anja König, member	1,157	-	-	-
Total Board of Directors	1,845,550	-	1,861,831	-

Executive Committee	2022		2021	
	Shares	RSUs	Shares	RSUs
Dr. Marc von Waldkirch, CEO	44,481	2,021	43,590	2,094
Dr. Johannes Bleuel, VP Operations	2,613	875	2,735	921
Matthias Gantner, CFO	7,958	855	6,986	889
Heiko Lambach, VP Human Resources	7,981	652	11,720	662
Dr. Andrea Orzati, VP Sales & Marketing	13,988	1,151	19,446	1,195
Dr. Johannes Schumm, VP Research & Development	5,818	1,130	7,444	1,126
Total Executive Committee	82,839	6,684	91,921	6,887

¹ Related parties: including shares held by Fondation des Fondateurs, Zürich, Switzerland.

3.6 Significant shareholders

As of 31 December 2022, the following shareholders held more than 3% of the shares:

Shareholder	2022		2021	
	Shares	% of voting rights	Shares	% of voting rights
Moritz Lechner, Uerikon, Switzerland; Felix Mayer, Stäfa, Switzerland; Fondation des Fondateurs, Switzerland; 7-Industries Holding B.V., Amsterdam, Netherlands; EGS Beteiligungen AG, Zürich, Switzerland; Sensirion Holding AG ¹	5,076,263	32.5%	5,039,412	32.4%
Chase Nominees Ltd. ²	607,003	3.9%	593,116	3.8%
Gottlieb Knoch, Zug, Switzerland	768,666	4.9%	768,666	4.9%
Davent Holding AG, Wollerau, Switzerland ³	547,164	3.5%	547,164	3.5%

¹ The beneficial owner of 7-Industries Holding B.V. is Mrs. Ruthi Wertheimer, Herzliya, Israel. The beneficial owner of EGS Beteiligungen AG, Zürich, Switzerland, is the Ernst Göhner Stiftung, Zug, Switzerland. The shareholders act in concert within the meaning of Article 121 FMIA by virtue of a shareholders' agreement as a result of which they, together with the Company, act in concert. Moritz Lechner, Felix Mayer, Fondation des Fondateurs, 7-Industries Holding B.V. and EGS Beteiligungen AG together hold 32.1% (31 December 2021: 32.2%) of the voting rights.

² Pursuant to the share register, holding shares as nominee for third-party beneficial owners.

³ The beneficial owner of Davent Holding AG is Dr. Thomas Knecht, Wollerau, Switzerland.

4 Subsequent events

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities, or which should be disclosed here.

Proposed appropriation of available earnings

In thousands of CHF

	2022
Retained earnings brought forward	29,293
Net profit for the year	4,070
Available earnings	33,363

The Board of Directors proposes to the General Meeting of Shareholders the following appropriation of available earnings.

In thousands of CHF

	2022
Balance to be carried forward	33,363

Auditor's Report



Statutory Auditor's Report

To the General Meeting of Sensirion Holding AG, Stäfa

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sensirion Holding AG (the Company), which comprise the balance sheet as at 31 December 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 164 to 171) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, the compensation report, and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

KPMG AG
Zurich, 13 March 2023

1



Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

2



Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Silvan Jurt
Licensed Audit Expert
Auditor in Charge

Matthias Bachmann
Licensed Audit Expert

Zurich, 13 March 2023

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

© 2023 KPMG AG, a Swiss corporation, is a subsidiary of KPMG Holding AG, which is a member of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Shareholder information

Valor symbol	SENS
Reuters symbol	SENSI.S
Bloomberg symbol	SENS.SW
Valor number	40,670,512
ISIN	CH 040 670512 6
End of fiscal year	31 December
Exchange	SIX Swiss Exchange
Trading currency	CHF
Listed since	22 March 2018
Number of issued shares (as recorded in the commercial register)	15,573,350
Nominal value	CHF 0.10
Accounting standard	Swiss GAAP FER

Disclaimer

Certain statements in this document are forward-looking statements, including, but not limited to, those using words such as "believe", "assume", "expect" and other similar expressions. Such forward-looking statements are based on assumptions and expectations and, by their nature, involve known and unknown risks, uncertainties and other factors that could cause actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements. Such factors include, but are not limited to, future global economic conditions, changed market conditions, competition from other companies, effects and risks of new technologies, costs of compliance with applicable laws, regulations and standards, diverse political, legal, economic and other conditions affecting markets in which Sensirion operates, and other factors beyond the control of Sensirion. In view of these uncertainties, you should not place undue reliance on forward-looking statements. Sensirion disclaims any intention or obligation to update any forward-looking statements, or to adapt them to future events or developments.

Sensirion uses certain key figures to measure its performance that are not defined by Swiss GAAP FER. These alternative performance measures may not be comparable to similarly titled measures presented by other companies. Additional information on these key figures can be found at <http://www.sensirion.com/alternative-performance-measures>.

This document is not an offer to sell, or a solicitation of offers to purchase, any securities.

Financial calendar

14 March 2023	2022 full-year results and annual report
15 May 2023	Annual general meeting
23 August 2023	2023 half-year results and interim report

Imprint

Publisher

Sensirion AG · Laubisrütistrasse 50 · 8712 Stäfa · Switzerland
Phone: +41 44 306 40 00 · info@sensirion.com

Editing and implementation

Sensirion AG

**Consulting for materiality assessment
and sustainability reporting**
Sustainserv GmbH

Concept and design

Sensirion AG

Contact

For further information, please contact:

Heiko Komaromi, Director Investor Relations/Business Development
Phone: +41 44 544 1644
heiko.komaromi@sensirion.com