25 years of innovation

Annual Report 2023

SENSIRION

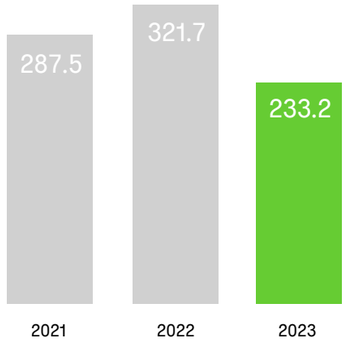
Sensirion is a pure-play sensor company at the forefront of sensor innovation and has demonstrated a strong track record of developing and manufacturing sophisticated and cost-effective environmental and flow sensor solutions for the automotive, medical, industrial and consumer markets.

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.

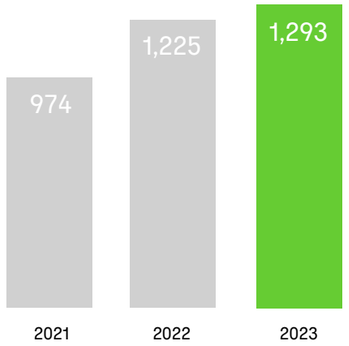
Content

Key Figures

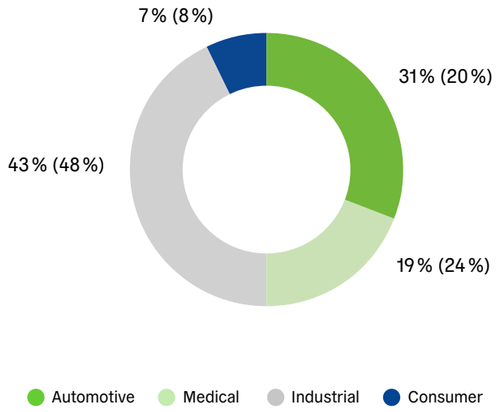
Revenue (in CHF million)



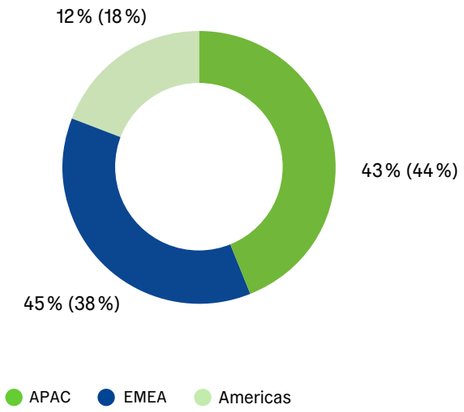
Number of employees (FTE) as of Dec 31



Revenue by market 2023 (2022)



Revenue by region 2023 (2022)



233.2
Revenue
in CHF million

52.2 %
Gross Margin

4.3 %
EBITDA Margin

Challenging 2023, economic headwinds interrupt growth cycle

Unchanged support from global megatrends: energy efficiency, climate change and health

Increasing investment in R&D to bolster key launches in 2024 and 2025 and to fully realize long-term growth

Key Figures

Consolidated, in millions of CHF	31 December 2023	Δ in %	31 December 2022
Revenue	**233.2**	**(27.5%)**	**321.7**
Gross profit	**121.8**		**190.6**
– as % of revenue	52.2%		59.2%
Operating profit (loss)	**(5.8)**	**(107.8%)**	**74.4**
– as % of revenue	(2.5%)		23.1%
Profit (loss) for the period	**(6.6)**	**(110.3%)**	**63.6**
– as % of revenue	(2.8%)		19.8%
Basic earnings per registered share (in CHF)	**(0.42)**		**4.08**
EBITDA[1]	**10.1**	**(88.7%)**	**89.6**
– as % of revenue	4.3%		27.8%
Cash flow from operating activities	**(10.9)**		**49.5**
Capital expenditures[2]	**(35.5)**		**(31.2)**
Free cash flow[3]	**(46.4)**		**18.3**

	31 December 2023		31 December 2022
Total assets	**332.6**		**358.0**
Total liabilities	**36.9**		**53.8**
Total equity	**295.7**		**304.1**
Net cash (Net debt)[4]	**73.1**		**123.0**
Number of employees (FTE)	**1293**	**5.5%**	**1225**

[1] EBITDA is calculated as the sum of operating profit or loss and depreciation, amortization and impairment loss.

[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

2023 was a challenging year for Sensirion. After three reporting periods of strong growth during the pandemic and immediately after, we encountered some economic headwinds last year. High customer inventories and the generally subdued consumer sentiment led to weak demand from end customers, particularly in the appliances and consumer markets. Unlike many other electronics companies, we did not benefit from clearing high order backlogs, as we were able to continue delivering throughout the allocation phase. The decline in sales was further exacerbated in the reporting year by the normalization of the elevated demand for air quality products in the preceding years due to the pandemic.

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

Lower sales due to the challenging market environment and no one-off medical business

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

The gross margin was 52.2% and the EBITDA margin reached 4.3%. Due to the low variable cost component of our products, the gross margin and EBITDA margin react disproportionately to changes in revenue. This effect was beneficial during the years of strong growth, but it had the opposite effect in the reporting year. After an above-average gross margin for a few years due to high utilization of production capacities, it shrank in the reporting year due to low utilization and a less favorable product mix. Nevertheless, we continued to expand our sales and R&D capacities last year to enable significant product launches in new applications in 2024 and 2025. By doing so, we are also supporting and exploring promising innovation projects and market opportunities with a longer-term focus. While this impacts our profitability in the short term, it improves our growth prospects for the coming years. The expansion of the workforce is complete and we do not envisage any further additions in the coming months. At our production plants, ongoing capacity adjustments were made in the reporting year by reducing the number of temporary staff. Additional measures to increase productivity in the factories and in administration have been initiated. A loss of CHF −5.8 million was reported at the operating result level, corresponding to a net loss of CHF −6.6 million for the period. Operating cash flow amounted to CHF −10.9 million.

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

The automotive market has proved highly resilient to the economic downturn. Sales increased to CHF 72.5 million, up 11% on the previous year. This growth was partly driven by new module projects as a Tier 1 supplier for European OEM customers and by the components business as a Tier 2 supplier.

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

After several years of strong growth, the broadly diversified industrial market experienced significant slowing effects. Compared to the previous year, sales were down by 34% to CHF 101.0 million. This is primarily due to the appliances and HVAC (heating, ventilation and air conditioning) markets. These segments have seen strong growth over the past two years and they further benefited from the much greater awareness of indoor air quality solutions brought about by the pandemic. The excess demand has normalized again since these boom years and is reflected in a temporary dip. The situation has been further exacerbated by very high inventories right along the value chain that are only slowly being depleted. The significant decline in sales is solely attributable to the economic situation; we have not lost any customers or projects in this market segment either. As things stand, we expect the inventory corrections to be complete by the first half of 2024. Business will also be boosted by new projects that are currently in the design-in phase. Further, less significant declines were recorded in the semiconductor and hard disk subsegments. Sales in the gas metering sector bucked the economic trend and saw an increase thanks to newly initiated customer projects.

A similar situation to the one in appliances was also observed in the related consumer market. Compared to the previous year, sales in this highly fragmented market were down by 44% to CHF 14.9 million. This market had also experienced strong growth in recent years, driven by the heightened awareness of indoor air quality. However, sales suffered from the subdued consumer sentiment worldwide and the normalization of demand after the pandemic-related overconsumption seen in recent years. The situation was further exacerbated by inventory corrections.

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

Medium- and long-term outlook remains positive

Despite the challenging market environment at present, we remain very positive about the medium- and long-term future. We continue to feel strong support from megatrends such as energy efficiency, climate change and health, which are accelerating the increased use of sensors in a wide range of applications. Furthermore, we see a promising and well-stocked pipeline of new customer and design-in projects in all markets, not least because of our decision to keep expanding our sales and R&D capacities last year despite the challenging market conditions.

For example, we are currently working hard to finish developing a new product family of gas leakage sensors for air conditioning systems. This promising growth opportunity has arisen from a new regulation in the US, which will introduce an additional refrigerant class for larger air conditioning systems in 2025. The coolants in the new category are less harmful to the environment, but slightly more flammable. This development will give us the opportunity to introduce new and innovative leakage sensors in this market. Alongside this, we are working on numerous other design-

ins with our extensive range of environmental sensors. This supports our assessment that the entire environmental sensor sector harbors great potential for further growth over the coming years.

The implementation of our growth strategy continues to proceed according to plan. In particular, we are investing resources in the development of the next generation of particulate matter, CO_2 and formaldehyde sensors. By further integrating numerous functionalities at chip level, we will be able to achieve additional key miniaturization milestones in all three product families. The product launches here remain scheduled for 2024 and 2025. With all these projects in mind, we continued to invest in stepping up our R&D activities last year despite the sharp decline in sales.

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

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

Sustainability: a market driver and an ethical responsibility

Energy efficiency and the looming threat of climate change are powerful megatrends that have been supporting our business for years. We want to continue playing a part in making our world and our lives more sustainable and resource-efficient with our innovative sensor solutions. Another top priority in the area of sustainability is to shrink the ecological footprint of our own business processes along the value chain. In 2023, we again made efforts to reduce our carbon emissions and water consumption.

Annual General Meeting in Rapperswil

At the Annual General Meeting 2023, all proposals put forward by the Board of Directors were approved, and all members were re-elected for a further term of office. We were particularly pleased to be able to welcome everyone in person in Rapperswil again after a four-year break due to the pandemic.

Changes on the Board of Directors and Executive Committee

After years of continuity, there were two changes on the Executive Committee in the reporting year: Rahel Meuwly was appointed as the new VP Human Resources and a member of the Executive Committee as of November 1, 2023. Rahel succeeded Heiko Lambach, who has remained at Sensirion but now intends to focus on talent diagnostics and culture development after more than 12 years as VP Human Resources. This will address the growing importance of talent management and help to nurture Sensirion's multi-award-winning corporate culture. Furthermore, Johannes Bleuel, former VP Operations, decided to leave Sensirion to pursue new challenges after more than 11 years with the company. He was succeeded by Franziska Brem on December 1, 2023. Franziska has spent several years in charge of Sensirion's packaging department, which plays a key role at the interface between R&D and operations.

François Gabella, a long-serving member of the Board of Directors, will no longer be available for re-election at the upcoming Annual General Meeting in May 2024. The Board of Directors proposes to the General Meeting that Henri Mrejen be appointed. After holding numerous management positions in different industries, Henri currently serves as Head of Investments at 7-Industries, one of the anchor investors for Sensirion. We would like to thank the two departing members of the Executive Committee, as well as François Gabella, for their outstanding service and commitment over the years. We wish them all the best and every success in their future endeavors.

Outlook

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

Visibility remains low due to geopolitical and macroeconomic challenges. We currently anticipate that stock corrections will continue to depress demand until the middle of the year (and even until the end of the year in the medical market). Against this background and given the economic weakness in key markets, we remain cautious about our existing business and foresee only a moderate recovery this year. However, we expect growth projects to make a significant contribution to sales, particularly in the second half of the year. These projects specifically include those in the automotive module area and those with innovative gas leakage sensors for air conditioning systems described above.

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

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

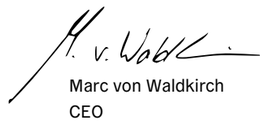
Many thanks to all our employees

On behalf of the Board of Directors and the Executive Committee, we would like to say a heartfelt thank you to all Sensirion employees for their hard work, flexibility and loyalty. 2023 was also a challenging year for our employees, not just for the company. Many of them had to show great flexibility to adapt to the rapidly changing economic environment. One particularly proud moment came in May 2023, when we were recognized once again by "Great Place to Work" as one of Switzerland's best employers in the "Large Workplaces" category. This award reflects our special corporate culture that attracts talented individuals and offers them opportunities to develop. We will continue to foster this culture going forward.

Last but not least, we would like to thank you, dear shareholders, for the continued trust and loyalty you have shown our company this year.

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 72.5 million, which corresponds to an increase of 11.3% compared to 2022, accounting for 31.1% of the group revenue. Both the component-based Tier 2 business as well as the Sensirion Automotive Solutions Tier 1 business contributed to the growth.

Revenue development in CHF million

In 2023, Sensirion's Tier 2 business grew moderately, mainly driven by gas flow sensors which are located in combustion engines' air intake along with humidity sensors to further improve precision control of the combustion process.

The main growth driver, the Tier 1 business, was driven by the uptake and launch of new module projects by Sensirion's European and Korean OEM customers. The market for sensor solutions and applications, such as engine control, anti-fogging, dew-point, vehicle interior air quality (VIAQ) covering CO_2, RHT, and PM2.5 sensors, is growing, and Sensirion as development partner continues to develop component and module projects according to the specified requirements.

While the European business shows good growth, we continue to experience the expected slowdown of demand coupled with currency headwinds in the South Korean market.

Reducing emissions, saving energy and increasing passenger safety and 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 continually expands its environmental sensor portfolio, which is the foundation for continuing our success as direct supplier and development partner to automotive OEMs. Our sensor portfolio can be fitted into technology platforms and supports the strategy of OEMs to continuously decrease emissions and increase energy savings, safety and comfort.

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 of health, related economic benefits and climate matters are helping 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 medium to long term through the penetration rate of sensors in auto-defogging and climate control applications as both applications can help to extend the range of an EV if assisted by smart sensor solutions.

Moreover, we believe that vehicle interior air quality (VIAQ) covering CO_2, RHT and PM2.5 sensors will become more important, ultimately mainstream, independent of the drive mode.

As modern cars gradually transition from combustion engines to BEVs (battery electric vehicles), basic driver assistance evolves towards fully autonomous driving and future technologies such as Advanced Driver Assistance Systems (ADAS) and Battery Management Systems (BMS) gradually unfold.

The journey to autonomous driving is marked by a six-level scale defined by SAE International (Society of Automotive Engineers): 0 No automation, 1 Driver assistance, 2 Hands off, 3 Eyes off, 4 Mind off, 5 Steering wheel optional. Along this journey, water ingress and humidity are critical issues affecting not only performance, but they also pose a risk of corrosion to the electronics over time. By integrating our sensors into ADAS, Sensirion, as a development partner, can safeguard these risks and ensure safety and reliability across the life cycle of the product.

Medical

In the medical market, revenue amounted to CHF 44.9 million (2022: CHF 76.1 million), declining –41.0% year-on-year, contributing 19.2% to group revenue.

Revenue development in CHF million

In 2022, Sensirion recorded extraordinary revenue totaling CHF 28.3 million for sensors sold for home care sleep apnea (CPAP) devices. This was triggered by a major recall issued by a large CPAP manufacturer due to quality issues that were not caused by a Sensirion sensor. When adjusting 2022 for these special effects, the underlying medical revenue declined by CHF –2.9 million or –6.1% to CHF 44.9 million (2022 adj.: CHF 47.8 million).

The full year decline was caused by a weak second half of 2023 driven by stock level optimizations across the industry, which more than offset the strong growth in the first half of 2023 related to high demand from China and to large extended stock building across large customers. It is expected that medical market stock optimization will level off towards the end of the first half of 2024.

In the medical market, Sensirion's sensor solutions are used first and foremost in human respiratory applications. A ventilator or respirator is used for life support in emergency situations. In ventilators used in intensive care units (ICU) of hospitals and mobile ambulances, gas flow sensors and gas flow meters measure the flow into and out of the patient. This is performed at one, two or 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 the 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

In 2023, the diverse industrial market left its multi-year growth trajectory and revenues declined to CHF 101.0 million, which corresponds to a −34.4 % decrease compared to 2022 and accounts for 43.3 % of group revenue.

Revenue development in CHF million

The decline was primarily driven by the appliance and HVAC (heating, ventilation, air conditioning) business. Both market segments have shown high growth rates in the last two years and benefited from the greatly increased sensitivity to indoor air quality solutions caused by the pandemic. In 2023, this excess demand normalized and led to a temporary dip in demand after the boom years. This market pattern was coupled with high inventory levels throughout the entire value chain, which are being reduced slowly. The sharp decline in sales is solely driven by the economic situation; Sensirion has not lost any customers or projects in this market segment. We currently assume that the inventory corrections should be completed during the first half of 2024.

In addition, Sensirion is working on numerous design-in projects that will drive business once the drop in demand and warehouse optimization have come to an end. All these future projects are proceeding according to plan.

In the appliance market, application drivers are optimized energy consumption and increased comfort. Applications include incorporating humidity sensors into refrigerators to optimize energy consumption, using air quality sensors in air purifiers to improve detection of harmful gases and pollutants, and finally, installing CO_2 sensors in air conditioners for enhanced efficiency in room ventilation based on actual occupancy and related CO_2 levels. In 2023 and in the near future, sensor modules that are comprised of a combination of various sensor components such as humidity, total volatile organic compounds (TVOC) and PM2.5 are expected to be a major pillar of growth for the home appliances market.

In addition, in the appliance market, Sensirion is further developing its sensor portfolio by revolutionizing electrochemical sensing and developing a next generation of formaldehyde sensor which is especially designed for indoor air quality monitors and air purifiers.

In the heating, ventilation and air-conditioning (HVAC) segment, sales declined due to the beforementioned factors. Despite the temporary setback, the growing awareness of clean indoor air and the desire to reduce emissions and save energy supported by our growing environmental sensor portfolio will continue to pave the way for further growth in future.

Also in this market segment, Sensirion is working on numerous design-in projects that will start to drive business in the years to come. More specifically, Sensirion R&D, Operations & Commercial teams have been working relentlessly on a new product family of gas leakage sensors for air conditioning systems during 2023. This promising growth opportunity stems from a new Environmental Protection Agency (EPA) regulation in the U.S. that will require a new class of refrigerants for larger air conditioning systems. Starting 1 January 2025, the regulation requires that air conditioning systems operate with a new refrigerant class which is less harmful to the climate (lower global warming potential) but, on the other hand, is more flammable. During the lifecycle of an air conditioning system, refrigerant leakage is a critical issue affecting not only performance, but also posing a significant risk of fire over time. By integrating our gas leakage sensor modules into an air conditioning system, Sensirion, as a development partner, can safeguard the risk and ensure safety and reliability across the lifecycle of the product.

Against the general trend, revenue in the smart gas meter market showed good growth driven by new customer projects. While the gas metering market is generally slow to adapt to new technologies, Sensirion has been able to prove the readiness of smart gas metering and will continue to support the market's transition to smart gas metering with suitable products. Sales of humidity sensors for the hard disk segment declined as expected. The transition to innovative storage technology for our customers will impact near-term demand. Further development of this market is complex and monitored as the shift from magnetic based to solid-state drives is still ongoing.

Consumer

In the consumer market, revenues decreased to CHF 14.9 million, corresponding to a −44.4 % year on-year decline and accounting for 6.4 % of the group revenue.

The consumer market saw strong growth during the pandemic, driven by increased awareness of indoor air quality. This has led to overconsumption and up-stocking across the supply chain. Revenues in 2023 are therefore impacted by both ongoing inventory corrections as well as weak end consumer demand following economic uncertainties.

Revenue development in CHF million

Sensirion is a development partner for several international OEMs which have project pipelines for innovative indoor air quality devices and apps to address growing demand for various types of air quality monitors. Even though several projects have been postponed or have been put on hold, we expect that our expanding environmental sensor portfolio covering CO_2, RHT and PM2.5 (particulate matter) sensors will continue to enable the realizations of cost-efficient, innovate devices and apps for our customers.

In the fast-moving consumer segment, Sensirion is further developing its sensor portfolio by revolutionizing electrochemical sensing and developing a next generation of formaldehyde sensor which is especially designed for battery-powered indoor air quality devices.

The pandemic has illustrated the importance of indoor CO_2 monitoring – not only for well-being but for optimized ventilation, too – and accelerated the development of global standards. Therefore, as of 2023, we also ensure that our sensors are harmonized with RESET and WELL building standards.

The goal of the WELL Standard is to enhance people's health and well-being in the built environment. It is an evidence-based rating system that ensures occupants' health and well-being by measuring, certifying and monitoring the building features.

The RESET standard stands for "Regenerative, Ecological, Social & Economic Targets" and is a sensor-based performance-driven data standard and certification system that requires the data to be sent to the cloud and the results to be communicated with the building users. More specifically, RESET Air is one of the modules of this standard which is currently available to the projects for certification. The RESET Air standard sets out the requirements for continuous monitoring of air quality of an interior space/building which includes deployment of monitors, collection of monitor data and reporting of results. The air quality monitors are required to measure parameters, such as particulate matter (PM2.5), CO_2, total volatile organic compounds (TVOC), places where combustion exists (CO), temperature and relative humidity.

Sensirion empowers its customers to offer solutions that comply with RESET and WELL standards, contributing to the global initiative for heightened awareness and improvement of indoor air quality. In addition, we hold a seat on the WELL Air Concept Advisory board (consisting of scholars and industry representatives) that provides guidance on how WELL can incorporate building interventions that promote high levels of air quality, thereby making sure that WELL takes into consideration the latest advances in sensor technologies to assess and control indoor air quality.

Finally, as increasing urbanization drives heavy traffic situations and global warming promotes heat waves that increase the number of wildfires breaking out around the globe, both trends are boosting demand for Sensirion's proven environmental sensor portfolio.

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 these objectives. This strategy aligns with prominent megatrends such as enhanced energy efficiency and quality of life, escalating digitalization and automation, and a heightened emphasis on environmental protection.

Cultivating excellence: the essence of SensiSpirit

Our distinctive corporate culture, known as “SensiSpirit”, is the result of the entrepreneurial and collaborative mindset embraced by our exceptional workforce 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.

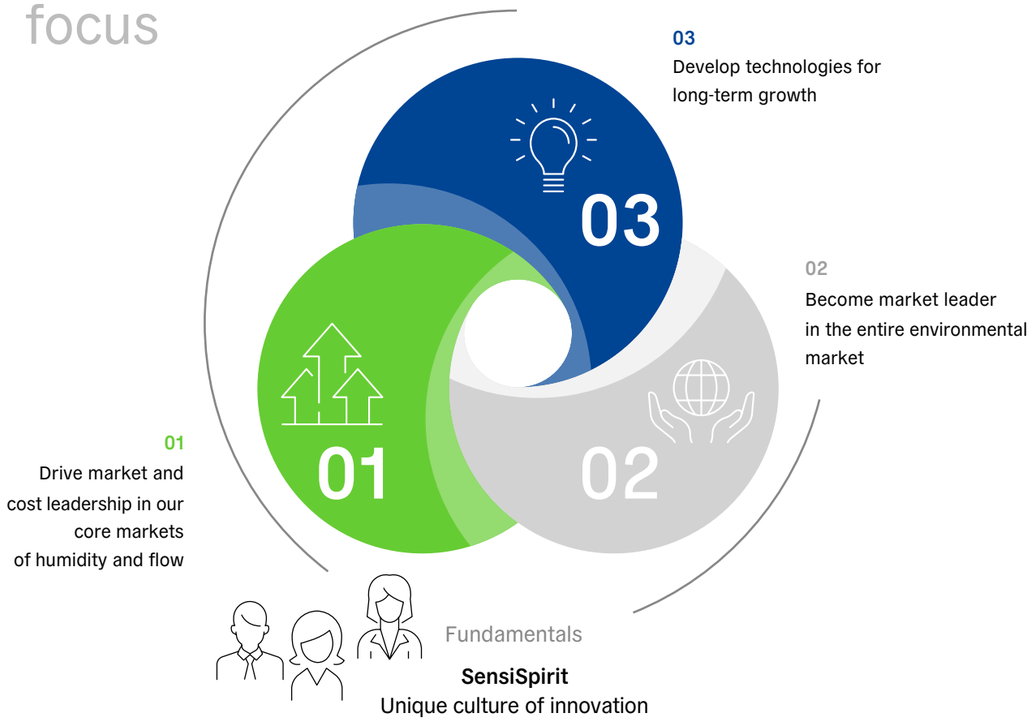
Driving technology and cost leadership in our core markets: humidity and flow

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 sectors where we already hold a dominant market presence, we seek to solidify our leadership through a combination of cost efficiency and technological advancements. Elsewhere, the objective is to expand market share by rolling out innovations and next-generation products while maintaining long-standing, trusting customer relationships and expanding our customer base. In customer acquisition, our focus is on collaborating with leading and innovative manufacturers. 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 robust market position also offers a strategic entry point for the introduction of additional environmental sensors, enhancing our presence in customer applications.

Aiming for the top: leadership in the 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 completed stage, we introduced a first generation of sensors for carbon dioxide (CO_2), 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 next stage, we plan to introduce a miniaturized second generation of these sensors, based on our entire technology value chain. We have already launched these in the case of CO_2 and VOC, and we expect new

Strategic focus



PM2.5 and formaldehyde sensors to be ramped up in 2024 and 2025, respectively. Enhancing innovation through miniaturization and cost optimization is essential for securing and expanding market share.

Furthermore, we will leverage our in-house technologies to efficiently develop new sensors for monitoring other gas parameters. Finally, we plan to expand our range of combo modules for various environmental sensors, unlocking possibilities for new applications and increasing customer content.

Propelling long-term growth through new technologies

We will continue investing in fundamental technological innovation to achieve sustainable company growth by systematically exploring and assessing 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 closely monitor the entire sensor market, identify emerging trends and adapt to evolving customer demands.

Furthermore, we have implemented a systematic strategy for M&A activities to enhance our strategic growth areas. Leveraging our connections with the global and local startup community, we aim to identify cutting-edge sensor technologies and strategically acquire technologies, companies or manufacturing capacities that enhance and fortify our competitive standing.

25 years of research and development

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 13 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 an excellent reputation in its relevant field within the semiconductors industry delivering sensor solutions for applications to the automotive, medical, industrial and consumer goods sectors.

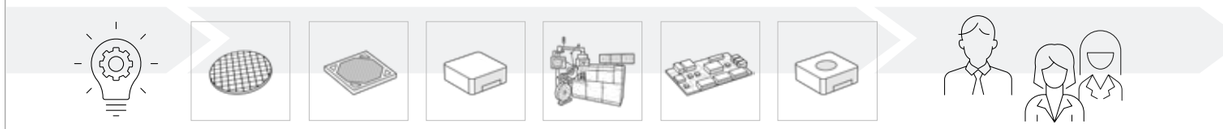
Main applications per market

- **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

All semiconductor wafers used at Sensirion are developed in-house, specifically designed for each product family. In order to optimize the use of capital and increase flexibility, the production of these CMOS (complementary metal-oxide-semiconductor) wafers is outsourced to global foundries in Asia and Europe. Afterwards, the wafers are shipped to Sensirion Switzerland for further sensor processing on wafer level in our own cleanrooms. The packaging steps and sensor calibration steps that follow the clean room processes are done on equipment that is partially designed by Sensirion's own automation group to meet the specific requirements of sensor production. Finally, the end test on component level completes the tight process controls and assures that high quality standards are achieved. Depending on the application and product, these semiconductor components are either sold directly to the end customers around the world or further processed into higher-value integrated sensor modules in our own facilities in Hungary, China, South Korea and Switzerland. 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 is 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.

Value chain



The strategic deep control of the value chain and the close relationship to universities that allows us to recruit continuously top talents from engineering are key ingredients for continued success.

Built with values

Sensirion, a company founded in 1998 as an ETH Zurich spin-off by Moritz Lechner and Felix Mayer, has grown to become a global leader in innovation with a unique culture and style that we call the SensiSpirit. At Sensirion, we prioritize the human factor and strive to build long-lasting relationships with our customers, prospective employees, shareholders, analysts, suppliers and the general public with both curiosity and passion.

The SensiSpirit is based on the following values:

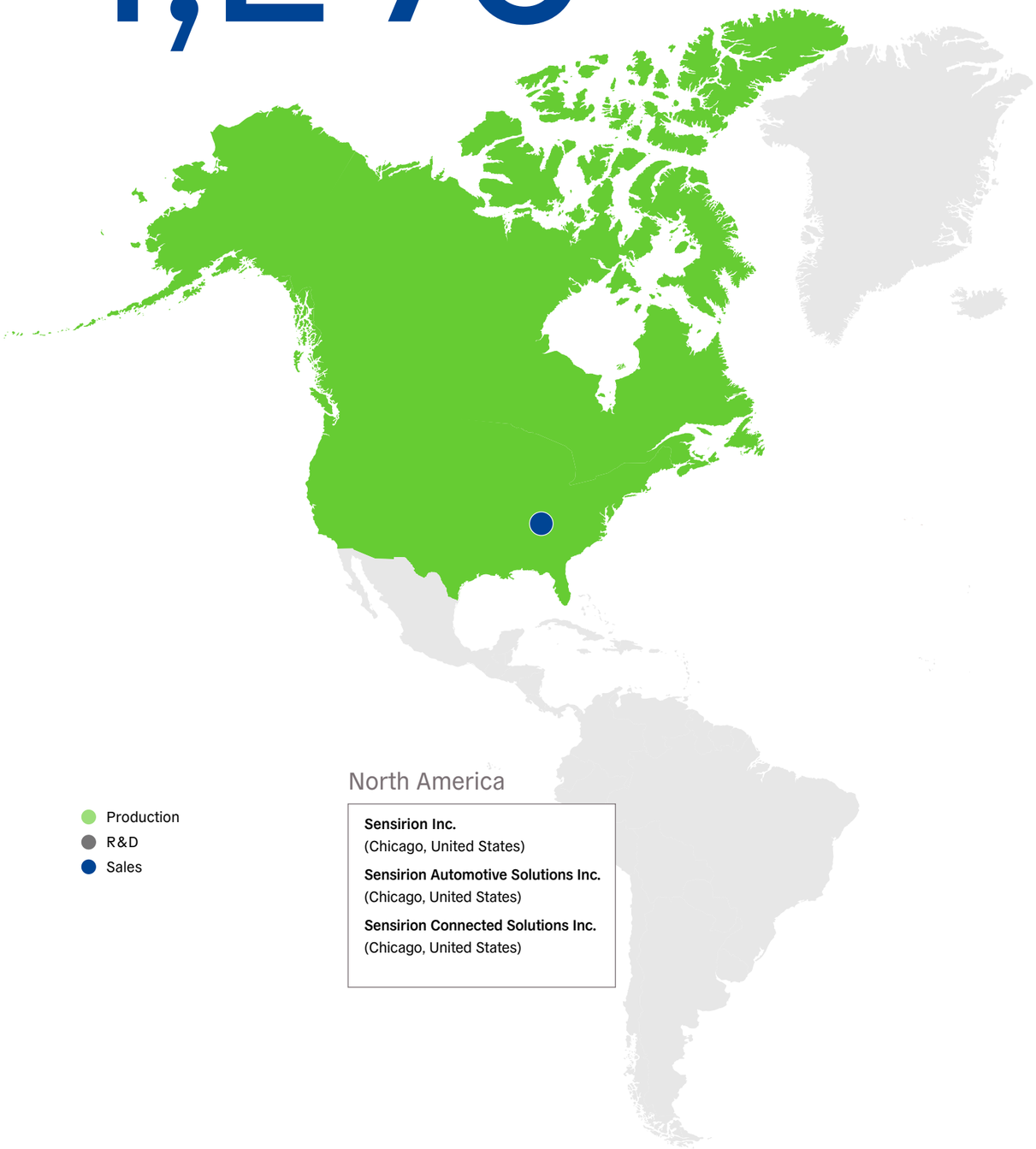
- **Fair and honest** These are the guiding principles for how we work with all involved parties here at Sensirion, be it customers, external suppliers and partners, or our employees.

- **Together** We believe that every employee and supplier should actively be involved in the constructive journey to find workable solutions. Teams are not opponents; they are partners working in concert, where individual goals harmonize with the overall mission. Success is a collective effort, and we can only 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.

1,293

Employees (FTE) worldwide as of 31 December 2023



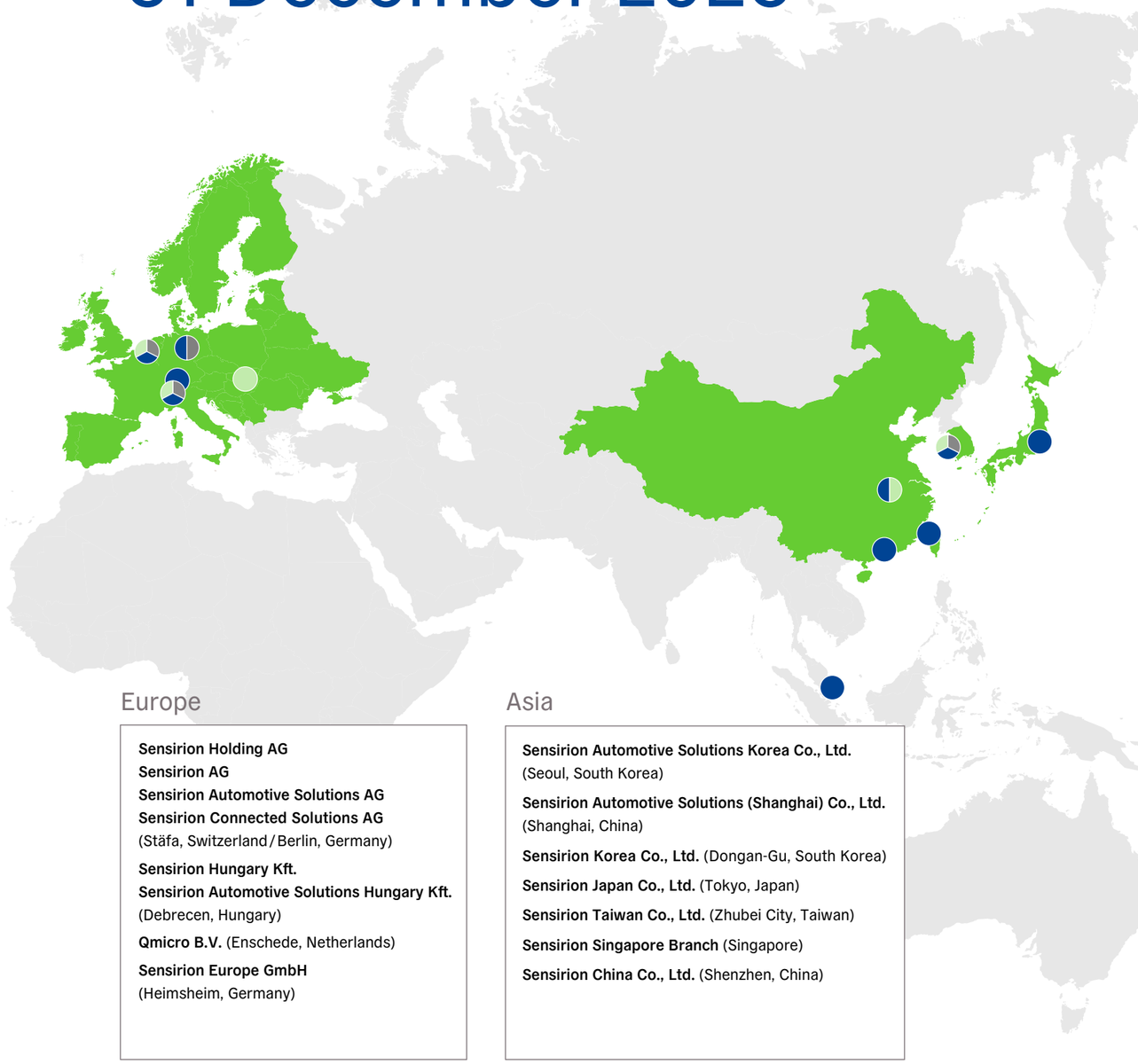
- Production
- R&D
- Sales

North America

Sensirion Inc.
(Chicago, United States)

Sensirion Automotive Solutions Inc.
(Chicago, United States)

Sensirion Connected Solutions Inc.
(Chicago, United States)



Europe

Sensirion Holding AG
Sensirion AG
Sensirion Automotive Solutions AG
Sensirion Connected Solutions AG
(Stäfa, Switzerland / Berlin, Germany)

Sensirion Hungary Kft.
Sensirion Automotive Solutions Hungary Kft.
(Debrecen, Hungary)

Qmicro B.V. (Enschede, Netherlands)

Sensirion Europe GmbH
(Heimsheim, Germany)

Asia

Sensirion Automotive Solutions Korea Co., Ltd.
(Seoul, South Korea)

Sensirion Automotive Solutions (Shanghai) Co., Ltd.
(Shanghai, China)

Sensirion Korea Co., Ltd. (Dongan-Gu, South Korea)

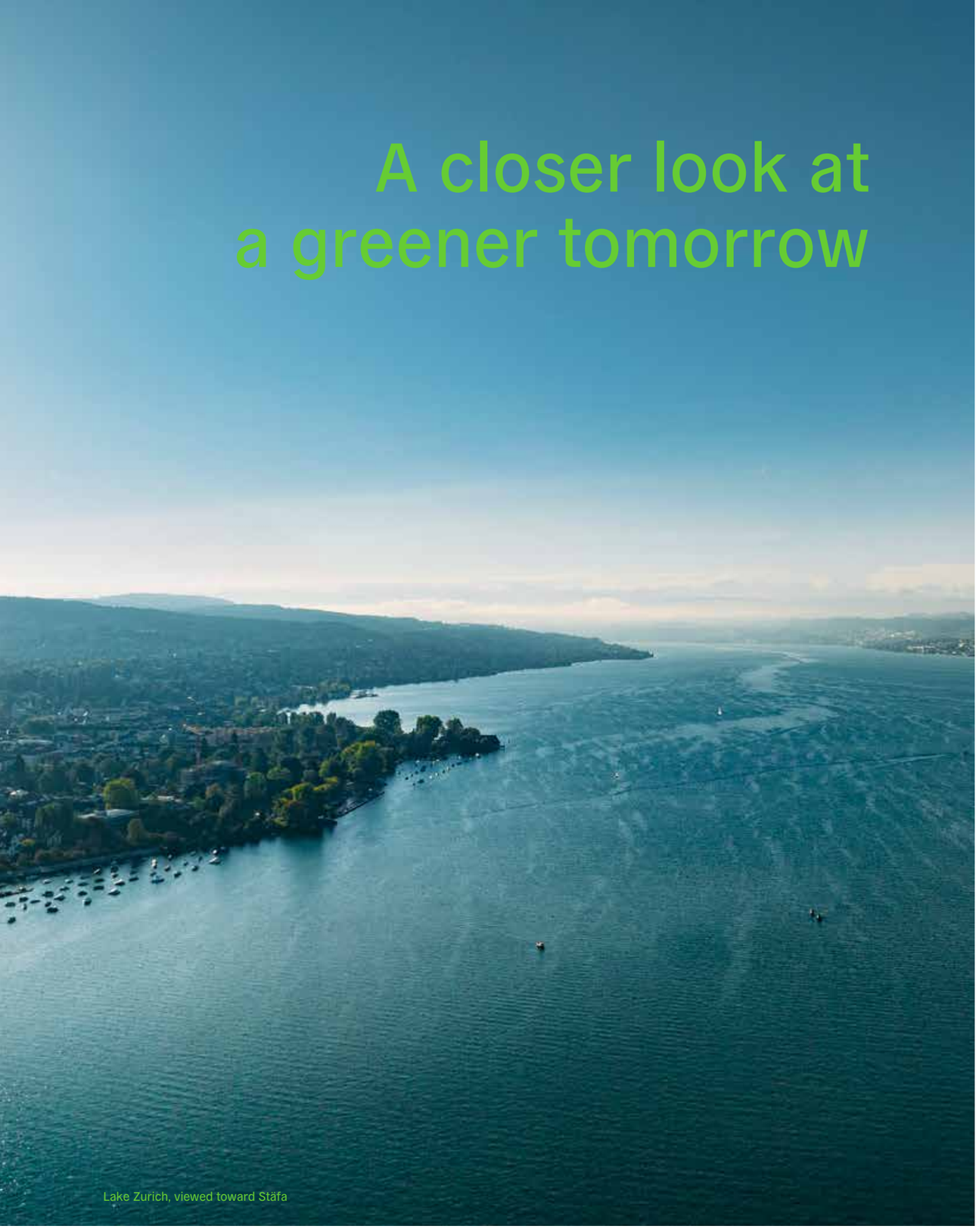
Sensirion Japan Co., Ltd. (Tokyo, Japan)

Sensirion Taiwan Co., Ltd. (Zhubei City, Taiwan)

Sensirion Singapore Branch (Singapore)

Sensirion China Co., Ltd. (Shenzhen, China)

A closer look at a greener tomorrow



Lake Zurich, viewed toward Stäfa

Sensirion is fully committed to sustainable development, encompassing various dimensions. This commitment spans sustainable business growth, environmental responsibility in our actions and fulfilling our obligations to employees and society.

For Sensirion, sustainable growth involves addressing sensor challenges through innovative solutions, 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. Maintaining consistent sales growth with a stable relative margin enables us to allocate around 23 % of sales to Research and Development (R&D). Through this approach, we create sustainable value for all our stakeholders: from customers to employees to shareholders.

We are aware of our responsibility towards the environment. Our sensors play a crucial role in enhancing energy efficiency and mitigating greenhouse gas emissions across various applications, ranging from automotive to heating and ventilation systems, as well as methane leakage monitoring. Within 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. This ethos involves collaborative teamwork, fairness, honesty with each other and stakeholders, and a commitment to delivering excellence. It serves as the foundational element for inspiring and developing talent at Sensirion, recognizing that our employees are our most valuable asset.

Marc von Waldkirch, CEO

Our policies

- Management manual
- Responsible Business Alliance Code of Conduct
- Internal Code of Conduct including military goods and conflict of interest
- Articles of Association & Organizational Regulations
- Corporate values
- Organizational chart and structure of the company
- IT policy
- Trading policy (relates to trading in Sensirion shares)
- Management principles
- Responsible mineral sourcing policy
- Anti-corruption policy

Our commitment

As a globally operating company, every action we take influences both the environment and society. Our commitment is to optimize sensor production, conserving natural resources and mitigating pollutant emissions. Prioritizing workplace safety, we minimize risks and safeguard employee health through proactive measures and emergency preparedness. Additionally, we are dedicated to safeguarding and upholding the human rights of both our employees and throughout our supply chain, ensuring a workplace and operational environment characterized by dignity and respect.

Policies and management systems

Sensirion has a Code of Conduct which exceeds the requirements of the Responsible Business Alliance (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.

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: We have maintained ISO 14001 certifications for environmental protection and the IATF 16949 standard certification for automotive applications for our facilities in 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. Occupational health and safety in our facilities are organized, but not certified, with regard to the ISO 45001 standard. The location Stäfa completed the RBA Validated Assessment Program, achieving SILVER Status without any priority findings. Additionally, the Sensirion Code of Conduct training is mandatory for all employees except management and the Board Directors, who are trained individually. This training covers Labor Rights, Environment, Occupational Health & Safety, Ethics (including sourcing of conflict minerals to protect human rights) and Management System topics.

Memberships

- Zurich Chamber of Commerce
- Chamber of Commerce USA/CH

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	· 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 managers · Annual partnership event with global distribution and channel partners to provide trainings and strategic alignment	· Our high-quality product offering and efficient delivery · Trust and long-term partnerships
Employees	· Culture workshops in several locations to engage employees on Sensirion's unique way of working together · Annual and semi-annual performance and well-being reviews for all employees · Frequent social events to foster Sensirion culture · Annual international sales meeting where all sales employees from all of our subsidiaries are invited to the HQ for one week of training and engagement · SensiWeekend 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	· Remuneration · Company strategy · Education, and further training events · Occupational health and safety · Employees are offered transparency about the company's goals, vision and important topics
Shareholders	· We regularly attend investor meetings, calls, conferences and roadshows · We publish an annual report (including a compensation report) and an interim report · The Company biannually organizes a meeting for media and financial analysts and holds an Annual General Meeting every year	· Financial information including shareholder returns, management structure, economic development, strategy, remuneration system, new products and economic outlook
Suppliers	· Initial contact within the scope of the assessment procedure and implementation of the Code of Conduct · Regular performance monitoring (two times per year for all category 1 suppliers) · Approximately 5 % of the supplier base is audited each year	· Order volume · Risk assessment and mitigation · Price and contract negotiations · Sustainable and long term technological and commercial roadmap

Material topics

Materiality process

In 2022, we conducted a materiality assessment to identify our most relevant sustainability topics. In 2023, Sensirion reviewed its material topics including related impacts and did not identify any necessary changes. To align with 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. Additionally, the materiality matrix has been shared with the Board of Directors.

Our materiality matrix

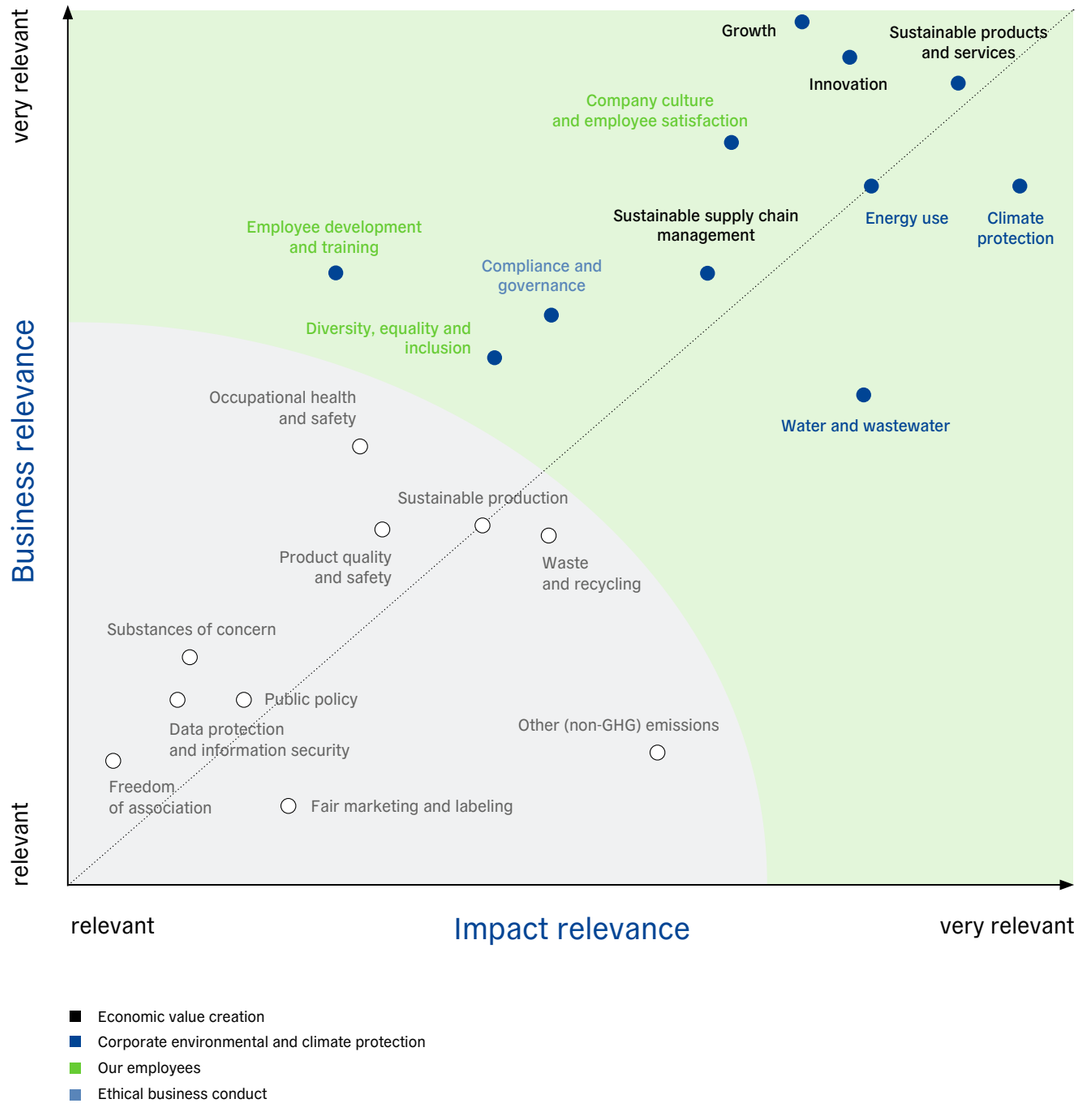
The accompanying graph shows our materiality matrix. As a first step, we are focusing on the material topics (blue point ●), which will be reported in this second sustainability report in accordance with the GRI standards. The topics below the threshold are not material but will also be closely monitored.

While local communities may not have been identified as a material topic, it is crucial to highlight that we remain attentive to this aspect. Our commitment to local communities is demonstrated through initiatives such as our research collaboration with ETH and the development of products that contribute to and impact our society positively.

We also proudly sponsor various activities affiliated with ETH Zurich and actively contribute to local sponsorship requests whenever feasible. Despite not being a primary focus in this report, we acknowledge the importance of local communities and continuously strive to make a positive impact through various engagements and projects. Moreover, we maintain regular communication with authorities in Stäfa as well as in Debrecen, including local government entities such as the municipality or the canton.

Sensirion proudly sponsors various activities affiliated with ETH Zurich and actively contributes to local sponsorship requests whenever feasible.

Materiality matrix



- Economic value creation
- Corporate environmental and climate protection
- Our employees
- Ethical business conduct

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 primary indicators of success lie in our annual revenue and profitability figures. Over the past 15 years, Sensirion has proudly achieved a compounded average growth rate (CAGR) exceeding 15 %. Looking ahead to the mid-term future, our aim is to sustain a growth rate of 10-15 %. This will be accomplished by maintaining our leadership position in both 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.

Guided by a growth mindset and a long-term perspective, we maintain an unwavering commitment to our growth strategy. Our Sales Directors host growth strategy sessions every six months, updating Sensirion's management team, CEO and founders on market-specific growth, sales, and innovation pipelines. Additionally, the management team oversees biannual review meetings for all business units, evaluating their longer-term growth roadmaps. We firmly believe that sustainable growth is achievable only when accompanied by financial stability.

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 66).

Key performance indicators and progress in 2023

In 2023, after three consecutive years of remarkable growth, we encountered a challenging economic environment that led to a contraction of −20.5 %, excluding the one-off effect in the medical market. The financial performance is described in more detail in the Consolidated Financial Statements on pages 134-136 of the annual report.

Lake basin and Limmat, Zurich Bellevue

Innovation

Innovation and R&D are vital for introducing breakthrough technologies. Customer feedback and the latest advancements shape how we create economic and environmental value. As a high-tech company, success hinges on releasing innovative products that solve real-life problems and add value. While our R&D team leads innovation, we also have a dedicated business development team. Even our founders, who act as Co-Chairmen, actively participate in identifying long-term oriented innovation. Our long-term perspective, entrepreneurial mindset and people-centric approach drive our commitment to innovation.

Impacts, risks and opportunities

Our innovations can help to protect the climate (energy efficiency and prevention of climate harmful gases), increase health and optimize daily life. Our long-term focus in this area can impact the competitive landscape of our industry, contributing to our competitive advantage, helping to secure jobs at our sites in Switzerland and internationally as well as increasing Sensirion's sales, market share and profitability. By innovatively solving relevant problems, we contribute to creating a smarter, better world enabling our customers to develop their own innovative solutions as well.

At the same time, we are aware that a misalignment in our Research & Development could lead to products that do not meet customer needs or demands, posing a risk of wrong asset allocation and therefore weakening our market position.

Dedication and long-term thinking

Innovation is a cornerstone of our strategic vision, and we approach it with an intrinsic commitment to exploration, recognizing that calculated risks are inherent in the pursuit of groundbreaking solutions. Our innovation philosophy embraces a culture of fearlessness in the face of failure, but always within the bounds of reason and prudence. Maintaining a reasonable and balanced approach is key. Realistic expectations, proactive risk management and a culture that embraces learning from failures contribute to a more resilient and sustainable innovation ecosystem.

We are committed to allocating around 23 % of our group revenue towards Research and Development (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 "SensorInnovation group".

Both approaches share a strong focus on delivering tangible results. The incorporation of early prototypes at specific milestones is a crucial element of our well-defined process, allowing us to collect valuable market feedback. Ultimately, this customer feedback plays a pivotal role in determining whether an innovative idea progresses to actual product development. Sensirion's proven innovation capabilities have earned us multiple awards from customers, recognizing our outstanding supplier performance.

Key performance indicators and progress in 2023

Our current focus involves the development of a new line of gas leakage sensors tailored for air conditioning units in the US market. This initiative aligns with upcoming regulations mandating the use of a new class of coolants in local air conditioning systems. While these coolants are more environmentally friendly, they pose a higher flammability risk, presenting an opportunity for innovative leakage sensors in this market. We anticipate the commencement of initial production in the second half of 2024.

Simultaneously, we are actively engaged in multiple designins across a diverse range of environmental sensors, affirming our belief in substantial growth potential within the environmental sensor sector in the years ahead. The execution of our growth strategy, outlined during the Capital Markets Day in March 2021, is progressing as planned. Notably, our efforts extend to the development of the next generation of particulate matter, CO, and formaldehyde sensors. Through enhanced chip-level integration of various functions, we anticipate significant advancements in miniaturization for all three product families. Product launches for these innovations are slated for 2024 and 2025, underlining our commitment to technological advancement.

Sustainable products and services

We are committed to developing solutions that contribute to the well-being, health and comfort of end consumers, ensuring safety in both use and manufacturing, and promoting enhanced energy efficiency in the final product. Sensirion is committed to ethical principles, refraining from supplying solutions to the military or tobacco industry. We source raw materials in compliance with laws, avoiding conflict regions. Our own production sites adhere to the highest standards, promoting minimal energy and water use.

Impacts, risks and opportunities

Once deployed, most of our sensors can contribute to energy efficiency, carbon emission reductions or enhancements in the health and safety of end consumers, thus creating a positive impact on the environment and society. On the other hand, defective or products with reliability issues might negatively impact the safety and well-being of customers. This is especially relevant when the sensors have security functions in applications, such as in medical devices or monitoring air intake for engine optimizations in combustion cars.

Sensirion's production is sensitive to changes in regulations regarding product properties, or processes, increased trans-

parency requirements or the use of specific materials, e.g. per- and polyfluoroalkyl substances (PFAS). These regulations might affect the customers' purchase behavior, resulting in decreased market share or lead to higher expenditures.

While the emerging technologies and products, such as optimized climate control and leakage detection for refrigerants and other gases, offer important opportunities, investments into technologies on the verge of obsolescence, such as fossil fuel consuming applications, pose risks of not being sustainable in the long run.

Managing the impact of our sensors

We are dedicated to an ongoing journey of sustainability, consistently working to improve the sustainability profile of our products and services. Utilizing technological advancements, stakeholder feedback and industry best practices, we iteratively enhance our offerings. Our definition of market success extends beyond individual transactions; we aim for substantial market coverage. We consider a product or service successful when it significantly contributes to meeting the needs of a considerable portion of the market.

As a responsible corporate entity, we systematically evaluate the effects of our products and services across different dimensions, encompassing both environmental and societal considerations. For instance, in the case of our methane leakage monitoring service designed to identify methane leaks at oil and gas exploration sites, we assess the constructive impact of our innovative products in mitigating methane emissions. Furthermore, we support the oil and gas industry in minimizing methane emissions and benefiting from savings realized through the prompt detection of leaks.

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.

In our pursuit of flawless products, our quality management team adheres to a dedicated policy. Our commitment is to attain complete customer satisfaction and continuously enhance the quality of our products and services. We establish and maintain efficient processes and tools to uphold a zero-tolerance-for-defects policy. The quality of our products and services undergoes systematic and periodic monitoring, assessment, review and constant improvement. We also monitor, assess, review and enhance customer satisfaction on an ongoing basis. Additionally, we conduct careful evaluations and systematic reviews of key suppliers to ensure a solid foundation for all Sensirion products. At the core of all our efforts lies the provision of ongoing employee training to foster an environment conducive to achieving our quality goals.

Regarding customer complaints, division managers conduct quarterly KPI reviews. These assessments focus on the error rate, associated costs, complaint volume, processing time and the underlying processes. Target values are set for error rates and processing times. If these targets are not met, the divisional management decides on remedial or improvement measures.

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. An example are the humidity sensors used for optimizing the combustion process and the air-conditioning system in a car.

Key performance indicators and progress in 2023

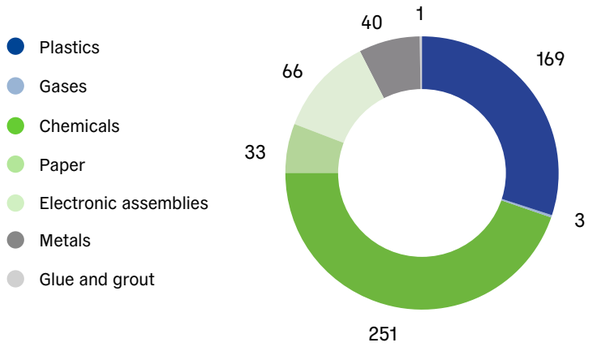
As of 2023, we ensure our environmental sensors are harmonized with RESET and WELL building standards. These standards are specifically crafted to certify and monitor commercial buildings, ensuring they create employee-friendly and health-conscious indoor environments. This encompasses considerations for indoor air quality, lighting and noise conditions. By doing so, we empower our customers to offer solutions that comply with RESET and WELL standards, contributing to the global initiative for heightened awareness and improvement of indoor air quality. In addition, we take a seat in the Well Air Concept Advisory board (consisting of scholars and industry representatives) that provides guidance on how WELL can incorporate building interventions that promote high levels of air quality, thereby making sure that WELL takes into consideration the latest advances in sensor technologies to assess and control indoor air quality.

Since the reporting year, Sensirion has appointed a dedicated PFAS management team to oversee and drive PFAS reduction and elimination activities company wide and with our supplier base. As of today, some Sensirion products do contain PFAS, or PFAS are used in production of the sensors. Even though in some cases PFAS replacement is a complex undertaking, Sensirion is positive of finding viable alternatives. The respective R&D activities to reduce and eliminate PFAS materials are ongoing and required resources and budgets are provided. Sensirion has therefore established a clear strategy to reduce and eliminate PFAS materials in Sensirion products.

Furthermore, in the reporting year, Sensirion has again received a Supplier Award from ResMed. We have been rated A in all areas (quality, delivery, product and innovation). A is the highest rating and only seven suppliers (out of several hundred) have been awarded this. ResMed is a manufacturer of medical devices for the care of people with sleep apnea, chronic obstructive pulmonary disease (COPD) and other chronic respiratory diseases. The award honors our good relationship with the customer and is of great importance for further cooperation and future business.

The following graph illustrates the major materials usage of Sensirion's business operations in 2023.

Major materials usage in 2023* (in tons)



* We are focusing on collecting more precise data, which might explain any differences in the figures from the previous year. Data includes all significant direct and indirect materials for production.

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 and respecting human rights across our supply chain is non-negotiable and at Sensirion we are responding with a multipronged strategy aimed at maintaining stability and prioritizing responsibility.

Impacts, risks and opportunities

Sensirion's business model has a significant impact on people and the environment in the upstream supply chain. For Sensirion, sustainable supply chain management therefore includes environmental protection and respect for human rights, in particular the prevention of child labor.

Sustainable supply chain management can positively impact the suppliers themselves, strengthening them economically through close cooperation and promotion of fair business practices while optimizing resource use. It can lead to reductions in energy consumption and emissions and prevent negative environmental effects in the supply chain. The goal of Sensirion's framework for human rights compliance, prevention of child labor and sourcing of conflict materials is to avoid negative impacts on society and establish safe working conditions in the entire supply chain.

Failures to comply with sustainable procurement practices might lead to a loss of reputation due to violations of human rights, conflict materials' regulations, social or environmental criteria. An example for regulatory changes that might affect environmental aspects in the supply chain is possible regulation on PFAS. We might face the risk of losing suppliers with environmental or social violations, which may lead to reduced planning security, supply chain disruptions and increased costs of supplier management. Further risks comprise legal consequences, risk of fines and loss of market access.

Management of conflict minerals and human rights including child labor

Sensirion's Code of Conduct also covers conflict minerals and metals as well as child labor. According to Art. 964j Swiss Code of Obligations (CO), we have performed the assessment on the purchase of conflict minerals and we do not exceed the threshold value for conflict minerals. In addition, most of Sensirion's suppliers have signed the RBA Code of Conduct. Also, Sensirion has an official responsible minerals sourcing policy, which is accessible on our website. Employees are obligated to complete the code of conduct training. Additionally, specific training on conflict minerals needs to be completed by risk-exposed employees.

Furthermore, Sensirion ensures that its products or services are not reasonably suspected of being manufactured or provided using child labor. We have performed an assessment comparing our transactions over the past five years with the UNICEF Children's Rights in the Workplace Index. Based on the results, Sensirion concludes that the company is not subject to due diligence and reporting obligations on child labor.

The topics of child labor as well as conflict minerals and metals are ultimately handled by the supply chain department. For further information on the conflict mineral policy or the conflict mineral report, refer to our website.

As part of regular audits of Sensirion's key suppliers, suppliers are questioned on conflict mineral and human rights (including child labor) processes as well as the compliance with RBA. Further, Sensirion tracks and identifies suppliers who work with conflict minerals.

Finally, as part of the onboarding process, new suppliers are obligated to sign the Supplier Commitment on Corporate Social Responsibility, containing specific clauses on child labor.

New suppliers are audited by Sensirion during onboarding. All new suppliers must sign the RBA Code of Conduct which specifies the requirements on human rights, conflict minerals and metals. Furthermore, each affected supplier is required to provide a completed Conflict Minerals Reporting Template (CMRT) where it commits to becoming conflict-free and documenting countries of origin for the tin, tantalum, tungsten and gold that it purchases.

To address concerns from external stakeholders regarding suppliers, an ethics complaint form is available on our website. 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.

Active supplier engagement

Our comprehensive supply chain strategy involves actively cultivating a local/regional supply base, strategically designed to mitigate the risks associated with ongoing global tensions and potential disruptions. In adherence to the OECD Due Diligence Guidance for responsible minerals sourcing, Sensirion is dedicated to ensuring that the minerals used in our products do not contribute to the financing or benefit of armed groups in conflict-affected and high-risk areas. We extend these expectations to our suppliers and encourage them to uphold these standards in their own supply chains.

We integrate sustainability principles into our assessment process for new suppliers, giving preference to those with well-defined sustainability objectives. Additionally, we collaborate with existing suppliers to enhance their sustainability initiatives whenever feasible.

In these efforts, we engage in collaborative initiatives to reduce CO_2 emissions throughout the supply chain. While the establishment of environmental key performance indicators (KPIs) for our suppliers is at an early stage, adherence to RBA standards is mandatory for all suppliers. Moreover, the supplier quality team has incorporated social and environmental considerations into the supplier audit process, which also includes an assessment of adherence to the Code of Conduct.

Key performance indicators and progress in 2023

Among Sensirion's suppliers accounting for the top 90 % of total purchasing revenue, we have successfully elevated the percentage of those who have committed to the Responsible Business Alliance (RBA) to 93 %.

Furthermore, we have intensified our engagement in sustainability dialogues with select key suppliers. Notably, in a specific instance, we are exploring the possibility of incorporating recycled sea plastic into some of our forthcoming products. This underscores our commitment to advancing sustainable practices throughout our supply chain.

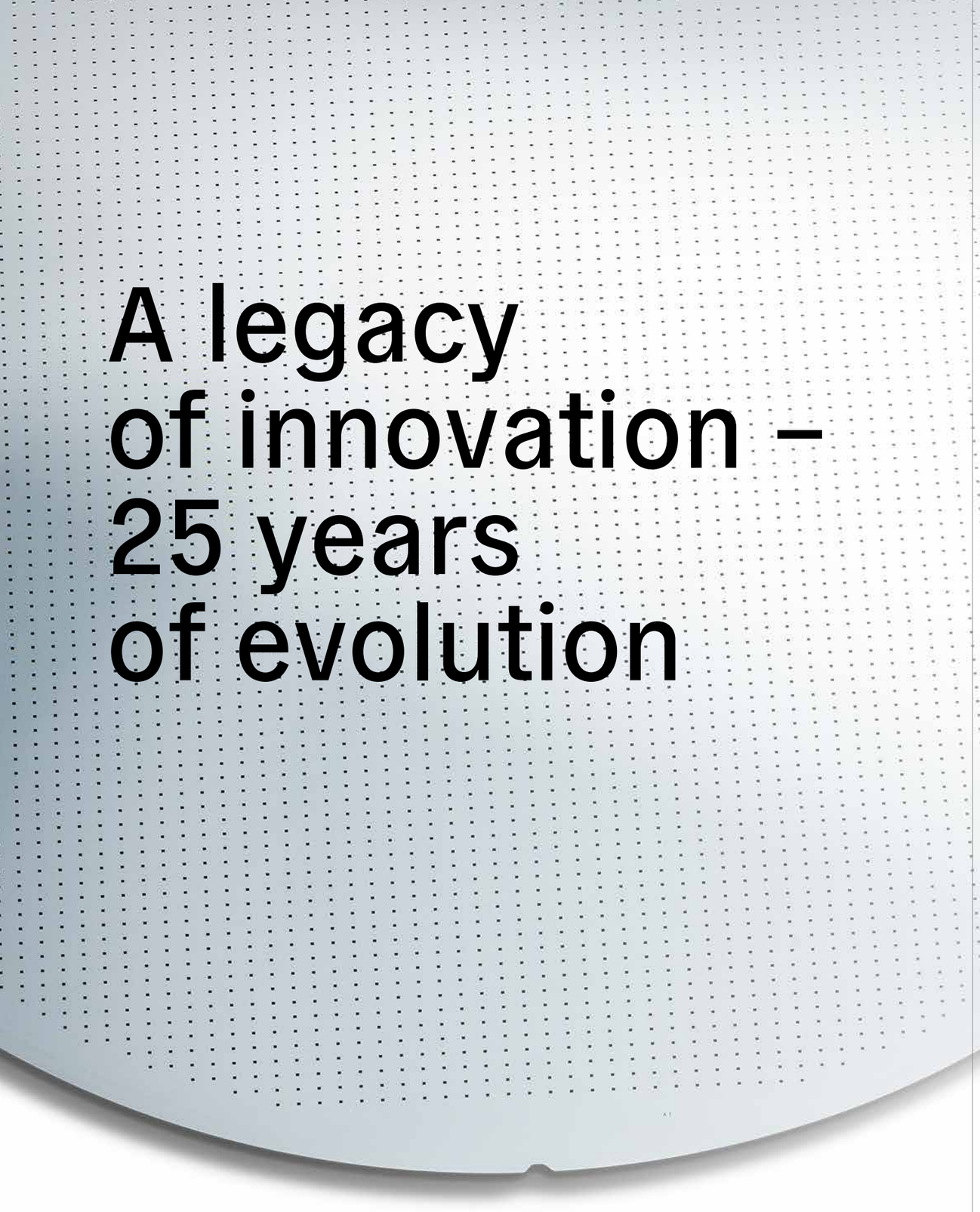
During 2023, we polled our entire direct tier suppliers on their compliance to the Uyghur Forced Labor Prevention Act (UFLPA) which preserves the human rights of the people in the Xinjiang Uyghur Autonomous Region of the People's Republic of China (XUAR) and which was officially signed into law on December 23, 2021 in the USA. Some answers are still open but, as of now, we have no non-compliance issues.

A further study was carried out to accurately ascertain which purchased goods directly contain per- and polyfluoroalkyl substances (PFAS) and if such PFAS materials are used in the manufacturing process of our purchased materials. This study is ongoing with approximately 30 % of our purchased materials still under review.

In 2023, we scored well on the RBA Validated Assessment Program in Stäfa with 166/200 points. The result is disclosed on our website.

As of this report's publication, no human rights violations including child labor in our supply chain have been reported to us.

A legacy of innovation – 25 years of evolution



Innovation has been in Sensirion’s DNA for 25 years now. We excel in mastering miniaturization, strategic sensor fusion and continuous technological advancement. Our sensor solutions, characterized by practicality and future relevance, are a testament to our unwavering commitment. With a focus on understanding customer needs and precise technological adaptations, we are shaping the future of sensing for a better world.

Sensirion stands out as a pioneer in this field by demonstrating its ability to meet the demands by producing innovative sensor technologies on a single chip, including evaluation electronics and MEMS sensor elements (CMOSens), ready for mass production, as demonstrated by humidity and temperature, metal oxide or particulate matter sensors. Throughout its evolution, the company has established its place in engineering history by pioneering advanced ASIC’s, MEMS and packaging technologies. These innovations mark a paradigm shift in sensor development and underscore the company's commitment to technological progress and innovation.

Miniaturization

Miniaturization through CMOSens and packaging innovation allows us to access new applications where size is of the essence. But beyond size, miniaturization is a way to reduce the raw material consumption per sensor and thus the cost and CO_2 footprint per unit produced. The key is not just to rely on off-the-shelf technologies, but to have in-house expertise in ASIC, MEMS, packaging, automation and manufacturing processes.

An impressive example of continuous innovation are Sensirion’s temperature and humidity sensors: the first generation achieved miniaturization and superior performance by integrating the evaluation electronics and sensor element on a single calibrated chip in a classic surface-mount (SMD) package. When SHT11 hit the market, the ratio of package size to performance to cost was a game changer in humidity and temperature sensing. The ability to integrate a calibrated sensor with a digital interface directly into the customer’s product.

“Innovation takes shape when creativity and excellence in technology are applied to meet an emerging market need with a product that is easy to manufacture.”

Johannes Schumm, VP Research & Development

The next major step in innovation was the introduction of SHT21 with its 3 × 3 × 1 mm open-cavity DFN (Dual Flat No lead) package, which allowed the sensor volume to be reduced by almost a factor of 10. The size and even more the cost reduction broke an imaginary barrier and led to the wide adoption of temperature and humidity sensors in consumer electronics, appliances and automotive applications. To underline the innovative power of the DFN package developed by Sensirion, this package type has since become the global standard for RH/T sensors and also for metal oxide gas sensors.

In terms of miniaturization, the release of the SHTW2 in 2016 marks the smallest humidity and temperature sensor Sensirion has ever produced with a package size of 0.7 × 1.3 × 0.5 mm wafer level chip scale package. Here, the sensor package is no more than a chip with solder balls attached, which again reduces the volume by a factor of 10 compared to the SHT21.

Sensirion's humidity and temperature sensors are an outstanding example of continuous innovation. The miniaturization over the years is truly impressive: both test tubes contain 210 sensors, the SHT11 from 2001 and the SHT4x series from 2020.

To show how Sensirion meets the same challenge for sensor technologies that are not (yet) available as integrated single-chip solutions, let us look at CO_2 gas sensors. In the first generation (SCD30), Sensirion developed an NDIR absorption spectrometer based on basically the same technology and packaging approach as other competitors, differentiating by the package height and the addition of a (miniaturized) RH/T sensor. This, together with Sensirion's reputation and market access, made this product line successful. However, miniaturization of NDIR absorption-based sensors is difficult because the length of the optical path is a defining parameter, limiting miniaturization to packages with several centimeters length and width. The solution was to turn to the photo-acoustic sensor principle – long known but never miniaturized and only available in benchtop instruments. By combining its packaging knowledge, its own light sources and ASICs, and its calibration know-how, Sensirion was able to launch the SCD41, a high-performance CO_2 sensor based on the photoacoustic sensor principle that can be miniaturized to the size of a sugar cube.

Evolving technologies for new applications

In the area of advancing technologies for new applications, our vision of "advancing" includes the strategic miniaturization of existing sensor technologies and the continuous innovation of new solutions for new measurement parameters. This approach drives the creation of breakthrough sensors that either build on or are closely related to existing technologies, opening the door to expanded applications.

Existing sensor technologies, coupled with the ongoing development of new components, have produced sensors that go beyond traditional applications. A prime example is the extension of flow sensors to measure gas mixtures. By adapting the basic concept of an anemometer, we have unlocked the potential of the technology for gas sensing, ranging from A2L leakage detection to monitoring high CO_2 levels in the transportation of perishable goods or assessing natural gas mixtures for gas metering.

Pioneering new technologies

Sensirion is committed to developing measurement and sensor technologies that meet the performance, reliability, size and cost requirements of real-world applications. Our journey has led to significant breakthroughs, enabling us to capture parameters that were previously uncharted territory or only accessible with larger size instruments. These include RH/T, photoacoustic CO_2, thermal conductivity, gas and liquid flow, electrochemical formaldehyde and a number of other innovations with more on the horizon.

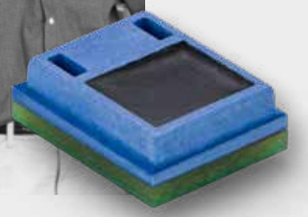
0.7 × 1.3 × 0.5 mm current size

Understanding our customers

To Sensirion, "understanding our customers" means more than understanding the technical intricacies; it means understanding the precise application and purpose of our solutions within the customer's system and environment. Armed with this understanding, we provide guidance on the most appropriate technology to add real value, not just as a component within a system. Advanced user feedback becomes the cornerstone for tailoring our solutions to meet specific needs.

Customers are not just recipients of our solutions, they are integral partners in the development process to create customized solutions. For example, measuring humidity in a hard disk drive is not just about engineering precision; it is about understanding the manufacturing nuances and unique cleanliness challenges inside hard disk drives. Similarly, measuring humidity in refrigerators requires an understanding of the application's analog electronic environment to ensure that our solutions integrate seamlessly and mimic the required signal characteristics, rather than simply providing accurate humidity and temperature measurements.

1998 founded



AH31

1999 first product on market

ASF1400

2000 first flow sensor

2001 first humidity sensor

Current minaturized version
of the SHT4x series
with only 1.5 × 1.5 × 0.5 mm

2005 global sales

2005 USA
2007 Korea
2008 China
2008 Japan
2020 Hungary
2021 Netherlands
2021 Germany
2022 Singapore

2014 introduction of cultural workshops

2017 Guinness World Record

Longest marble run
with a length
of 2,858.9 meters

2017 launch of automotive division

2018 IPO Swiss Stock Exchange

2021 one billion sensors

Culture of togetherness

Join Mirja Richter, Head of Patent Management, and Pleurat Hoxhaj, Logistics Representative, in an illuminating conversation about Sensirion's cultural dynamics and innovative spirit, drawing from their extensive 10-year journey within the company.

Patents and logistics – two seemingly disparate worlds, yet at Sensirion, they seamlessly converge within a unified corporate culture. How has Sensirion managed to ensure that all areas share this common culture?
Mirja Richter: At first glance, the blend of patents and logistics might seem an unlikely pairing. However, at Sensirion, it is evident that both realms are permeated with a cohesive corporate culture. With over a decade at Sensirion, I would like to emphasize that the company's values apply to all employees, and they aren't just formal guidelines; they're actively promoted through company-wide events, allowing employees the freedom to personally align with them. The internal development of many employees plays a pivotal role in fostering this shared culture.

Pleurat Hoxhaj: The significance of our culture which unites employees, spanning from the CEO to the logistics department, stands out for me. This diversity and shared pursuit of goals give Sensirion a unique dynamic where a culture of togetherness isn't just present, but actively experienced.

In your opinion, how has the culture of innovation at Sensirion contributed to the creation of technological progress and a shared identity over the past 25 years?
MR: Nurturing individual responsibility and an entrepreneurial spirit has fostered a strong sense of identification with the company. The encouragement for everyone to contribute their strengths has been instrumental in our collective progress.

PH: Every individual is part of a larger picture, an integral element of the story that propels Sensirion to operate successfully as a unified team, without lone warriors.

Can you share details about an interesting innovation project you have been involved in recently?
MR: In my role, I engage in innovation projects daily, each intriguing in its own way.

PH: We had a major innovation project in logistics, particularly in terms of IT-driven process and procedure changes. The construction of an additional external warehouse in Nänikon was a significant step, showcasing the impressive synchronization across various departments.

What role does innovation play in your daily work?
MR: Innovation is the bedrock of my work. Only innovative developments – "new and involving an inventive step" in patent speak – can lead to a patent. We also embrace innovative approaches in patent management itself, for example by employing modern software.

PH: Innovation holds a significant role in logistics as it serves as the interface between new buildings, processes, products and branches. Despite my 10-year commitment, it remains exciting as each year brings new challenges and changes.

What comes to mind when you think of SensiSpirit?
MR: Deliver together and find joy in the process at the same time. The principle of "fair and honest" is genuinely practiced.

PH: Here at Sensirion, values aren't merely words on paper; they are lived. It feels like we work together, not just in my department, but across the entire company. Open, fair and honest communication from management fosters a collaborative and high-performing environment.

Looking to the future, what do you envision as the next stage for Sensirion? Is there anything in terms of innovation or corporate culture that you are particularly excited about?
MR: Implementing the SensiSpirit in other countries with a growing employee base is always thrilling. Knowing that we will continue to expand with two new buildings at our headquarters in Stäfa adds to the excitement.

PH: Seeing how we further harmonize as a company, while seamlessly integrating new buildings, will be exciting. Exploring and navigating the evolving landscape of the Sensirion Campus will be particularly intriguing for my department.

Mirja Richter und Pleurat Hoxhaj

Corporate environmental and climate protection

Sustainability is integral to Sensirion’s ethos. As a leading innovator, we design with a focus on conserving resources, minimizing energy usage and contributing to climate protection. Recognizing its importance to both employees and customers, building a sustainable Sensirion is paramount for our resilience and success.

Also, Sensirion effectively upheld external ISO14001 certifications for its production facilities in Stäfa, Debrecen, Seoul and Shanghai.

Climate protection

At Sensirion, greenhouse gas (GHG) emissions manifest across different stages of our supply chain. The primary contributor is our manufacturing process, encompassing the utilization of fossil-fueled energy and gases employed in sensor production. By actively decreasing both direct and energy-use-related GHG emissions and collaborating with suppliers, Sensirion aims to play a role in mitigating global warming. Our climate roadmap emphasizes the reduction of Scope 1 and Scope 2 emissions, and we have consistently reported on our progress over the years.

In alignment with our strong commitment to sustainability, we have set an ambitious roadmap to prevent, reduce and optimize our CO_2 footprint throughout our operations. By the year 2025, our aim is to derive electricity from our own solar cells and clean sources at all global locations. This comprehensive initiative reflects our dedication to minimizing the environmental impact of our activities. It's important to note that while we strive for positive outcomes in various aspects of our operations, process gases remain an exception. These emissions that cannot be eliminated will be counterbalanced through the permanent removal and storage of carbon from the atmosphere, supported through specific projects we will finance starting in 2025.

In addressing our Scope 3 emissions, we have conducted a comprehensive analysis of our footprint. Moving forward, we are committed to developing a robust strategy that goes beyond the current data collection efforts related to business travel and employee commuting, both of which we are already actively mitigating. This initiative reflects our dedication to extending our sustainability efforts and minimizing our overall environmental impact. Further updates on our strategy will be communicated as we progress.

Impacts, risks and opportunities

Greenhouse gas emissions contribute to climate change, causing longer term shifts in climate patterns and an increasing number of extreme weather events. This might lead to supply chain interruptions, especially in Asia, due to water scarcity or cyclones. More extreme weather conditions might, however, also lead to an increased demand for our products – especially sensors in the field of coolants, air conditioning systems, etc.

Failure to manage and transparently communicate Sensirion’s climate targets may result in reputational risks. Further risks that might affect Sensirion and its supply chain are of regulatory nature such as CO_2 taxation. On the sales side, Sensirion regards various business opportunities arising from the climate change adaptation and mitigation measures.

Scope 1 and Scope 2

Our sensors play a crucial role in energy conservation, optimizing building ventilation, vehicles and appliances like refrigerators for enhanced energy efficiency. While we have implemented advanced fossil-free cooling and heating recovery systems at our manufacturing sites in Stäfa, Switzerland, and Debrecen, Hungary, the production of MEMS sensors remains a source of high emissions, notably due to the use of gases such as sulfur hexafluoride (SF_6).

The majority of emissions occur at our suppliers’ foundries during the production and structuring phases of silicon wafers, followed by the processing phase at Sensirion’s site in Stäfa. For example, SF_6 is primarily utilized for deep reactive ion etching of silicon in our state-of-the-art process chambers, a well-established and widely used process in the semiconductor and MEMS industry. To our knowledge, no alternative exists on the market for etching vertical holes with well-defined structure sizes in a bulk silicon wafer.

In our commitment to continuous improvement, all our equipment undergoes regular maintenance, including leak measurements and functionality checks. Our state-of-the-art waste gas abatement system ensures the effective cleaning of all waste gases from our processes, absorbing over 97 % of climate-damaging emissions. We actively explore alternative, less harmful chemical gases and investigate different production tools, maintaining communication with tool manufacturers to stay informed about new advancements in more efficient processes and waste gas treatment systems.

To follow best practice, we calculate emissions using CO_2 intensity that sets CO_2 in relation to contribution profit*.

* Contribution profit = revenue minus material expenses

In 2022, we established the outlined medium-term CO_2 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. In the strategic planning of the new production facility in Stäfa, careful consideration was also given to the assessment of the duplicated cooling and heating supply, factoring it into the overall evaluation
- Minimize climate-relevant process gases and optimize absorption 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)
- Awareness campaign: promoting energy-saving behavior among our employees.
  From powering down electronic devices to turning off lights and projectors after meetings

Scope 3

The majority of emissions within Sensirion's greenhouse gas (GHG) inventory are Scope 3 emissions, occurring within the value chain. The procurement of goods and services stands out as the largest contributor to Sensirion's emissions, predominantly driven by the materials sourced for production. Many of the materials and components sourced by Sensirion for production have complex and intensive production processes, resulting in a high emissions intensity per volume purchased. The most significant avenue for decarbonization lies in supplier engagement. The use of sold products represents Sensirion's second-largest source of emissions, mainly originating from product utilization in the automotive sector. These emissions are a consequence of the energy consumption associated with products produced and sold by Sensirion after the point of sale, integrated within the final product. As for our supply chain, we 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.

We actively monitor our carbon footprint resulting from business travel and the transportation choices made by our employees. Within employee flights, we invest in the combination of the use of sustainable aviation fuels (approx. 10 %) and the contribution to climate protection projects (approx. 90 %). At our main site in Stäfa, we incentivize the use of public transportation by subsidizing public transport subscriptions. Since 2020, a parking fee has been implemented in Stäfa for those who commute by car, with the collected funds being redistributed to employees as an eco-bonus. This bonus supports the purchase of SBB Half-Fare subscriptions or other transit passes.

Swiss operations being powered entirely by 100 % hydro-based electricity.

In addition to these initiatives, we provide access to "Franz", the Sensi e-car, which employees can use for both business and personal trips. Furthermore, charging stations for electric vehicles are available in Stäfa, accommodating those who own electric vehicles (EVs).

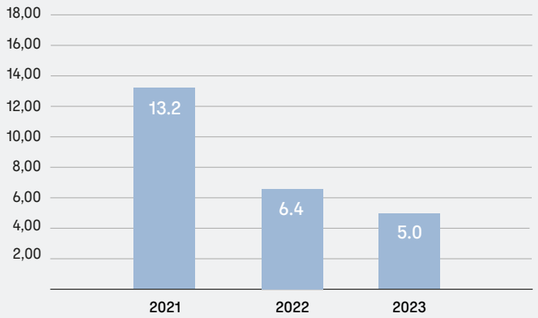
Key performance indicators and progress in 2023

In 2023, Sensirion continued to undertake a series of initiatives aimed at further mitigating our environmental footprint. Notably, our commitment to sustainable energy practices has resulted in Switzerland operations being powered entirely by 100 % hydro-based electricity. Similarly, in China and South Korea, our operations now rely on 100 % wind energy, underlining our global dedication to clean and renewable power sources. Another success was achieved at our Debrecen site, where the installation of solar cells led to over 50 % self-sufficiency during the summer months of 2023.

Infrastructure improvements are also a key aspect of our environmental strategy. The completion of roof renovations at our production facility in Stäfa sets the stage for the upcoming installation of solar cells planned for 2024. Moreover, our heating system featured a gas mix of 24 % renewable biogas.

Continuing our emphasis on employee engagement, we sent out additional reminders about our ongoing awareness campaign, underscoring the importance of individual contributions to our collective environmental goals.

Emission intensity

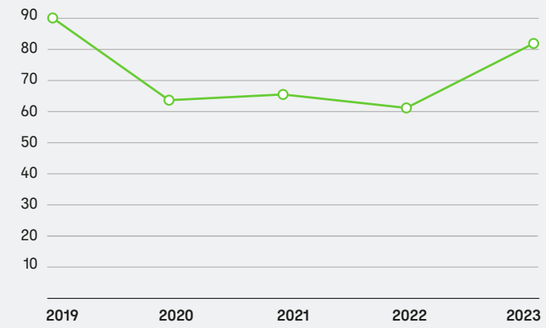


Emission intensity [kgCO₂e/kCHF contribution profit]*

The 2021 data covers our four largest sites: Debrecen (HU), Seoul (KR), Shanghai (CN) and Stäfa (CH). From 2022, we cover our 5 largest sites, including Enschede (NL).

Please note that the calculation methodology changed. A location-based approach for 2021 and a market-based approach from 2022 was conducted.

Energy intensity

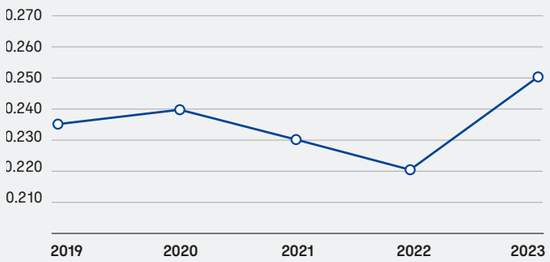


Energy intensity [kWh/kCHF contribution profit]*

The data 2019 to 2021 cover our four largest sites: Debrecen (HU), Seoul (KR), Shanghai (CN) and Stäfa (CH). From 2022 onwards, we cover our five largest sites, including Enschede (NL).

* Emission and energy intensity values for the years 2019 to 2022 have been recalculated.

Water intensity



Water intensity [L/Production unit]

5 %

reduction in energy consumption at Debrecen branch

The increased energy intensity is due to lower contribution profit and reduced production volumes, resulting in non-linear energy consumption relative to production.

13 %

increase in water consumption per PU [Liter/PU]

Approximately

30 %

of the electricity consumed in Stäfa is dedicated solely to production tool cooling purpose.

Energy and emissions

	2023		2022	
	tCO₂e	MWh	tCO₂e	MWh
Total emissions / energy consumption[1]	**926**	**14,933**	**1,616**	**15,331**
Scope 1	**926**	**1,045**	**1,410**	**1,344**
Self-generated renewable electricity[2]	–	263	–	–
Heating	210	1,045	266	1,344
– Natural gas	90	445	127	627
– Heating oil	120	460	139	534
– Biogas[3]	0	140	0	183
Process emissions[4]	717	–	1,144	–
Scope 2	**–**	**13,888**	**206**	**13,987**
Purchased electricity[5]	–	13,888	206	13,987
– Renewable sources	–	13,888	–	13,073
– Non-renewable sources	–	–	206	914

[1] Compared to 2022, the emission factors were updated for 2023.

[2] Emissions occurring from self-generating electricity (photovoltaic system) are assumed to be emission free in Scope 1 (value-chain-related emissions would be assigned to Scope 3 Category 3). The avoided emissions therefore result in reference to the location-based method in 41 tCO₂e for 2023. Self-generated renewable electricity of 121 MWh in 2022 were included in Scope 2

[3] Biogenic emissions, such as those resulting from the combustion of biomass or biogas, are considered out of scope for the purposes of this report in accordance with the GHG Protocol. These emissions (28 tCO₂e for 2023 and 36 tCO₂e for 2022) are excluded due to their renewable and carbon-neutral nature, as recognized by the GHG Protocol.

[4] The emissions are mostly attributed to sulfur hexafluoride gases used in production processes.

[5] The emission data is calculated on a market-based approach. For 2023, it includes all production sites. Location-based emissions from electricity consumption in 2023 amounted to 2,242 tCO₂e which is based on emission conversion data of IEA (2023). For 2022, the market-based approach included 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. 2022 emissions amounted 1,970 tCO₂e on a location-based approach based on emission conversion data of IEA (2022).

Energy use

Sensor production is energy-intensive due to stringent environmental specifications (such as humidity, temperature or cleanliness) for production buildings and the energy demands of production equipment, especially in microelectromechanical system (MEMS) cleanrooms. We consume energy for heating, production processes and cooling.

Impacts, risks and opportunities

Our commitment to energy efficiency measures and transitioning to renewable energy sources reduces our climate impact, helps decrease our energy costs and may enhance our reputation as a role model for the industry. Additionally, the risk of potential energy shortages in the neighborhoods of Sensirion sites can be reduced.

Energy sourcing decisions and price developments directly affect Sensirion's cost of production. Increased usage of renewable energy sources would decrease the dependence on traditional energy sources, while at the same time it could lead to challenges in ensuring consistent energy availability due to the often-fluctuating renewable energy sources.

Reducing energy use

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

1. Increasing energy efficiency, with quarterly tracking of consumption in Stäfa and annual assessment globally
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. Approximately 30 % of the electricity consumed in Stäfa is dedicated solely to the purpose of cooling production tools. In response to this significant energy allocation, we are in the planning stages of a project focused on implementing district heating and cooling solutions utilizing lake water. This collaborative effort involves a leading energy supplier and is designed to improve energy efficiency, minimize our environmental footprint and promote sustainable practices in our Stäfa operations. The project aligns with our commitment to responsible resource management.

Key performance indicators and progress in 2023

Throughout 2023, we remained dedicated to implementing various measures aimed at reducing our energy consumption. For detailed energy consumption information, please refer to the "Energy and Emissions" table on page 55. The notable rise in energy intensity is attributed to the reduced contribution profit, aligning with lower production volumes. Despite a substantial decrease in production volume, the stringent environmental conditions for production buildings must be maintained. This implies that the overall energy consumption does not directly correlate with the production volumes.

In Stäfa

- Our commitment to renewable practices extended to the lighting system, with over 30 % of our working area now illuminated by LED
- We continued to actively monitor energy consumption, fostering awareness and encouraging energy-saving practices, such as turning off lights and computers
- As part of our contribution to preventing potential electricity and gas shortages, we kept room temperatures at 20 degrees
- Additionally, we replaced eight outdated HVAC systems in our production facility with more energy-efficient alternatives

In Debrecen, we achieved a notable 5 % reduction in energy consumption through HVAC optimization efforts. While we have already switched to 100 % renewable electrical energy sources in China and Korea using wind power, we successfully transitioned to 100 % renewable electrical energy sources in the Netherlands, validated by Energy Attribute Certificates.

Water and wastewater

Water protection is one of our three operational sustainability priorities. Our focus is on minimizing water use, ensuring clean wastewater disposal and regularly evaluating water usage per sensor at manufacturing sites. We adopt a holistic approach to waste and resource management. Sensirion's efforts to reduce water consumption and manage wastewater impact affect the availability and quality of water in our operational regions.

Impacts, risks and opportunities

Water is indispensable for Sensirion's production processes in Stäfa. Water consumption and wastewater generation are subject to legal regulations. Changes in these regulations may increase costs due to changes in operating processes or investment into new filter systems.

Wastewater from production can have negative environmental effects on the ecosystem as well as incur possible fines if limit values such as for copper are exceeded. In case of copper, however, this substance can be extracted from the copper-containing sludge and recycled, thus saving costs as well as the environment. Costs can be saved also by reducing water consumption as such.

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 was implemented on a trial base in 2023.

Key performance indicators and progress in 2023

The total water withdrawal of the five sites in Debrecen (HU), Enschede (NL), Seoul (KR), Shanghai (CN) and Stäfa (CH) amounted to 44,015 m^3 for 2023. In 2022, the water withdrawal was 63,267 m^3. In 2023, we recorded a 13 % increase in water consumption per PU [Liter/PU]. The deviation to our target value mainly comes from the initial commissioning of our wastewater treatment system in Stäfa and some ongoing ramp-up projects in Stäfa (new HVAC system) and Debrecen (increased dicing activities).

Wastewater

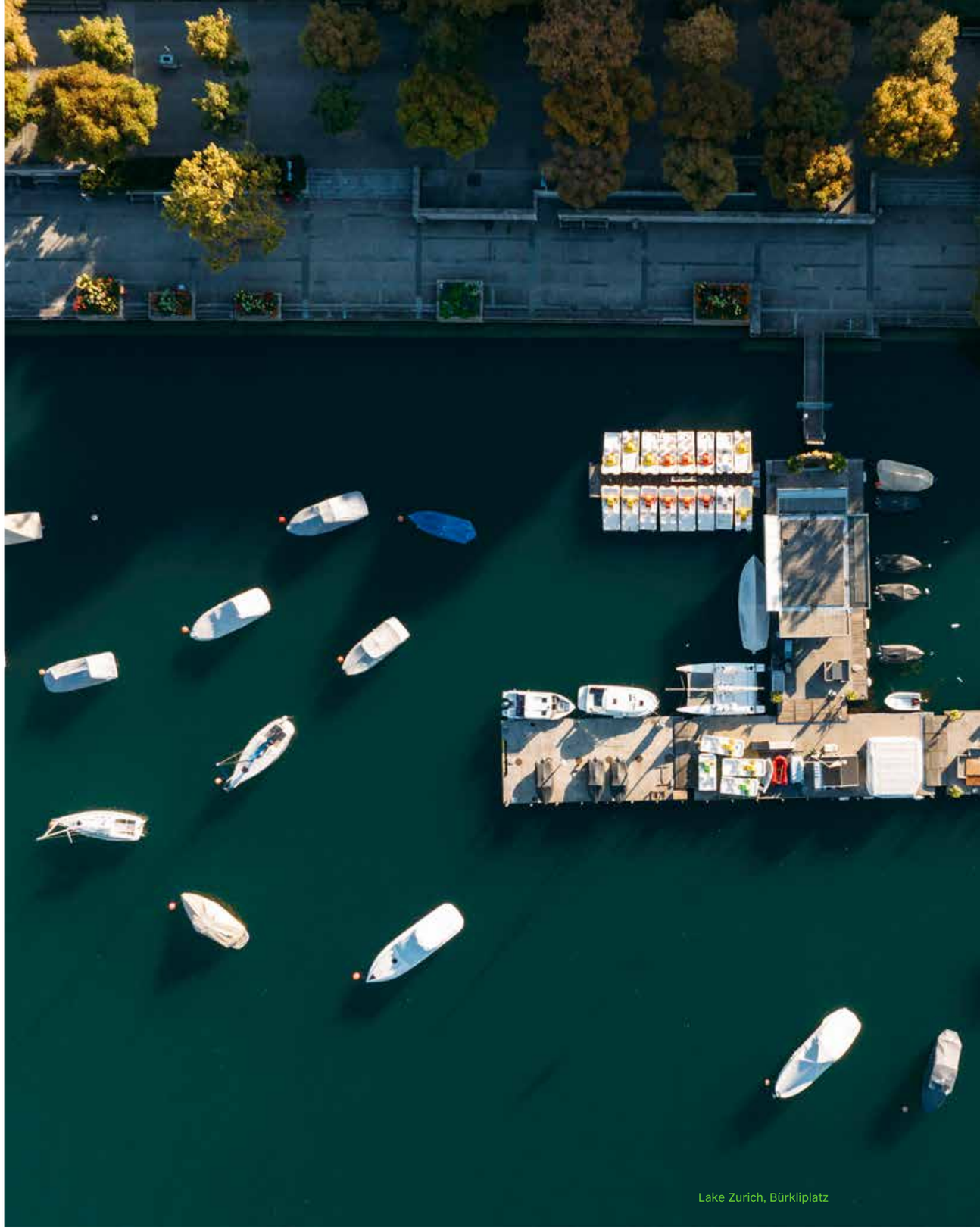
Wastewater from all sites is discharged into the local sewer system. Only the Stäfa site produces industrial wastewater, which is fed into the sewer system via a two-stage filtration/absorption system that is monitored at regular intervals.

Key performance indicators and progress in 2023

In 2022, as a result of construction activities and a substantial increase in production capacity by over 50 %, we observed elevated copper levels in our industrial wastewater. Subsequently, the treatment of wastewater in the lead frame dicing process in Stäfa underwent a substantial overhaul. The outdated system with insufficient filtration and absorption has been replaced by a state-of-the-art wastewater treatment system. This upgrade incorporates enhanced centrifuge and filtration technologies, ensuring compliance with copper limits, even during larger productions. Additionally, we are exploring the possibility of recycling particulate copper in the sludge of the centrifuge.

Furthermore, we have installed a deionized water recycling unit in Stäfa for the processing water used in wafer dicing, designed to reduce water and power consumption, lower operational costs and enable effective monitoring during our wafer process.

The project is in its initial stages, and the achieved savings are currently negligible as the equipment was put into operation in November 2023. We plan to gradually increase implementation in production throughout 2024 and the impact on annual water consumption is expected to become more significant over time.



Lake Zurich, Bürkliplatz

Our employees

At Sensirion, our people are the heart of our success. By fostering engagement and a healthy work environment, we enhance satisfaction, motivation and overall employee strength.

Company culture and employee satisfaction

Our culture is at the core of who we are. Sensirion stands out with its blend of innovation, dynamic energy and a distinctive company culture known as “SensiSpirit”. Anchored in the values of “fair and honest”, “together” and “top performance”, our culture thrives through flat hierarchies, streamlined decision-making and a plethora of employee-organized events. The “SensiSpirit” is promoted both inside and outside the office, propelling our success story forward each day.

Employee structure

On 31 December 2023, Sensirion counted 1,293 employees, including 87 apprentices, trainees and interns (FTE). Further, Sensirion employed 29 workers who are not employees, mostly contingent workers. The composition of the workforce by employment contract and by employment relationship is shown in the table below.

Composition of the workforce (in FTE)[1]

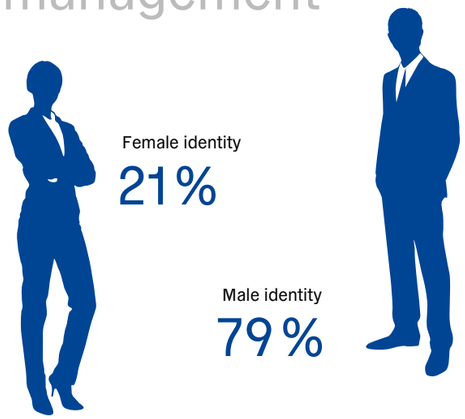
Workforce according to employment contract	2023			
Gender	Permanent	Temporary	Permanent (%)	Temporary (%)
Men	801	15	66.4 %	1.3 %
Women	373	16	31.0 %	1.3 %
Other[2]	1	0	0.1 %	0.0 %
Total	**1,175**	**31**	**97.4 %**	**2.6 %**

Workforce by employment relationship	2023			
Gender	Full time	Part time	Full time (%)	Part time (%)
Men	648	169	53.7 %	14.0 %
Women	309	79	25.6 %	6.6 %
Other[2]	1	0	0.1 %	0.0 %
Total	**958**	**248**	**79.4 %**	**20.6 %**

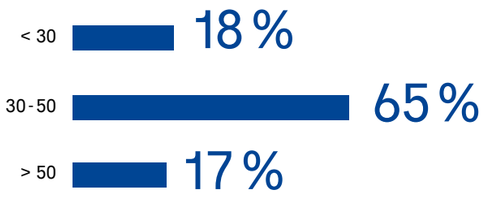
[1] The 2023 data covers all global employees excluding 87 apprentices, trainees and interns (FTE).

[2] Gender as specified by the employees themselves.

Gender in management



Age of employees without management function



Fluctuation details are shown in the following table.

Employee turnover of permanent employees (gender and age group)[1]

Fluctuation (gender and age group)[1]	2023	
	Entries	Exits[2]
Permanent employees (in headcount)		
Gender		
Men	143	63
Women	80	78
Other[3]	–	–
Total	**223**	**141**
Age		
< 30	66	28
30-50	133	98
> 50	24	15
Permanent employees (turnover in %)		
Gender		
Men	18 %	8 %
Women	21 %	21 %
Other[3]	0 %	0 %
Age		
< 30	39 %	17 %
30-50	16 %	12 %
> 50	10 %	6 %

[1] The 2023 data covers all global employees excluding apprentices, trainees, interns.

[2] Including retirement exits

[3] Since 2023, Sensirion discloses gender as specified by the employees themselves.

Impacts, risks and opportunities

Company culture and employee satisfaction have a direct impact on motivation and performance of employees as well as the recruitment process. Should culture and satisfaction decline, Sensirion would face a risk of losing qualified personnel, decreased productivity and increased recruitment costs due to higher fluctuation rates and low employee loyalty. Conversely, high employee satisfaction leads to low absenteeism, enhanced employee health and increased ability to innovate. Sensirion's start-up spirit and friendly company culture also enhance the personal lives of our people and benefit the reputation of Sensirion as role model for the industry.

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 as part of our onboarding process.

Following the culture workshops, all attendees are encouraged to partake in an anonymous survey, the findings of which are discussed in a management meeting. Areas identified for improvement are considered for next year's

culture workshops. Employee participation is documented within the training system, with careful monitoring to ensure each employee participates in the workshop at least once.

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 rests primarily with the management, particularly the Vice President of Human Resources. We prioritize cultural fit when hiring applicants, even if they possess outstanding qualifications. In cases of repeated misconduct against the company's culture and values, we part ways with employees in a fair and transparent manner. All managers and employees share the responsibility of embodying the corporate culture and values.

Twice a year, during employee appraisals, we conduct meetings to gauge employee satisfaction, well-being, alignment with company strategy and gather feedback on the culture in practice. Over the past eight years, since the initiation of employee satisfaction data collection, the consolidated results from Stäfa site employees have consistently ranged from 7.8 to 8.5 on a scale of 1 (unsatisfied) to 10 (very satisfied). These results are discussed by the management and presented at the town hall meeting.

Moreover, we have conducted an employee satisfaction survey every two years since 2017, aligned with the certification label "Great Place to Work". This survey took place in November 2022 and results were published in 2023.

We participated in the globally recognized survey and our employees consistently rated Sensirion Switzerland as an exceptional workplace, contributing to a Trust Index of 95%. This high level of trust extends beyond Switzerland, positioning us as one of the premier employers throughout Europe.

Sensirion Switzerland was particularly highly rated for its unique corporate culture, which is based on the values of "fair and honest," "together" and "top performance", its products and services for a sustainable future, and its open and transparent communication policy. Of the more than 3,350 companies that took part, 150 were named "Best Workplaces" in Europe. This year, Sensirion was ranked 7th in the Large Enterprises category (more than 500 employees).

This acknowledgment extends beyond Switzerland, as Hungary, Germany and the Netherlands representing all of the company's European subsidiaries also earned Great Place to Work Certification, reflecting a global commitment to fostering an exceptional employee experience.

We also received a "Top Company" seal from kununu in 2023. Our company page on kununu can be found here.

Sensirion's 25th anniversary

In July, we joyously marked our 25th anniversary, a significant milestone that brought together approximately 2,000 guests, including families, friends and neighbors, on our campus in Stäfa. The event was an outstanding success, boasting an array of thrilling activities such as a scavenger hunt, a factory tour or interactive games featuring our cutting-edge sensors. While some attendees enjoyed a factory tour to learn more about our products, others experienced the lively performance of our company band on stage. With something for everyone, the celebration reflected the spirit of unity and enjoyment. Notably, we organized the entire celebration in-house, with the active participation of approximately 200 employees, underscoring our commitment to the company and fostering a sense of pride. This achievement is a testament to the outstanding efforts of our colleagues, whose creativity and dedication played a crucial role in the event's success.

Moreover, the active involvement of our local community and key stakeholders from the municipality underscored our collaborative approach and deepened our ties with the broader community.

"Our 25th anniversary celebration confirmed once again that we are not a conventional company, but rather cultivate a special culture.

The voluntary commitment and support of our employees around this event was impressive."

Heiko Lambach, former VP Human Resources

Key performance indicators and progress in 2023

We maintained our commitment to fostering a vibrant corporate culture by hosting numerous events and workshops. These initiatives garnered significant attendance, showcasing the strong engagement and participation of our dedicated employees.

In the reporting period, we again successfully conducted two culture workshops in Stäfa and one workshop in Debrecen. Additionally, we expanded our outreach by organizing workshops in Chicago, Shenzhen and Tokyo for the first time. Globally, around 300 employees participated in the culture workshops in 2023.

The foundation of our enduring employee satisfaction lies in our open, honest, appreciative and communicative culture. This commitment is evident in the well-being rate recorded in the 2023 employee appraisal survey for Stäfa.We plan to extend this survey to other locations globally.

Employee satisfaction[1]

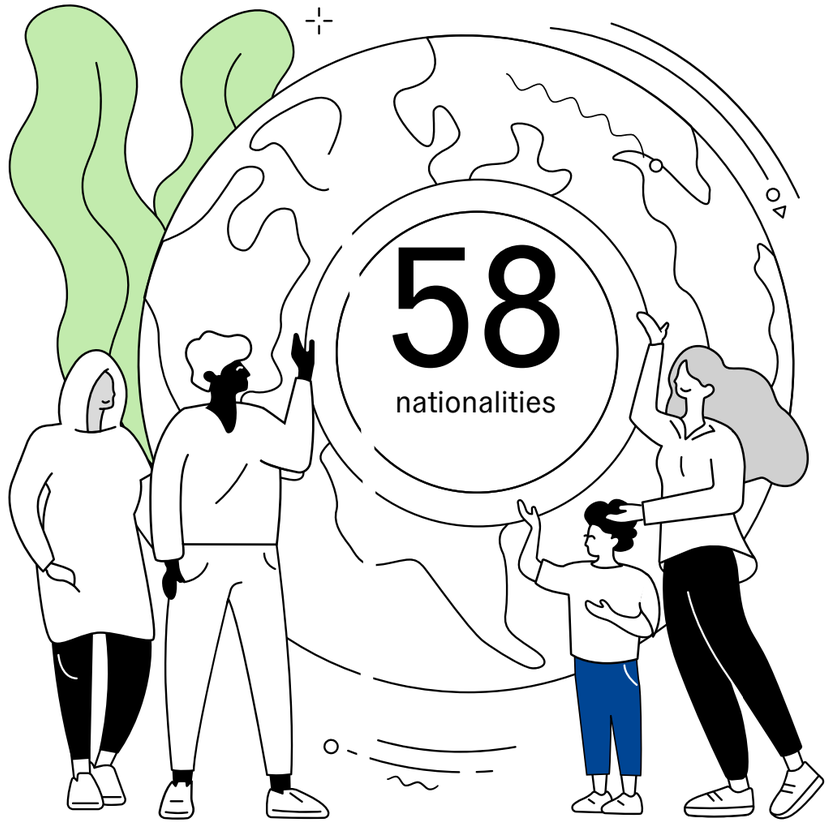
Year	Scale[2]	2021	2022	2023
Subjective personal well-being in team	0-10	8.3	8.4	8.5
Subjective personal well-being in organization	0-10	8.1	8.2	8.0

[1] Switzerland only

[2] 0 = very bad, 10 = excellent

Sensirion ranked 7th in the Large Enterprises category of the Great Place to Work survey, earning recognition as one of the Best Workplaces in Europe.

Diversity, equality and inclusion



At Sensirion, our global leadership recognizes that fostering diversity, equality and inclusion (DE&I) requires a deliberate mindset shift. These principles are integral to our values and we are dedicated to ensuring that everyone, regardless of race, gender, sexual or political orientation or geographic origin, feels accepted and fully embraced within the Sensirion.

Afghanistan, Australia
Austria, Bangladesh, Belgium
Bosnia and Herzegovina
Brazil, Bulgaria, Canada, China
Croatia, Czech Republic
Denmark, Ecuador, Eritrea
Estonia, Finland, France
Germany, Greece, Hong Kong
Hungary, India, Iran, Ireland
Italy, Japan, Kazakhstan
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
Ukraine, United Kingdom
United States, Vietnam

Impacts, risks and opportunities

Sensirion's commitment to diversity, equality and inclusion (DE&I) impacts the local community and society at large, contributing to social stability and promoting equal opportunities within the science, technology, engineering and mathematics (STEM) field, especially for women.

Shortcomings in the DE&I area, especially a risk of discrimination, may lead to difficulties in recruitment, lower motivation and productivity of employees, damaging also Sensirion's employer image and reputation. On the other hand, inconsiderate focus on DE&I initiatives may lead to feelings of discrimination and demotivation in other groups of employees.

Strong DE&I culture fosters employee motivation and loyalty and enhances solidarity. By incorporating different perspectives, we boost our ability to innovate and reduce risks of decision bias.

A commitment to positive change

Through our commitment to promoting diversity, equality, and inclusion (DE&I), we strive to create an environment that offers equal opportunities and fair conditions for all employees. When recruiting for technical roles in our R&D, marketing and sales teams, we actively monitor the gender ratio. This monitoring involves comparing the gender composition of these teams to the gender distribution of graduating classes in the universities from which we source our talent.

As part of this focus, we partner with Fachstelle jumpps*, an organization that promotes gender education and encourages girls to pursue their interests and talents in science, technology, engineering and math (STEM).

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 2023, 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. We have demonstrated adherence to equal pay, thereby eliminating the obligation for a repeat equal pay analysis. In addition, we perform an annual external salary comparison to ensure that remuneration for all roles within our company aligns with market standards.

Key performance indicators and progress in 2023

We organized two events at our Stäfa headquarters, welcoming approximately 60 primary school girls as part of the "It's MINT" project in collaboration with our partner Fachstelle jumpps*. This initiative is designed to inspire girls to explore STEM careers in an enjoyable and supportive setting. The girls engaged in exciting experiments, toured our R&D labs and had the chance to meet with some of our female colleagues. These colleagues served as role models, sharing their experiences and insights in STEM.

In 2023, we proudly welcomed two female members to the Executive Committee. Their appointment is a testament to our commitment to creating a leadership team that reflects a broad spectrum of experiences and perspectives. These individuals bring a wealth of expertise and insight to the Executive Committee, contributing to the continued success and innovation of our organization.

As our global presence expands, we are adapting our hiring practices and collaborating with partners to enhance awareness of our employer brand. Our focus is on attracting diverse candidates, particularly at sites beyond Switzerland. At the end of 2023, Sensirion employed people from 58 nationalities. The following table shows the diversity of gender and age in the management body and workforce of Sensirion per 31 December 2023.

Diversity of the management body and workforce

	2023	%
Board of Directors		
Gender		
Men	4	67 %
Women	2	33 %
Other [1]	–	0 %
Total	**6**	**100 %**
Age		
< 30	–	0 %
30-50	1	17 %
> 50	5	83 %
Excecutive Management		
Gender		
Men	4	67 %
Women	2	33 %
Other [1]	–	0 %
Total	**6**	**100 %**
Age		
< 30	–	0 %
30-50	4	67 %
> 50	2	33 %
Employees with management function [2]		
Gender		
Men	137	79 %
Women	37	21 %
Other [1]	–	0 %
Total	**174**	**100 %**
Age		
< 30	2	2 %
30-50	124	75 %
> 50	48	23 %
Employees without management function [2]		
Gender		
Men	703	65 %
Women	381	35 %
Other [1]	1	0 %
Total	**1,085**	**100 %**
Age		
< 30	192	18 %
30-50	709	65 %
> 50	184	17 %

[1] Since 2023, Sensirion discloses gender as specified by the employees themselves.

[2] The 2023 data contains all permanent employees excluding apprentices, trainees and interns.

Employee development and training

We prioritize the development of our talent and invest in their professional growth. Viewing our people as brand ambassadors, we strive to make their time at Sensirion satisfying and productive by enhancing their skills and empowerment.

Impacts, risks and opportunities

Employee development and training not only benefits the qualification of Sensirion's workforce, but it creates spill-over effects into the industry, the value chain and the wider society in our regions. Enhanced professional development also impacts the personal lives of our employees.

Failure to provide employee development and training opportunities may result in stagnation of skills, reduced innovative ability and competitiveness of Sensirion as well as potential migration of employees to other companies with better development and training opportunities. Retention of qualified employees, on the other hand, reduces recruitment costs and leads to higher productivity, innovation capacity and adaptability to market developments.

Invested in our employees

Many graduates and students start their careers with us, playing a vital role in advancing a smarter world through our sensor technologies. Maintaining a robust presence at key technical universities and universities of applied sciences is crucial for attracting and recruiting such talent. Sensirion consistently participates in job fairs and hosts various events, including company tours and the Students TechDay, as part of our ongoing efforts to engage with and recruit talented individuals. Through training initiatives and fostering a positive culture, we cultivate and nurture the finest talent internally, providing opportunities for professional growth and long-term careers within our organization.

At Sensirion, we deeply value the contributions our employees make to the company's success. Consequently, we make substantial investments in their professional development, aiming to ensure job satisfaction, ongoing growth, and positioning Sensirion as their preferred employer. To align individual career paths with opportunities, Sensirion conducts regular performance and career development reviews. Oversight of these talent development initiatives is led by the Vice President of Human Resources, working in collaboration with HR business partners on a local level. We employ a unified learning platform to facilitate course rollout and assess engagement, with the goal of implementing this system across all Sensirion entities and training employees within the next two years. Sensirion's employee development program encompasses the following offerings for its employees:

A) SensiAcademy

As part of the SensiAcademy, we provide a comprehensive range of approximately 180 digital and on-site training sessions featuring both internal and external speakers. All employees can register for these training sessions, subject to the supervisor's approval, with all associated costs covered by the company. Moreover, employees in specific specialized fields, such as information technology, regularly engage in external courses to ensure their skills remain current.

B) Operator trainings

Operators are required to undergo an extensive array of process training courses, the completion of which is mandatory for the performance of their work activities. The associated training costs, frequently conducted by internal trainers or process managers, are not billed to the operators.

C) Special talent development trainings

Tailored talent development trainings focus on our best talents to prepare them for the next promotion. These programs encompass external training, international experiences at our subsidiaries and personalized coaching. Sensirion fully covers the expenses associated with these training initiatives. Our HR team collaborates closely with line managers to ensure the individualized development of these talents aligned with their career aspirations.

D) Individual trainings suggested by employees

Individual training suggestions by employees 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. To formalize this commitment, employees agree to remain employed at Sensirion for a minimum of two years following the completion 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.

Key performance indicators and progress in 2023

In the reporting period and as part of our planned initiatives, we successfully implemented the common learning platform in Debrecen. Emphasizing our commitment to global standardization, we are actively working towards aligning training levels and harmonizing content across all locations. This approach ensures consistency, efficiency and synergy while considering the local cultural context in our pursuit of fostering a unified learning experience company wide.

The following table shows the proportion of employees based on gender and position who received a performance/career development review in 2023.

Performance/career development reviews[1]

	%
Gender	
Male	100 %
Female	100 %
Other[2]	100 %
Management position	
Employees with management function	100 %
Employees without management function	100 %

The table below presents the average training hours per employee for the year 2023.

Average hours of training per year per employee[1]

	hours
Gender	
Male	15
Female	20
Other[2]	20
Management position	
Employees with management function	18
Employees without management function	17

[1] The 2023 data covers all employees excl. apprentices, trainees, interns, temporary and contract workers

[2] Since 2023, Sensirion discloses gender as specified by the employees themselves.

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 encompass the internal regulations, management structures, processes and practices upheld at Sensirion to foster fairness, transparency and accountability. Our commitment to ethical and transparent corporate governance extends to compliance with all legal and stock exchange requirements, encompassing the prevention of anti-competitive behavior, money laundering and corruption. Through robust corporate governance practices, Sensirion establishes a foundation for sound business conduct, promoting fairness, honesty, transparency and accountability to safeguard the best interests of our stakeholders.

Impacts, risks and opportunities

All Sensirion stakeholders are impacted by our compliance and governance practices, which form the basis for trusted partnerships with employees, customers, suppliers, owners as well as entire communities.

Violations of compliance and governance may lead to obstructions in the development of fair market structures, distortion of competition and loss of trust, while harming the social fabric of wider society. Such events as well as violations against human rights in our own operations could result in damage to our reputation and possible legal risks and fines.

Compliance guidelines and mechanisms

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, to protect our business from risks. The Code of Conduct also explicitly prohibits child labor and violations against human rights within the company and is subject to verification during audits.

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 commitment" on page 28.

In the event of violations against policies, varying actions such as reprimands or extraordinary terminations are taken depending on their 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 whistleblower 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 website. 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. In 2023, internal audits were conducted for all fully consolidated legal entities to identify corruption risks. This process led to continuous improvement, including the implementation of measures and an action plan. Internal risk assessment guides us in determining where audit and control systems need to be implemented. This also included checking whether all relevant employees had received training in 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 must take the Code of Conduct training when hired and a refresher every three years. Temporary employees and interns must read and sign the most important information of the Code of Conduct. In the event that an employee fails to complete the training, a reminder will be issued by the HR department. The Board of Directors and general management are responsible for training themselves.

Key performance indicators and snapshot of 2023

In 2023, we sustained our leadership in compliance and governance, with no reported significant violations of laws, regulations or ethical misconduct. There were no instances of non-compliance leading to sanctions or fines. Moreover, there were no confirmed incidents of corruption, human rights violations in our own operations, and no legal actions, pending or completed, related to anti-competitive behavior or violations of anti-trust and monopoly legislation reported during the year.

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 99-100.

As of 31 December 2023, 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 four financial years preceding the financial year 2023. The governance structure and members including the committees of the Board of Directors are described more detailed in the Corporate Governance Report – pages 91-102, 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 98.

The information on the Independent Director's Committee to prevent and mitigate conflicts of interest can be found in the Corporate Governance Report – page 100.

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 Committee or Board of Director members are disclosed in their respective CVs in the Corporate Governance Report – pages 94-95 and 106-107. Related party transactions are disclosed in the Compensation Report – pages 118 and 123.

Policies and processes to determine remuneration

The remuneration policies of the Board of Directors and the Executive Committee are disclosed in the Compensation Report – pages 112-113.

The processes to determine remuneration of the Board of Directors and the Executive Committee are disclosed in the Compensation Report – pages 113-115.

The Annual total compensation ratio in 2023 of the CEO compared to the median annual total compensation for all employees (excluding the CEO) based in Switzerland was 5.29.

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 of the strategy and reviews the key activities. The Board of Directors is informed once a year about the progress in the CO_2 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 experience of 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 the Corporate Governance Report – pages 98-99.

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 CO_2 roadmap and the materiality matrix were approved by the Board of Directors.

About this sustainability report

This third sustainability report of Sensirion was published on March 12, 2024. The reporting frequency is annually until further notice and the reporting scope of this sustainability report covers the consolidated subsidiaries listed in the Consolidated Financial Statements on page 155 of the financial report, except it is stated differently within this sustainability report. The content of the sustainability report has not been externally assured. Restated data is clearly indicated and marked within the report at the specific locations where it is applicable.

In the reporting year, Sensirion is mandated by the Swiss Code of Obligations (CO) to disclose a Non-Financial Report. This statement is presented as a consolidated, distinct Non-Financial Report within this Sustainability Report.

Regarding questions on this report, please contact:
Lars Dünnhaupt, Director Investor Relations, lars.duennhaupt@sensirion.com

GRI Content Index

Sensirion Holding AG has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023. For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. 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 Disclosure			
The organization and its reporting practices			
GRI 2: General Disclosures 2021	2-1 Organizational Details	P. 22, 86 (Corporate Governance Report)	
	2-2 Entities included in the organization's sustainability reporting	P. 78	
	2-3 Reporting period, frequency and contact point	P. 78-79	
	2-4 Restatements of information	P. 78	
	2-5 External assurance	P. 78	
Activities and workers			
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	P. 22-23	
	2-7 Employees	P. 61	
	2-8 Workers who are not employees	P. 61	
Governance			
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	P. 76	
	2-10 Nomination and selection of the highest governance body	P. 76	
	2-11 Chair of the highest governance body	P. 76	
	2-12 Role of the highest governance body in overseeing the management of impacts	P. 76-77	
	2-13 Delegation of responsibility for managing impacts	P. 77	
	2-14 Role of the highest governance body in sustainability reporting	P. 77, 82	
	2-15 Conflicts of interest	P. 76	
	2-16 Communication of critical concerns	P. 75	
	2-17 Collective knowledge of the highest governance body	P. 77	
	2-18 Evaluation of the performance of the highest governance body	P. 76	
	2-19 Remuneration policies	P. 76	
	2-20 Process to determine remuneration	P. 76	
	2-21 Annual total compensation ratio	P. 76	

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. 27	
	2-23	Policy commitments	P. 28	
	2-24	Embedding policy commitments	P. 28, 74-75	
	2-25	Processes to remediate negative impacts	P. 40, 58, 74-75	
	2-26	Mechanisms for seeking advice and raising concerns	P. 75	
	2-27	Compliance with laws and regulations	P. 75	
	2-28	Membership associations	P. 28	
Stakeholder engagement				
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	P. 29	
	2-30	Collective bargaining agreements	P. 64	

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. 34-35	
Sustainable products and services				
GRI 3: Material Topics 2021	3-3	Management of material topics	P. 35-37	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	P. 37	
Sustainable supply chain management				
GRI 3: Material Topics 2021	3-3	Management of material topics	P. 39-41	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	P. 41	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	P. 41	

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. 50-53	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	P. 55	
	305-2	Energy indirect (Scope 2) GHG emissions	P. 55	
	305-4	GHG emissions intensity	P. 54	
Energy use				
GRI 3: Material Topics 2021	3-3	Management of material topics	P. 56	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	P. 55	
	302-3	Energy intensity	P. 54	
	302-4	Reduction in energy consumption	P. 56	
Water and wastewater				
GRI 3: Material Topics 2021	3-3	Management of material topics	P. 57-58	
GRI 303: Water and Effluents 2018	303-3	Water withdrawal	P. 57	
Our employees				
Company culture and employee satisfaction				
GRI 3: Material Topics 2021	3-3	Management of material topics	P. 63-66	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	P. 63	
Diversity, equality and inclusion				
GRI 3: Material Topics 2021	3-3	Management of material topics	P. 69	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	P. 70	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	P. 69	
Employee development and training				
GRI 3: Material Topics 2021	3-3	Management of material topics	P. 71-72	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	P. 72	
	404-3	Percentage of employees receiving regular performance and career development reviews	P. 72	
Ethical business conduct				
Compliance and governance				
GRI 3: Material Topics 2021	3-3	Management of material topics	P. 74-75	
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	P. 75	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P. 75	

Declaration of the Board of Directors

The Board of Directors of Sensirion Holding AG is responsible for the preparation of the Non-Financial Matters Report for the financial year 2023 in accordance with the Articles of Association and the Organizational Regulations.

This Non-Financial Matters Report for the financial year 2023 was prepared in accordance with Article 964a et seq. CO and approved by the Board of Directors of Sensirion Holding AG.

This Non-Financial Matters Report 2023 will remain accessible on the Company's website for at least ten years.

Requirements of Art. 964b CO	Referenced chapters in the non-financial report	Pages
General information		
Business model	Key points	P. 22-25
Identification of material non-financial matters	Material topics	P. 30-31
Policies	Policies and management systems	P. 28
Coverage of undertakings	About this sustainability report	P. 78
Non-financial matters*		
Environmental matters, in particular the CO_2 goals	Climate protection	P. 50-55
	Energy use	P. 56
	Water and waste water	P. 57-58
	Sustainable products and services	P. 35-37
Social issues	Sustainable products and services	P. 35-37
Employee-related issues	Company culture and employee satisfaction	P. 60-66
	Diversity, equality and inclusion	P. 67-70
	Employee development and training	P. 71-72
Respect for human rights	Sustainable supply chain management	P. 39-41
	Compliance and governance	P. 74-75
Combating corruption	Compliance and governance	P. 74-75

* Risks, policies including due diligence, measures, assessment of effectiveness and main performance indicators are presented in the referenced individual chapters.

Stäfa, March 6, 2024

Moritz Lechner
Co-Chairman of the Board

Felix Mayer
Co-Chairman of the Board

Marc von Waldkirch
CEO

25 years of corporate culture

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 2023.

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 updated in 2007, 2014 and 2023 (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/company/investor-relations/corporate-governance). 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 155.

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 page 139.

Significant shareholders

As of 31 December 2023, 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]	32.2 %
Gottlieb Knoch, Zug, Switzerland	4.9 %
Dr. Thomas Knecht, Wollerau, Switzerland & Davent Holding AG, Zug, 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, 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 32.0 % (31 December 2022: 32.5 %) of the voting rights.

[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 33⅓ % of the Company's voting rights) or shares corresponding to 33⅓ % 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 2023 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 2023.

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 2023, 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 ±156,157.20 (corresponding to ±10 % 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 2023	% of capital	Shares	In CHF
Share capital	100.0 %	15,615,723	1,561,572.30
Capital range[1] (lower limit)[2]	−10%	−1,561,572	−156,157.20
(upper limit)[3]	+10%	+1,561,572	+156,157.20
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 15 May 2028

[2] The lower limit of the capital range amounts to CHF 1,405,415.10 or 14,054,151 shares.

[3] The upper limit of the capital range amounts to CHF 1,717,729.50 or 17,177,295 shares.

Capital range

On 15 May 2023, the annual general meeting of shareholders of Sensirion Holding AG (the "Annual General Meeting") resolved, among other things, to cancel the authorized share capital and introduce a capital range ranging from CHF 1,405,415.10 (lower limit) to CHF 1,717,729.50 (upper limit) (see Article 3a of the Articles of Association). Based thereon, the Board of Directors is authorized within the capital range to increase or reduce the share capital once or several times and in any amounts or to acquire or dispose of shares directly or indirectly until 15 May 2028 or until an earlier expiry of the capital range. The capital increase or reduction may be effected by issuing up to 1,561,572 fully paid in registered shares with a par value of CHF 0.10 each and cancelling up to 1,561,572 registered shares with a par value of CHF 0.10 each, as applicable, or by increasing or reducing the par value of the existing shares within the limits of the capital range. In the event of an issue of shares, the subscription and acquisition of the new shares as well as any subsequent transfer of the shares shall be subject to the restrictions set out in the Articles of Association (see "Limitations on Transferability and Nominee Registrations"). In the event of a capital increase within the capital range, the Board of Directors determines, to the extent necessary, the issue price, the type of contribution (including cash contributions, contributions in kind, set-off and conversion of reserves or of profit carried forward into share capital), 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 withdrawn 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 withdraw or restrict pre-emptive rights of existing shareholders and allocate such rights to third parties or any Group companies 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. In the event of a reduction of the share capital within the capital range, the Board of Directors determines, to the extent necessary, the use of the reduction amount.

Conditional capital

As of 31 December 2023, 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

There were no changes in the share capital of Sensirion Holding AG in the financial year 2023. For information on changes of the share capital during 2022 to 2021, see our Annual Report 2022 on page 87, and our Annual Report 2021 on page 59, 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 2023, Sensirion Holding AG has not issued any participation certificates.

Profit sharing certificates

As of 31 December 2023, 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 that they have acquired these shares in their own name and for their own account, that there is no agreement on the redemption of the relevant shares and that they bear the economic risk associated with the shares. 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 2023, 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 make the declarations set forth above in its application for registration (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 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 2023. For information on Sensirion's employee participation plans, see the Compensation Report on pages 112 to 126 as well as Note 6.2 of the Consolidated Financial Statements on pages 158 to 159.

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 2023, 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 2023. 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 2023.

Name	Function	Committee membership	First elected	Elected until AGM
Dr. Moritz Lechner[1]	Co-Chairman	Member of the Nomination and Compensation Committee	1998 (formation)	2024
Dr. Felix Mayer[1]	Co-Chairman	Chairman of the Nomination and Compensation Committee	1998 (formation)	2024
Ricarda Demarmels[2]	Member	Chairwoman of the Audit Committee Chairwoman of the Independent Directors' Committee and Lead Independent Director	2018	2024
François Gabella[2]	Member	Member of the Nomination and Compensation Committee Member of the Independent Directors' Committee	2019	2024
Dr. Anja König[2]	Member	Member of the Audit Committee Member of the Independent Directors' Committee	2021	2024
Dr. Franz Studer[2]	Member	Member of the Audit Committee	2019	2024

[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.

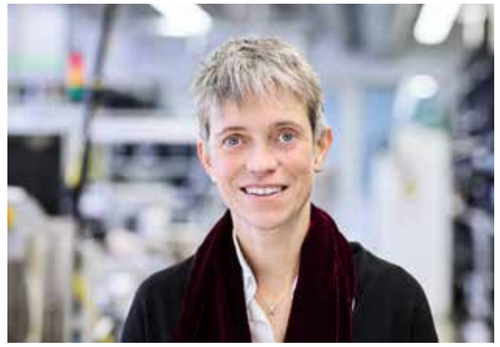
[2] Independent in the sense of the Swiss Code.

Board of Directors

Ricarda Demarmels, Non-Executive Director

Felix Mayer, Co-Chairman

Moritz Lechner, Co-Chairman



Anja König, Non-Executive Director

Franz Studer, 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. 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 Switzerland AG, Optotune Holding 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. On 1 January 2023, Ricarda was 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 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 serving on the board of Mediar Therapeutics, a biotech company in the US. 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, FAES Finanz AG (Chairman of the Board), Kantonsspital Winterthur (Chairman of the Board), HUBER + SUHNER AG and of DV Bern 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

At the Annual General Meeting on 16 May 2023, all members of the Board of Directors were re-elected for another term of office until completion of the next Annual General Meeting in 2024. As announced on 1 December 2023, François Gabella will not stand for re-election for another term of office and the Board of Directors will propose the election of Henri Mrejen, Head of Investments at 7-Industries, as new member of the Board of Directors at the upcoming Annual General Meeting on 13 May 2024.

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 (4) 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 or electronically. In 2023, the Board of Directors held ten meetings, six of which were telephone conferences. The meetings lasted on average approximately eight hours each and the telephone conferences approximately one hour. All on-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 or electronically, 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, the compensation report, the report on non-financial matters pursuant to Article 964c CO and other reports as required by law, if any;
- 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 submission of a petition for debt-restructuring moratorium and notification of the court 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, and 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 and the Executive Committee, (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 2023 Moritz Lechner), and the other Co-Chairman is to chair the annual general meeting of shareholders (as of 31 December 2023 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 "2014 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 2023, 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 and recommending to the Board of Directors for approval the report on non-financial matters pursuant to Article 964c CO;
- 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 2023, 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 2014 Swiss Code. As of 31 December 2023, the Nomination and Compensation Committee consisted of Felix Mayer (Chairman), Moritz Lechner, and François Gabella. All members were reelected by the Annual General Meeting on 15 May 2023. 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;

- reviewing 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;
- reviewing and recommending to the Board for approval the compensation report;
- 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;
- monitoring and assessing developments and trends in corporate governance;
- 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 2023, the Nomination and Compensation Committee held eight 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 2023, 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 Director's Committee holds meetings as often as required or as requested by any of its members. The Independent Director's Committee held no meeting in 2023 since no matter to be reviewed or approved by the Independent Director's 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 and non-financial (sustainability) 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;
- ensuring a timely and orderly flow of information between the Executive Committee and the Board of Directors; and
- organizing, managing and supervising non-financial / sustainability topics.

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.

Management and oversight of sustainability

At the Executive Committee level, non-financial/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 Board of Directors 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 informing the Board of Directors on all relevant matters related to sustainability and preparing recommendations to the Board of Directors, which leads all strategic initiatives including the achievement of the set sustainability goals. In 2022, the CO_2 roadmap and the materiality matrix were approved by the Board of Directors.

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 separate 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 2023, 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. Franziska Brem	2023	VP Operations
Matthias Gantner	2012	CFO
Rahel Meuwly	2023	VP Human Resources
Dr. Andrea Orzati	2013	VP Sales & Marketing
Dr. Johannes Schumm	2016	VP Research & Development

Changes in the composition of the Executive Committee

Heiko Lambach, VP Human Resources, decided to step down as member of the Executive Committee effective as of 31 October 2023 and transitioned into a new role to focus on talent diagnostic and culture development across the Sensirion Group. Effective as of 1 November 2023, Rahel Meuwly joined the Executive Committee as VP Human Resources.

Dr. Johannes Bleuel, VP Operations, decided to take on new challenges after more than eleven years at Sensirion and left the company at the end of November 2023. Dr. Franziska Brem, since 2017 Head of R&D Packaging at Sensirion, was appointed as VP Operations and became a member of the Executive Committee effective as of 1 December 2023.

The biographies of Heiko Lambach and Johannes Bleuel can be found on page 104 of the Annual Report 2022.

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 in comparable functions at enterprises with an economic purpose other than Sensirion Holding AG or its subsidiaries, of which not more than one may be in listed companies.

Management contracts

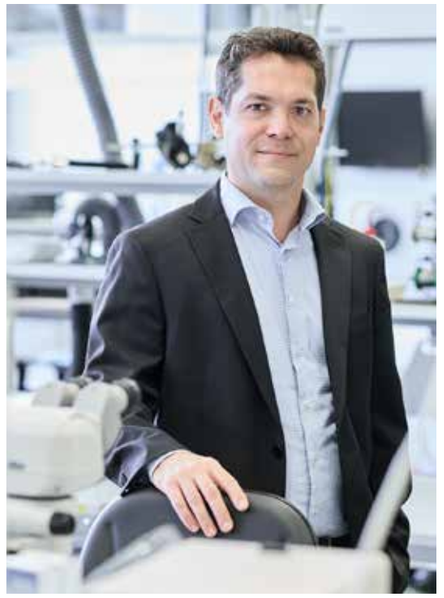
Sensirion Holding AG has not entered into any management contracts with other companies (or individuals) not belonging to the Group.

Executive Committee

Marc von Waldkirch, CEO

Rahel Meuwly, VP Human Resources

Matthias Gantner, CFO



Johannes Schumm, VP Research & Development

Franziska Brem, VP Operations

Andrea Orzati, VP Sales & Marketing

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. Franziska Brem, VP Operations (since Dec 1st, 2023), Swiss national, born in 1977

Franziska Brem has been Vice President Operations since 2023. After joining the Group in 2017, she was Head of R&D Packaging. Previously, she worked for 7 years at ABB Switzerland AG in the Corporate Research Center as Group Leader Power Electronics Packaging and Reliability and as Principal Scientist. Prior to that, she worked for 4 years at Sensirion as a Research and Development Engineer. She holds a Master's degree in Materials Engineering and a PhD in Materials Science, both from ETH Zurich.

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).

Rahel Meuwly VP Human Resources (since Nov 1st, 2023) Swiss national, born in 1980

Rahel Meuwly has been Vice President Human Resources since 2023. From 2019 until 2022, she was Head of People and Places at Appway AG, where she was responsible for Human Resources as well as the global offices. Until end of 2018, she spent more than seven years in senior management positions in the area of Talent and People Development at Zurich Insurance Company. Before that, she spent six years at Credit Suisse, where her roles included team leader and Global HR Business Partner in the IT division. Rahel Meuwly holds a Master of Business Administration with a specialization in Management of Social Processes from the University of St. Gallen. She completed a Leadership Training at the IMD as well as several postgraduate studies in Human Capital Management at the ZHAW (Zurich University of Applied Sciences).

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 and Swiss 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 is member of the Industry Advisory Board of the SATW in Switzerland and the Advisory Board of the Fraunhofer IPMS in Germany. 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 112.

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 46), 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 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 15 May 2023, 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 a 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 majority of the par value of shares represented at such meeting is required by law and 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) the introduction of conditional share capital or the introduction of a capital range; (v) a share capital increase by conversion of equity surplus, against contributions in kind, by set-off against a claim, or the granting of special benefits; (vi) 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; (ix) mergers, demergers, and conversions pursuant to the Swiss Merger Act; (x) the combination of shares; (xi) the change of currency of the share capital; (xii) the introduction of the casting vote of the acting chair in the general meeting of shareholders; (xiii) a provision in the Articles of Association to conduct a general meeting of shareholders abroad; (xiv) the delisting of the Company's equity securities; and (xv) the introduction of an arbitration clause in the Articles of Association. In addition, such qualified majority is also required pursuant to Article 13 para. 2 section 16 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. 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 5% of the Company's share capital or the votes, provided that such request specifies the agenda items and the proposals or, in case of elections, the names of the proposed candidates. One or several shareholders who represent an aggregate of at least 0.5% of the Company's share capital or the votes have the right to request that a specific proposal be put on the agenda for the next general meeting of share holders. 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 Handelsamtsblatt).

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 2023 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 112 to 126). 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, 8004 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 15 May 2023. 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 2023, 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 398,000. This includes audit-related additional fees of CHF 68,000.

For additional services performed by KPMG in the financial year 2023, Sensirion was charged total non-auditing fees as follows.

Additional fees, in thousand of CHF	Amount
Corporate compliance services	132
Tax advice	131
Total	**263**

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 727a 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

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Phone: +41 44 306 40 00 · lars.duennhaupt@sensirion.com

Financial calendar

12 March 2024	2023 full-year results and annual report
13 May 2024	2024 Annual General Meeting
21 August 2024	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 2023. The Compensation Report has been prepared in accordance with Art. 734 et seq. of the Swiss Code of Obligations (the "CO"), 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 13 May 2024 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 2014 Swiss Code. As of 31 December 2023, the Nomination and Compensation Committee consisted of Felix Mayer (Chairman), Moritz Lechner and François Gabella, who were elected by the Annual General Meeting on 15 May 2023. 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 2023, the Nomination and Compensation Committee held eight 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 99 and 100.

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	

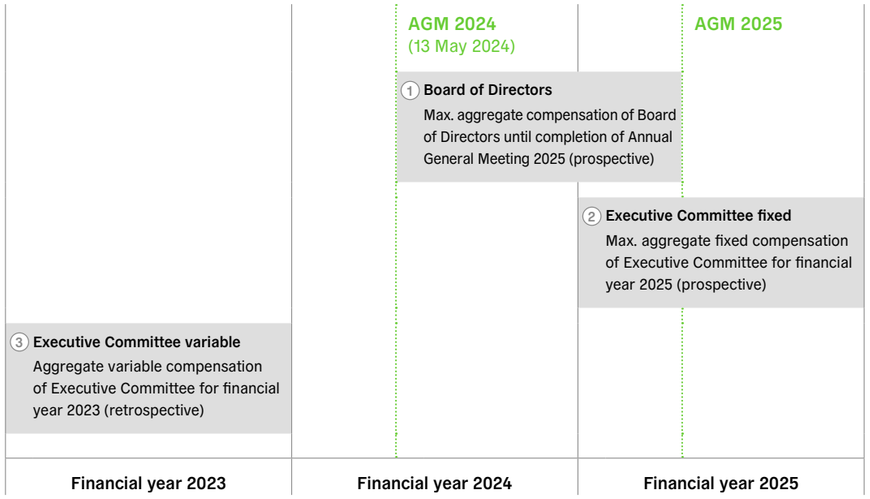
AGM: Annual General Meeting; Board: Board of Directors; NCC: Nomination and Compensation Committee; CEO: Chief Executive Officer; EC: Executive Committee

Shareholders' approval of compensation (Say on Pay)

In accordance with Art. 735 CO 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 13 May 2024.



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 2023, the Board of Directors consisted of six members. At the Annual General Meeting on 15 May 2023, all current members of the Board of Directors were re-elected for another period. For the financial years 2023 and 2022, the compensation of the members of the Board of Directors is set out in the following table.

The compensation awarded to the members of the Board of Directors for the term up to the Annual General Meeting 2023 was within the maximum aggregate amount of compensation approved by the Annual General Meeting 2022 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 15 May 2023.

Compensation period	Approved (CHF)	Effective (CHF)
AGM 2022 – AGM 2023	950,000	926,467
AGM 2023 – AGM 2024	950,000	to be determined[1]

AGM: Annual General Meeting

[1] The effective amount will be disclosed in the 2024 Compensation Report.

Compensation of the Board of Directors in 2023 (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]	–	45,182	295,182
Dr. Felix Mayer, Co-Chairman	250,000[1]	–	48,783	298,783
Ricarda Demarmels	50,000	40,000	6,700[2]	96,700
François Gabella	50,000	20,000	3,834[2]	73,834
Dr. Anja König	50,000	30,000	5,955[2]	85,955
Dr. Franz Studer	50,000	20,000	5,263[2]	75,263
Total	**700,000**	**110,000**	**115,717**	**925,717**

[1] 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 did not receive any additional compensation as Co-Chairmen of the Board of Directors.

[2] Social security contributions required by Swiss Law.

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 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.

[3] Social security contributions required by Swiss Law.

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

As of 31 December 2023, 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 2023, no compensation was paid to former members of the Board of Directors. As of 31 December 2023, 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 2023, no compensation was paid to parties closely related to current or former members of the Board of Directors. As of 31 December 2023, 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 2023 by the Annual General Meeting on 13 May 2024.

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 2023, 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 2023, the RSUs awarded for the 2023 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.

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 2023 to the members of the Executive Committee prior to the approval by the Annual General Meeting 2024.

In 2023, the variable compensation in the form of the annual bonus, including RSUs, awarded to members of the Executive Committee represented around 6 % (in 2022, around 19 %) of the base salary for the CEO and between 3 % and 5 % (in 2022, 11 % to 18 %) 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 their shares in Sensirion Holding AG if, as a result, the value of their shareholdings in Sensirion Holding AG falls below 100 % of their 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 2023, the Executive Committee consisted of six members, with two replacements following resignations (see Corporate Governance Report on page 103 for details). For the financial years 2023 and 2022, the compensation of the members of the Executive Committee is set out in the tables below. Compared to 2022, the 2023 base salaries of the members of the Executive Committee were in general increased marginally.

The fixed compensation awarded to the members of the Executive Committee for the financial year 2023 is within the maximum aggregate amount of fixed compensation of CHF 2,300,000 approved by the Annual General Meeting 2022.

Fixed compensation for the financial year	**Approved (CHF)**	**Effective (CHF)**
2023 (approved by the AGM 2022)	2,300,000	2,120,511

AGM: Annual General Meeting

Compensation of the Executive Committee in 2023 (audited)

Compensation Components (in CHF)	**Marc von Waldkirch (CEO)**	**Other EC (7 members)[2]**	**Total EC**
Base salary	444,184	1,341,831	1,786,015
Pension and social security, for base salary	84,337	250,159	334,496
Total fixed compensation	528,521	1,591,991	2,120,511
Variable bonus (restricted shares and RSUs)[1]	25,434	44,874	70,308
Social security, for variable bonus	2,035	3,590	5,625
Total compensation	**555,989**	**1,640,455**	**2,196,444**

[1] Variable bonus is based on the average of the share prices over 10 (ten) trading days prior to the date of allocation (CHF 81.00) 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 13 May 2024. Following such approval, a revised fair value will be determined for accounting purposes only.

[2] In the course of 2023, Dr. Johannes Bleuel (VP Operations) left Sensirion and Heiko Lambach (VP Human Resources) decided to step down as member of the Executive Committee and focus on talent diagnostic and culture development across the Sensirion Group. Effective as of 1 November 2023, Rahel Meuwly (new VP Human Resources) joined the Executive Committee. Effective as of 1 December 2023, Dr. Franziska Brem (new VP Operations) was appointed as member of the Executive Committee. Remuneration calculation of newly appointed or resigning Executive Committee Members is done on a pro rata basis.

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 was based on the average of the share prices over 10 (ten) trading days prior to the date of allocation (CHF 100.00) 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 2023, 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 2023, no compensation was paid to former members of the Executive Committee. As of 31 December 2023, there were no outstanding loans or credit facilities between Sensirion and former members of the Executive Committee. In the course of 2023, Heiko Lambach (VP Human Ressources) decided to step down as member of the Executive Committee and continue his tenure by focusing on talent diagnostic and culture development. In this role he receives ordinary salary and benefits as regular employee of Sensirion.

Related parties of members of the Executive Committee (audited)

In 2023, no compensation was paid to parties closely related to current or former members of the Executive Committee. As of 31 December 2023, 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 2023, 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 2023 (the "2023 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 2023, Sensirion awarded bonuses to 1,051 (2022: 980) employees who, in accordance with the Bonus and RSU Plan, were given the opportunity to choose between payment of their 2023 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 2023 Bonus in the form of a Cash Bonus. The election period for the 2023 Bonus ended on 3 January 2024.

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 2023, 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 2023, the RSUs awarded for the 2023 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 119 and 121 of this Compensation Report.

Shares held by members of the Board of Directors and the Executive Committee (audited)

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		2023		2022
	Shares	RSUs	Shares	RSUs
Dr. Moritz Lechner, Co-Chairman	854,462	–	863,181	–
Dr. Felix Mayer, Co-Chairman[1]	854,462	–	863,181	–
Ricarda Demarmels, member	250	–	250	–
Heinrich Fischer, member, resigned 16 May 2022	n/a	n/a	117,781	–
François Gabella, member	–	–	–	–
Dr. Franz Studer, member	–	–	–	–
Anja König, member	1,157	–	1,157	–
Total Board of Directors	**1,710,331**	**–**	**1,845,550**	**–**

Executive Committee		2023		2022
	Shares	RSUs	Shares	RSUs
Dr. Marc von Waldkirch, CEO	45,784	1,032	44,481	2,021
Dr. Johannes Bleuel, VP Operations[2]	n/a	n/a	2,613	875
Dr. Franziska Brem, VP Operations[3]	1,970	79	1,845	141
Matthias Gantner, CFO	9,012	449	7,958	865
Heiko Lambach, VP Human Resources[4]	n/a	n/a	7,981	652
Rahel Meuwly, VP Human Resources[5]	–	–	–	–
Dr. Andrea Orzati, VP Sales & Marketing	13,473	–	13,988	1,151
Dr. Johannes Schumm, VP Research & Development	6,532	606	5,818	1,130
Total Executive Committee	**76,771**	**2,166**	**84'684**	**6,835**

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

[2] Dr. Johannes Bleuel, VP Operations, decided to take on new challenges and left Sensirion effective 30 November 2023.

[3] Dr. Franziska Brem, since 2017 Head of R&D Packaging at Sensirion, was appointed as VP Operations and became a member of the Executive Committee effective as of 1 December 2023.

[4] Heiko Lambach, VP Human Resources, decided to step down as member of the Executive Committee effective as of 31 October 2023 and transitioned into a new role.

[5] Rahel Meuwly joined the Executive Committee as VP Human Resources effective as of 1 November 2023.

Mandates in other enterprises (audited)

The details on the activities of the members of the Board of Directors and the Executive Committee in comparable functions at enterprises with an economic purpose other than Sensirion Holding AG or its subsidiaries are set forth in the biographies on page 94-95 and page 106-107 of the Corporate Governance Report.

Auditor's Report

KPMG

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 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked "audited" on pages 117 to 118 and pages 122 to 124 of the Compensation Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the enclosed Compensation Report complies 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 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 stand-alone 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.

Auditor's Responsibilities for the Audit of the Compensation Report
Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO 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 judgement and maintain professional skepticism 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.

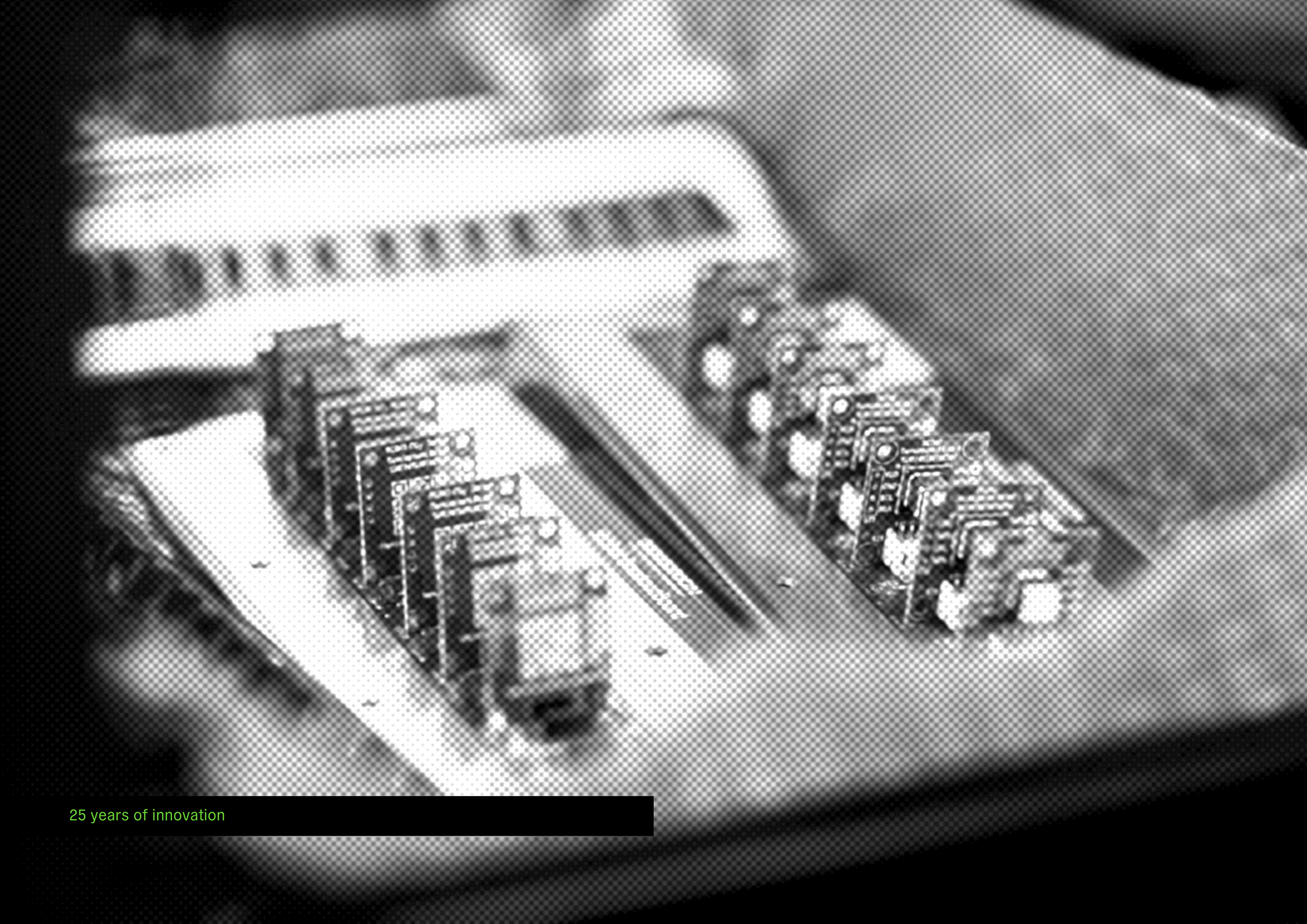
KPMG AG

Silvan Jurt
Licensed Audit Expert
Auditor in Charge

Marco Egli
Licensed Audit Expert

Zurich, 11 March 2024

KPMG AG, Badenerstrasse 172, CH-8036 Zurich



25 years of innovation

Financial Report

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Financial Report

Consolidated Financial Statements

Consolidated Income Statement

In thousands of CHF, for the year ended 31 December	Note	2023	Δ in %	2022
Revenue	2.1	**233,167**	**(27.5 %)**	**321,727**
Cost of sales		(111,363)		(131,145)
Gross profit		**121,804**		**190,582**
– as % of revenue		52.2 %		59.2 %
Research and development expenses		(54,011)		(50,771)
Selling and distribution expenses		(39,160)		(33,705)
Administrative expenses		(34,465)		(31,689)
Operating profit (loss) (EBIT)[1]		**(5,832)**	**(107.8 %)**	**74,417**
– as % of revenue		(2.5 %)		23.1 %
Financial result	2.3	(5,201)		(4,121)
Result of equity-accounted investees		(608)		677
Profit (loss) before tax		**(11,641)**		**70,973**
Income taxes	2.4	5,061		(7,393)
Profit (loss) for the period, attributable to owners of Sensirion Holding AG		**(6,580)**	**(110.3 %)**	**63,580**
– as % of revenue		(2.8 %)		19.8 %
Earnings per registered share				
Basic earnings per registered share (in CHF)	4.3	(0.42)		4.08
Diluted earnings per registered share (in CHF)	4.3	(0.42)		4.07
Earnings before interest, tax, depreciation and amortization (EBITDA)				
Earnings before interest, tax, depreciation and amortization (EBITDA)	1.4	**10,118**	**(88.7 %)**	**89,596**
– as % of revenue		4.3 %		27.8 %

[1] Defined as profit or loss 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 2023	in %	31 December 2022	in %
Assets					
Cash and cash equivalents	4.1	73,062		123,025	
Trade receivables	3.1	26,233		36,502	
Prepaid expenses		3,036		1,564	
Other receivables	3.1	6,178		6,680	
Inventories	3.2	77,957		60,055	
Total current assets		**186,466**	**56.1 %**	**227,826**	**63.6 %**
Property, plant and equipment	3.3	95,993		82,051	
Financial assets	3.4	27,934		29,392	
Equity-accounted investees		4,744		5,352	
Intangible assets	3.5	17,464		13,356	
Total non-current assets		**146,135**	**43.9 %**	**130,151**	**36.4 %**
Total assets		**332,601**	**100.0 %**	**357,977**	**100.0 %**
Liabilities					
Trade payables		6,661		10,062	
Accrued expenses		3,573		14,332	
Employee benefits	3.6	7,773		10,122	
Provisions	3.7	5		2,046	
Other liabilities		5,002		2,670	
Total current liabilities		**23,014**	**6.9 %**	**39,232**	**11.0 %**
Employee benefits	3.6	2,710		2,695	
Provisions	3.7	32		4	
Deferred tax liabilities	2.4	11,106		11,901	
Total non-current liabilities		**13,848**	**4.2 %**	**14,600**	**4.0 %**
Total liabilities		**36,862**	**11.1 %**	**53,832**	**15.0 %**
Equity					
Share capital		1,562		1,562	
Capital reserve		157,458		156,826	
Treasury shares		(2,790)		(3,774)	
Retained earnings		139,509		149,531	
Total equity, attributable to owners of Sensirion Holding AG	4.2	**295,739**	**88.9 %**	**304,145**	**85.0 %**
Total liabilities and equity		**332,601**	**100.0 %**	**357,977**	**100.0 %**

Consolidated Statement of Cash Flows

In thousands of CHF, for the year ended 31 December	2023	2022
Cash flows from operating activities		
Profit (loss) for the period	**(6,580)**	**63,580**
Adjustments for:		
– Depreciation and amortization	15,950	15,179
– Gain on sale of property, plant and equipment	(56)	(39)
– Other non-cash expense (income)	2,032	944
– Financial result without foreign exchange (gain) loss	(667)	1,433
– Result of equity-accounted investees	608	(677)
– Equity-settled share-based payment transactions	1,545	2,659
– Tax expense (income)	(5,061)	7,393
Changes in:		
– Trade and other receivables	10,771	(8,106)
– Prepaid expenses	(1,472)	303
– Inventories	(17,902)	(21,761)
– Trade and other payables	(876)	(250)
– Accrued expenses	(899)	(757)
– Employee benefits	(2,334)	(1,339)
– Asset from employer contribution reserve (in financial assets)	5,168	–
– Provisions	(2,013)	(2,144)
Interest and bank charges received (paid)	507	(26)
Income taxes paid	(9,612)	(6,885)
Net cash from operating activities	**(10,891)**	**49,507**
Cash flows from investing activities		
Investments in property, plant and equipment	(26,884)	(27,711)
Proceeds from sale of property, plant and equipment	56	39
Investments in financial assets (equity securities)	(12)	–
Investments in equity-accounted investees	–	(3,100)
Investments in intangible assets	(1,094)	(1,710)
Development expenditure capitalized	(7,627)	(1,781)
Net cash from investing activities	**(35,561)**	**(34,263)**
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	**(46,452)**	**11,890**
Cash and cash equivalents at 1 January	123,025	112,104
Currency translation	(3,511)	(969)
Cash and cash equivalents at 31 December	**73,062**	**123,025**

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 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**
Balance at 1 January 2023	**1,562**	**156,826**	**(3,774)**	**(2,314)**	**151,845**	**149,531**	**304,145**
Profit for the period	–	–	–	–	(6,580)	(6,580)	(6,580)
Currency translation of foreign operations	–	–	–	(3,442)	–	(3,442)	(3,442)
Transaction with treasury shares	–	(984)	984	–	–	–	–
Equity-settled share-based payment transactions	–	1,616	–	–	–	–	1,616
Balance at 31 December 2023	**1,562**	**157,458**	**(2,790)**	**(5,756)**	**145,265**	**139,509**	**295,739**

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 (CO_2) and particulate matter (PM2.5). Sensirion also provides sensor solutions and services based on connected sensor and data systems. Using Sensirion's microsensor solutions, OEM customers benefit from the proven CMOSens® Technology.

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 2023 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).

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 or loss and depreciation, amortization and impairment loss.

In thousands of CHF, for the year ended 31 December	2023	2022
Reconciliation of operating profit (loss) to EBITDA for the period		
Operating profit (loss) (EBIT)	**(5,832)**	**74,417**
Depreciation and amortization	15,950	15,179
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**10,118**	**89,596**

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	2023		2022	
Revenue – geographic information by region				
APAC	99,514	42.7%	143,295	44.5%
EMEA	106,741	45.8%	120,587	37.5%
Americas	26,912	11.5%	57,845	18.0%
Total	**233,167**	**100.0%**	**321,727**	**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	2023		2022	
Revenue – per customer market				
Automotive	72,460	31.1%	65,091	20.3%
Medical	44,874	19.2%	76,065	23.6%
Industrial	100,978	43.3%	153,833	47.8%
Consumer	14,855	6.4%	26,738	8.3%
Total	**233,167**	**100.0%**	**321,727**	**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. The groups 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	2023	2022
Changes in inventories	17,902	21,761
Raw materials and consumables	(76,974)	(95,468)
Employee benefits	(134,926)	(124,736)
Depreciation, amortization and impairment loss	(15,950)	(15,179)
Other	(29,051)	(33,688)
Total cost of sales, research and development expenses, selling and distribution expenses and administrative expenses	**(238,999)**	**(247,310)**

2.3 Net finance costs

In thousands of CHF, for the year ended 31 December	2023	2022
Finance income		
Interest income	731	154
Other financial income	38	101
Finance income	**769**	**255**

In thousands of CHF, for the year ended 31 December	2023	2022
Finance costs		
Interest expenses	(5)	(151)
Net foreign exchange losses	(5,868)	(2,688)
Bank charges	(97)	(130)
Other financial costs	–	(1,407)
Finance costs	**(5,970)**	**(4,376)**
Net finance costs recognized in profit (loss)	**(5,201)**	**(4,121)**

Other financial costs in the previous year include CHF 1,407 thousand impairments on financial assets.

2.4 Income taxes

In thousands of CHF, for the year ended 31 December	2023	2022
Current income taxes	249	(7,889)
Deferred income taxes	4,812	496
Total	**5,061**	**(7,393)**
Average applicable tax rate	**22.0 %**	**17.5 %**

In thousands of CHF	2023	2022
Details on change of tax claims from tax loss carryforwards		
Recognized tax claims from tax loss carryforwards	12,783	4,177
Unrecognized tax claims from tax loss carryforwards	9,978	3,790
Total tax claims from tax loss carryforwards	**22,761**	**7,967**
Recognized tax claims from tax loss carryforwards at 1 January	4,177	1,680
Additions	8,606	3,584
Utilization	–	(1,087)
Recognized tax claims from tax loss carryforwards at 31 December	**12,783**	**4,177**

The effective tax rate of 41.7 % (2022:10.4 %) has increased compared to the prior period.

In the prior period the recognition of previously unrecognized tax claims from tax loss carryforwards led to a decrease of the effective tax rate that did not occur again in the current year. Additionally, in the current period tax claims from tax loss carryforwards in the amount of CHF 2,319 thousand arising from statutory losses that do not affect the consolidated earnings of the group were recognized and further increased the effective tax rate compared to the prior period.

The income tax effect from the utilization of non-capitalized loss carryforwards in 2023 amounts to CHF 0 (2022: CHF 176 thousand). In 2023, a reassessment in relation to non-capitalized loss carryforwards lead to the capitalization of CHF 961 thousand (2022: CHF 1,354 thousand). In 2023, CHF 25 thousand expired (2022: CHF 0).

The deferred tax assets related to recognized tax claims from tax loss carryforwards amount to CHF 12,783 thousand of which CHF 3,937 thousand (2022: CHF 593 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 2023	31 December 2022
Trade receivables, gross	26,321	36,546
Allowance for doubtful receivables	(88)	(44)
Total trade receivables	**26,233**	**36,502**
Non-income tax receivables	3,551	3,454
Social security	199	200
Other	2,428	3,026
Total other receivables	**6,178**	**6,680**

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 2023	31 December 2022
Purchased parts	41,599	23,650
Semi-finished and finished goods	34,631	39,474
Work in progress	4,750	5,864
Total	**80,980**	**68,988**
Allowance on purchased parts	(1,598)	(4,645)
Allowance on semi-finished and finished goods	(1,425)	(4,288)
Total	**(3,023)**	**(8,933)**
Total Inventories	**77,957**	**60,055**

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 2023	**56,154**	**96,978**	**8,328**	**21,520**	**182,980**
Additions	6,410	14,229	4,588	1,731	26,958
Disposals	–	(1,620)	–	(224)	(1,844)
Reclassifications	69	969	(1,731)	693	–
Currency translation differences	(673)	(490)	(148)	(623)	(1,934)
Closing amount 31 December 2023	**61,960**	**110,066**	**11,037**	**23,097**	**206,160**
Accumulated depreciation and impairment					
Opening amount 1 January 2023	**21,050**	**66,097**	**–**	**13,782**	**100,929**
Depreciation	2,374	6,869	–	2,375	11,618
Disposals	-	(1,552)	–	(190)	(1,742)
Currency translation differences	(60)	(272)	–	(306)	(638)
Closing amount 31 December 2023	**23,364**	**71,142**	**–**	**15,661**	**110,167**
Total carrying amount	**38,596**	**38,924**	**11,037**	**7,436**	**95,993**
Carrying amount pledged as security for liabilities	**–**	**–**	**–**	**–**	**–**

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	**–**	**–**	**–**	**–**	**–**

As of the balance sheet date, prepayments in the amount of CHF 2,408 thousand (2022: CHF 2,400 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 the current and comparative period 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 2023	31 December 2022
Non-current financial assets		
Assets from employer contribution reserve	14,866	20,033
Deferred tax assets	9,368	5,671
Investment in MaxWell Biosystems AG	3,700	3,688
Total non-current financial assets	**27,934**	**29,392**

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 2023	**11,009**	**22,145**	**3,141**	**371**	**2,205**	**38,871**
Additions – internally developed	–	1,301	–	6,326	–	7,627
Additions – separately acquired	428	–	302	–	100	830
Disposals	(390)	–	(29)	–	–	(419)
Reclassifications	–	371	–	(371)	–	–
Currency translation differences	(19)	–	(1)	–	(6)	(26)
Closing amount 31 December 2023	**11,028**	**23,817**	**3,413**	**6,326**	**2,299**	**46,883**
Accumulated amortization and impairment						
Opening amount 1 January 2023	**6,085**	**15,533**	**2,831**	**–**	**1,066**	**25,515**
Amortization	1,147	2,675	190	–	320	4,332
Disposals	(389)	–	(29)	–	–	(418)
Currency translation differences	(8)	–	(1)	–	(1)	(10)
Closing amount	**6,835**	**18,208**	**2,991**	**–**	**1,385**	**29,419**
Total carrying amount 31 December 2023	**4,193**	**5,609**	**422**	**6,326**	**914**	**17,464**
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**

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 lives 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 the current and comparative period 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	2023	2022
Cost at 1 January	48,742	56,852
Change in earn-out provisions	–	(5,667)
Exchange differences	(3,089)	(2,443)
Cost at 31 December	**45,653**	**48,742**
Accumulated amortization at 1 January	24,162	15,327
Amortization for the year	7,509	9,807
Impairment	2,440	–
Exchange differences	(2,273)	(972)
Accumulated amortization at 31 December	**31,838**	**24,162**
Theoretical net book value at 31 December	**13,815**	**24,580**
Equity according to balance sheet	295,739	304,145
Theoretical book value of goodwill	13,815	24,580
Theoretical shareholders' equity at 31 December including goodwill	**309,554**	**328,725**
Profit (loss) for the year	(6,580)	63,580
Theoretical amortization of goodwill	(7,509)	(9,807)
Impairment	(2,440)	–
Theoretical profit (loss) for the year after goodwill amortization	**(16,529)**	**53,773**

The annual impairment test indicated a need for an impairment of the goodwill associated with Sensirion Connected Solutions GmbH. The recoverable amount was determined by discounting scenario-weighted future cash flow projections. This resulted in an impairment loss of CHF 2,440 thousand (prior year: CHF 0).

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 2023	31 December 2022
Short-term employee benefits	7,773	10,122
Total employee benefit liabilities, current	**7,773**	**10,122**
Other long-term employee benefit liabilities	2,710	2,695
Total employee benefit liabilities, non-current	**2,710**	**2,695**

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

	31 December 2023		
In thousands of CHF	Warranty provisions	Earn-out provisions	Total
Current provisions	5	–	5
Non-current provisions	32	–	32
Total provisions	**37**	**–**	**37**
Opening amount 1 January 2023	**2,050**	**–**	**2,050**
Utilization	–	–	–
Reversal	(1,738)	–	(1,738)
Currency translation differences	(275)	–	(275)
Closing amount 31 December 2023	**37**	**–**	**37**

	31 December 2022		
In thousands of CHF	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**

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% (2022: 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 2023	31 December 2022
Operating lease liabilities		
Due within 1 year	4,042	3,745
Due within 1 to 5 years	13,628	11,084
Due after more than 5 years	9,374	3,656
Total undiscounted lease payments	**27,044**	**18,485**

As at 31 December 2023, there are contingent liabilities in connection with the purchase of land and properties amounting to CHF 10,850 thousand, of which CHF 5,850 thousand are due in January 2024 and CHF 5,000 thousand are only due if a rezoning is approved by the relevant authorities, which is expected to be towards the end of 2024.

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 2023	31 December 2022
Cash and bank accounts	73,062	123,025
Cash and cash equivalents	**73,062**	**123,025**

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 2023, the fully paid-up share capital of the parent company, Sensirion Holding AG, in the total amount of CHF 1,561,572.30 (2022: CHF 1,561,572.30) is divided into 15,615,723 registered shares (2022: 15,615,723) 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.

	2023
In shares	Registered shares
Total in issue at 1 January	**15,615,723**
Total in issue at 31 December	**15,615,723**

	2022
In shares	Registered 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**

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 Capital range

The Company has an authorized share capital in the form of a capital range. The capital range as of 31 December 2023 is CHF ±156,157.20 (corresponding to ±10 % of the share capital) and amounts to CHF 1,405,415.10 or 14,054,151 shares (lower limit) and to CHF 1,717,729.50 or 17,177,295 shares (upper limit). The Board of Directors is authorized within the capital range to increase or reduce the share capital. The capital range replaced the authorized share capital from the previous year.

4.2.3 Conditional capital

As in the previous year, the Company's conditional capital as of 31 December 2023 amounts to CHF 285 thousand, encompassing 2,845,064 shares each with a nominal value of CHF 0.10.

The Company's conditional capital is composed as follows:

In shares	31 December 2023	31 December 2022
Conditional share capital for employee participations	1,389,247	1,389,247
Conditional share capital for financing, acquisitions and other purposes	1,455,817	1,455,817
Total conditional share capital	**2,845,064**	**2,845,064**

4.2.4 Non-distributable legal reserves

Non-distributable legal reserves amounted to CHF 3,102 thousand as at 31 December 2023 (previous year: CHF 4,086 thousand).

4.2.5 Nature and purpose of reserves

4.2.5.1 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.

4.2.5.2 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 2023, the Group held 30,650 of the Company's registered shares (2022: 57,450 registered shares). The treasury shares held at 31 December 2023 account for 0.20 % of the issued capital (2022: 0.37 % of the issued capital).

	Ø Transaction price in CHF	Number of registered shares	Balance in thousands of CHF
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**
Balance at 1 January 2023		**57,450**	**3,774**
Allocations from share-based payment plans	100.36	(26,800)	(984)
Closing amount 31 December 2023		**30,650**	**2,790**

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 36.70 (previous year: CHF 22.92).

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.

4.2.5.3 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.

4.2.5.4 Retained earnings

The retained earnings include the accumulated net profit or loss 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 2023 for the purpose of calculating basic earnings per registered share amounts to 15,584,341 (2022: 15,587,252).

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 15,584,341 (2022: 15,603,148).

The potential dilutive effect results from the outstanding restricted share units under the bonus and restricted share unit plan. The effects of all potential ordinary shares in the reporting year are anti-dilutive and therefore not considered in the diluted earnings per share.

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 2023	31 December 2022
Total liabilities	(36,862)	(53,832)
Less: cash and cash equivalents	73,062	123,025
Net cash (debt)	**36,200**	**69,193**
Total equity	295,739	304,145
Net cash (debt) to equity ratio	**12.2 %**	**22.8 %**

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 2023, 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 (2022: CHF 40,000 thousand). The credit line is used with a guarantee to CHF 473 thousand as of 31 December 2023 (2022: CHF 493 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	
In CHF	2023	2022	2023	2022
Euro (EUR) 1	0.9857	1.0210	0.9281	0.9839
US Dollar (USD) 1	0.9146	0.9630	0.8401	0.9233
South-Korean Won (KRW) 1,000	0.7015	0.7547	0.6506	0.7330

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

With the exception of the foundation of Sensirion Europe GmbH, there were no changes to the scope of consolidation in 2023.

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			2023		2022		Consolidation
Company, principal place of business		Share capital	in %	Voting rights in %	in %	Voting rights in %	
Sensirion AG, Stäfa (Switzerland)	CHF	2,000,000	100	100	100	100	o
Sensirion China Co. Ltd., Shenzhen (China)	CNY	1,260,000	100	100	100	100	o
Sensirion Inc., Chicago (USA)	USD	660,000	100	100	100	100	o
Sensirion Japan Co. Ltd., Yokohama (Japan)	JPY	25,000,000	100	100	100	100	o
Sensirion Korea Co. Ltd., Anyang-Si (South Korea)	KRW	100,000,000	100	100	100	100	o
Sensirion Taiwan Co. Ltd., Hsinchu (Taiwan)	TWD	25,000,000	100	100	100	100	o
Sensirion Hungary Kft., Debrecen (Hungary)	HUF	3,210,000	100	100	100	100	o
Sensirion Europe GmbH, Heimsheim (Germany)[1]	EUR	25,000	100	100	–	–	o
Sensirion Automotive Solutions AG, Stäfa (Switzerland)	CHF	100,000	100	100	100	100	o
Sensirion Automotive Solutions Inc., Eaton Rapids (USA)	USD	250,000	100	100	100	100	o
Sensirion Automotive Solutions Korea Co. Ltd., Seoul (South Korea)	KRW	38,543,000,000	100	100	100	100	o
Sensirion Automotive Solutions (Shanghai) Co. Ltd., Shanghai (China)	CNY	28,450,000	100	100	100	100	o
Sensirion Automotive Solutions Hungary Kft., Debrecen (Hungary)	HUF	3,100,000	100	100	100	100	o
Sensirion Connected Solutions AG, Stäfa (Switzerland)	CHF	100,000	100	100	100	100	o
Sensirion Connected Solutions GmbH, Berlin (Germany)[2]	EUR	30,870	100	100	100	100	o
Sensirion Connected Solutions Inc., Chicago (USA)	USD	2,631,099	100	100	100	100	o
IRsweep AG, Stäfa (Switzerland)[3]	CHF	–	–	–	100	100	o
Qmicro B.V., Enschede (Netherlands)	EUR	1,000	100	100	100	100	o
Lumiphase AG, Kilchberg (Switzerland)	CHF	212,517	49	36	51	36	Δ

[1] Founded on 28 November 2023
[2] Renamed from AiSight GmbH
[3] Merged into Sensirion AG retroactively as of 1 January 2023

Consolidation
o 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	
	31 Dec 2023	31 Dec 2023	31 Dec 2022	2023	2023	2023	2022
Pension funds without surplus/deficit					5,970	5,970	5,597
Total economical benefit/economical obligation and pension benefit expenses	**–**	**–**	**–**	**–**	**5,970**	**5,970**	**5,597**

Swiss employees are insured with Servisa Sammelstiftung (renamed from "Swisscanto Sammelstiftung"). As of 31 December 2023, the statutory funding ratio of this pension plan is 103.0 % (31 December 2022: 97.6 %). Due to the comprehensive solidarities in the pension fund, the surplus 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	Accumulation	Balance sheet	Result from ECR in personnel expenses	
	31 Dec 2023	2023	31 Dec 2023	2023	31 Dec 2022	2023	2022
Pension funds	14,866	–	14,866	–	20,033	5,167	–
Total employer contribution reserves	**14,866**	**–**	**14,866**	**–**	**20,033**	**5,167**	**–**

The employer contributions for the Swiss entities in the current financial year were charged to the employer contribution reserves.

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 2023, 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 10,002 (2022: 19,685) and the number of RSU granted amounts to 2,659 (2022: 5,047). The fair value of one share at grant date amounts to CHF 85.10 (2022: CHF 95.90) and the fair value of one RSU at grant date amounts to CHF 85.10 (2022: CHF 95.90). 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 503 (2022: 1,378) and the number of RSU granted amounts to 364 (2022: 1,378). The estimated fair value of one share at grant date amounts to CHF 83.30 (2022: CHF 97.90) and the estimated fair value of one RSU at grant date amounts to CHF 83.30 (2022: CHF 97.90). The values correspond or are derived from the listed share price of the Company's shares at 31 December 2023. These estimated fair values will be updated to reflect the circumstances at the date of the next Annual General Meeting.

For 2023, the Group granted a total annual bonus amount of CHF 2,321 thousand (2022: CHF 5,995 thousand). The amount is split between cash bonus of CHF 1,171 thousand (2022: CHF 4,137 thousand) and equity bonus of CHF 1,150 thousand (2022: CHF 2,642 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 2023	31 December 2022
Restricted share units – Bonus and Restricted Share Unit Plan	30,777	36,810

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:

In options	Number of RSU	Weighted-average exercise price (in CHF)
2023		
Outstanding at 1 January	36,810	0.10
Exercised during the year	(5,660)	0.10
Granted during the year	3,042	0.10
Forfeited during the year	(3,415)	0.10
Outstanding at 31 December	**30,777**	**0.10**
Exercisable at 31 December	–	–
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	–	–

The RSU outstanding at 31 December 2023 had an exercise price of CHF 0.10 (31 December 2022: CHF 0.10) and a weighted-average contractual life of 0.9 years (31 December 2022: 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 2023	31 December 2022
Trade receivables	317	192

In thousands of CHF, for the year ended 31 December	2023	2022
Sales and other income	1,234	467

6.4 Subsequent events

The consolidated financial statements were approved for publication by the Board of Directors on 11 March 2024. 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 2023 and 11 March 2024 which would necessitate adjustments to the carrying values of the Sensirion Group's assets or liabilities, or which require additional disclosure.

Auditor's Report

KPMG

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 2023 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 134 to 160) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, 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 2023 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 anayses, 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 38.0 as of 31 December 2023 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.

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.

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

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.

KPMG

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

Marco Egli
Licensed Audit Expert

Zurich, 11 March 2024

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Financial Statements of Sensirion Holding AG

Income Statement

In thousands of CHF, for the year ended 31 December	Note	2023	2022
Revenue from royalties	1.7	6,151	8,360
Total income		**6,151**	**8,360**
Personnel expenses		(1,038)	(1,072)
Other operating expenses		(1,446)	(884)
Impairment losses on investments	2.6	(26,876)	–
Amortization on intangible assets		(5)	(15)
Financial income	2.7	1,790	559
Financial expense	2.7	(1,952)	(2,073)
Income taxes		365	(805)
Total expenses		**(29,162)**	**(4,290)**
Loss for the year		**(23,011)**	**4,070**

Balance Sheet

In thousands of CHF	Note	31 December 2023	31 December 2022
Assets			
Cash and cash equivalents		38,449	55,123
Other short-term receivables			
– from third parties		120	22
– from companies in which the entity holds an investment		1,391	135
Prepaid expenses and accrued income		189	93
Total current assets		**40,149**	**55,373**
Financial assets	2.1	65,630	51,925
Investments	2.2	47,958	70,957
Property, plant and equipment	2.3		
– Land and buildings		250	–
Intangible assets		2	7
Total non-current assets		**113,840**	**122,889**
Total assets		**153,989**	**178,262**
Liabilities			
Trade payables			
– to third parties		38	24
– to companies in which the entity holds an investment		218	
Other liabilities			
– to third parties		60	119
– to companies in which the entity holds an investment		–	817
Accrued expenses		62	680
Total current liabilities		**378**	**1,640**
Total liabilities		**378**	**1,640**
Equity			
Share capital		1,562	1,562
Legal capital reserves	2.5		
– Reserves from capital contributions		132,671	132,723
– Other capital reserves		4,649	4,597
Legal retained earnings			
– General legal retained earnings in the narrower sense		603	603
– Reserves for treasury shares		2,790	3,774
Available earnings			
– Retained earnings brought forward		34,347	29,293
– Profit (loss) for the year		(23,011)	4,070
Total equity		**153,611**	**176,622**
Total liabilities and equity		**153,989**	**178,262**

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 Property, plant and equipment

Property, plant and equipment is valued at acquisition or production cost less accumulated depreciation and less value adjustments. Property, plant and equipment is depreciated on a straight-line basis. If there are signs of overvaluation, the carrying amounts are reviewed and adjusted if necessary.

1.5 Treasury shares

Treasury shares are held in the subsidiary Sensirion AG.

1.6 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.

1.7 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.

1.8 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 2023	31 December 2022
Non-current financial assets		
Investment in MaxWell Biosystems AG	3,700	3,688
Loans to subsidiaries	61,930	48,237
Total non-current financial assets	**65,630**	**51,925**

2.2 Investments

In thousands of CHF		31 December 2023		31 December 2022	
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	3,210,000	100	3,110,000	100
Sensirion Europe GmbH (Germany)[1]	EUR	25,000	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
IRsweep AG, Stäfa (Switzerland)[2]	CHF	–	–	166,667	100
Qmicro B.V., Enschede (Netherlands)	EUR	1,000	100	1,000	100
Lumiphase AG, Zürich (Switzerland)	CHF	212,517	49	203,601	51
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	3,100,000	100
Sensirion Connected Solutions GmbH, Berlin (Germany)[3]	EUR	30,870	100	30,870	100
Sensirion Connected Solutions Inc, Chicago (USA)[4]	USD	2,631,099	100	2,631,099	100

[1] Founded on 28 November 2023
[2] Merged into Sensirion AG retroactively as of 1 January 2023
[3] Renamed from AiSight GmbH
[4] Held as direct investment by Sensirion Holding AG until 15 December 2023

2.3 Property, plant and equipment

The position property, plant and equipment in the current period includes a prepayment of CHF 250 thousand for real estate. As of 31 December 2023, there is a remaining payment promise amounting to CHF 5,850 thousand for the purchase of the real estate on 15 January 2024.

2.4 Treasury shares

Held by subsidiary Sensirion AG

In thousands of CHF	2023	2022
Treasury shares nom. CHF 0.10		
Stock at 1 January in shares	57,450	20,599
Book value at 1 January	3,774	472
Purchases in shares	–	37,000
Purchase price	–	3,305
Allocations from share-based payment plans in shares	(26,800)	(149)
Allocation price	(984)	(3)
Stock at 31 December in shares	30,650	57,450
Book value at 31 December	2,790	3,774

2.5 Legal capital reserves

Reserves from capital contributions in the amount of CHF 132,671 thousand have been confirmed by the Federal Tax Authority.

2.6 Impairment losses on investments

The annual impairment test indicated a need for an impairment on the investments in Sensirion Connected Solutions AG. The recoverable amount was determined by discounting scenario-weighted future cash flow projections. This resulted in an impairment loss of CHF 26,876 thousand (prior year: CHF 0).

2.7 Financial result

In thousands of CHF, for the year ended 31 December	2023	20221
Financial income	1,790	559
Financial expenses	(1,952)	(2,073)
Total	**(162)**	**(1,514)**

The financial income of CHF 1,790 thousand (prior year: CHF 559 thousand) mainly includes interest income from loans to subsidiaries. Financial expenses in the amount of CHF 1,952 thousand (prior year: CHF 2,073 thousand) mainly include valuation differences of financial assets and exchange losses.

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 473 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	2023		2022	
	Quantity	Value	Quantity	Value
Allocated shares to employees excluding the EC	10,002	791	19,685	1,978
Allocated RSUs to employees excluding the EC	2,659	221	5,047	494
Total	**12,661**	**1,013**	**24,732**	**2,472**

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	2023		2022	
	Shares	RSUs	Shares	RSUs
Dr. Moritz Lechner, Co-Chairman	854,462	–	863,181	–
Dr. Felix Mayer, Co-Chairman[1]	854,462	–	863,181	–
Ricarda Demarmels, member	250	–	250	–
Heinrich Fischer, member, resigned 16 May 2022	n/a	n/a	117,781	–
François Gabella, member	–	–	–	–
Dr. Franz Studer, member	–	–	–	–
Anja König, member	1,157	–	1,157	–
Total Board of Directors	**1,828,112**	**–**	**1,845,550**	**–**

Executive Committee	2023		2022	
	Shares	RSUs	Shares	RSUs
Dr. Marc von Waldkirch, CEO	45,784	1,032	44,481	2,021
Dr. Johannes Bleuel, VP Operations[5]	n/a	n/a	2,613	875
Dr. Franziska Brem, VP Operations[2]	1,970	79	–	–
Matthias Gantner, CFO	9,012	449	7,958	855
Heiko Lambach, VP Human Resources[4]	n/a	n/a	7,981	652
Rahel Meuwly, VP Human Resources[3]	–	–	–	–
Dr. Andrea Orzati, VP Sales & Marketing	13,473	–	13,988	1,151
Dr. Johannes Schumm, VP Research & Development	6,532	606	5,818	1,130
Total Executive Committee	**87,843**	**2,490**	**82,839**	**6,684**

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

[2] Dr. Franziska Brem, since 2017 Head of R&D Packaging at Sensirion, was appointed as VP Operations and became a member of the Executive Committee effective as of 1 December 2023.

[3] Rahel Meuwly joined the Executive Committee as VP Human Resources effective as of 1 November 2023.

[4] Heiko Lambach, VP Human Resources, decided to step down as member of the Executive Committee effective as of 31 October 2023 and transitioned into a new role to focus on talent diagnostic and culture development across the Sensirion Group.

[5] Dr. Johannes Bleuel, VP Operations, decided to take on new challenges and left Sensirion effective 30 November 2023.

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	2023
Retained earnings brought forward	34,347
Net loss for the year	(23,011)
Available earnings	**11,336**

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

In thousands of CHF	2023
Balance to be carried forward	**11,336**

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 2023, 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 167 to 175) 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.

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.

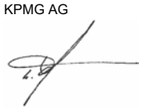
From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless 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.

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

Marco Egli
Licensed Audit Expert

Zurich, 11 March 2024

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

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

Financial calendar

12 March 2024	2023 full-year results and annual report
13 May 2024	Annual General Meeting
21 August 2024	2024 half-year results and interim report

Contact

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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.

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