

CH-Wetzikon, March 2, 2021

Elma – Solid results in a challenging year

- **Order income of CHF 153.3 million increased by 0.7% adjusted for currency effects (previous year: CHF 159.0 million)**
- **Net sales of CHF 147.0 million 1.5% higher adjusted for currency effects (previous year: CHF 151.2 million)**
- **EBIT of CHF 6.6 million (previous year: CHF 6.4 million) and net profit of CHF 5.6 million (previous year: CHF 5.1 million) improved due to significantly lower sales and other operating expenses**
- **All three regions with a positive profit contribution**
- **Operating cash flow increased by nearly 25% to CHF 10.3 million**
- **Net debts reduced by CHF 7.1 million to CHF 16.9 million (previous year: CHF 24.0 million)**
- **Equity ratio improved to 46.4% (December 31, 2019: CHF 42.6%)**
- **A high level of innovation with significant product developments for the healthcare sector and five Technology Innovation Awards received**

The year 2020 was impacted by the global Covid-19 pandemic which posed considerable challenges for companies. In this economically and entrepreneurially demanding environment, the Elma Group succeeded in slightly increasing order income as well as net sales adjusted for currency effects, improving profitability, and closing the financial year with a slightly higher net profit than last year.

Order income

Demand from customers in the defense segment remained lively and made a significant contribution to the overall positive development in order income. Order income closed at CHF 153.3 million (previous year: CHF 159.0 million), which is a decrease of 3.6%; however, adjusted for currency effects, a slight plus of 0.7% compared with the previous year was achieved. Orders are recorded as order income only if delivery is affected within the next six months.

Order income developed particularly well in the Asia region and went up 12.4% to CHF 11.8 million; adjusted for currency effects, they even rose by 19.3%. The Americas region increased order income in local currency by 2% to USD 82.0 million; in Swiss Francs, however, there was a decline of 3.9%. In the Europe region, orders income fell by 5.7% to CHF 64.7 million; adjusted for currency effects, the decrease was 3.6%. Orders in Germany and France developed positively with an increase compared with the previous year. The entities in Switzerland, UK and Israel were confronted with a pronounced slowdown, which led to lower order income.

Net sales

Production in 2020 was maintained as well as possible in compliance with strict protective measures. Despite the postponements of orders by customers as a result of the Covid-19 pandemic, the consolidated revenue in local currency slightly increased. Short-term orders were executed to fill capacity. In the US, which is strongly driven by the systems business, net sales grew by 3%. Also the Asia region reported an increased demand, while activities in the Europe region were hampered by the weaker economic dynamics and the related project delays in Germany, France and the UK.

In 2020, the Elma Group realized net sales totaling CHF 147.0 million (previous year: CHF 151.2 million), which corresponds to a decrease of 2.7%; adjusted for currency effects, net sales rose by 1.5%. The Americas region increased net sales by 3.0% to USD 73.5 million (previous year: USD 71.3 million); in Swiss Francs they were down 2.9%. In the Europe region, net sales fell by 6.8% to CHF 65.9 million (previous year: CHF 70.7 million); adjusted for currency effects, the decrease was 4.8%. In the Asia region, net sales increased by 28.8% to CHF 12.4 million (previous year: CHF 9.6 million); adjusted for currency effects, the growth was even 36.7%.

The System Solutions product line closed the 2020 business year with sales on previous year's level, thanks to the successful project business in the USA and Asia, which compensated for the decline in demand in Europe. The net sales amounted to CHF 108.8 million (previous year: CHF 108.5 million); adjusted for currency effects, an increase of 4.9% was achieved. The Enclosures & Components product line generated net sales of CHF 26.2 million (previous year: CHF 29.7 million), which is a minus of 11.7%; adjusted for currency effects, sales fell by 8.5%. The Rotary Switches product line achieved sales of CHF 12.0 million, a drop of 7.5% (previous year: CHF 13.0 million); adjusted for currency effects, the decrease was 4.3%.

EBIT and net profit

The Elma Group closed the 2020 business year with a net profit of CHF 5.6 million (previous year: CHF 5.1 million). EBITDA reached CHF 9.9 million or 6.8% (previous year: CHF 9.6 million or 6.3%) and EBIT was CHF 6.6 or 4.5% (previous year: CHF 6.4 million or 4.2%). The profit per share amounted to CHF 24.44 (previous year: CHF 22.37). The improved profitability is due to the fact that sales and other operating expenses were significantly lower than in the previous year.

Solid balance sheet

As of December 31, 2020, the Elma Group reported total assets of CHF 91.8 million (previous year: CHF 94.1 million). The equity ratio stood at 46.4% (previous year: 42.6%). Net debts fell by CHF 7.1 million to CHF 16.9 million (previous year: CHF 24.0 million).

Operating cash flow

The operating cash flow amounted to CHF 10.3 million and thus was CHF 2.6 million above previous year (previous year: CHF 7.7 million). This good result made allowed to finance all investments by own funds, to repay bank debts in the amount of CHF 3.7 million and to increase cash by CHF 3.4 million. The strong operating cash flow was possible due to a higher net profit, lower stocks and reduced accounts receivable, trade and other liabilities.

Dividend policy

Elma's dividend policy depends on the following factors:

- Improved balance sheet structure
- Reduced net debts
- Equity ratio of over 50%

Elma made further progress in the last year to allow a dividend payment. Not all factors have been met yet and the Board of Directors will propose to the General Annual Meeting on April 15, 2021 to forego a dividend payment for 2020 and to continue to invest the generated funds into the company.

Market trends

Elma's performance in 2020 was strongly influenced by the ongoing Covid-19 pandemic. Elma's customers reduced their capacities during the lockdowns ordered by their respective governments. Elma had to adjust their production capacities accordingly and introduced short-time work in some cases. Covid-19 vaccines are now available and a return to the "new normal" seems to be slowly coming into view. The stimulative policies by governments as well as the catch-up demand among consumers and the execution of postponed projects by companies support the economic recovery phase.

Innovation, research and development

Elma offers solutions from components to integrated systems. Innovation is one of the key success factors to deliver market-driven products to customers and to ensure profitable growth in all three regions and product lines. Elma works closely with customers when developing new products, system solutions and services. This enables Elma to understand the customer's needs and develop customized, innovative solutions. Elma is "Your Solution Partner".

Elma realized various innovative and demanding customer projects in 2020 that are for instance used in the healthcare sector to contain the Covid-19 pandemic. In the USA, Elma received five Military & Aerospace Engineering Technology Innovation Awards. This is the fourth year in a row that Elma products have been selected by this important awards program. Honorees of the Technology Innovation Awards have made a pioneering contribution to the defense and aerospace industry and are recognized as leaders with innovative solutions and products.

Change of Board of Directors in 2021

Rudolf W. Weber has been a non-executive member of the Board of Directors since 2004. In 2020 he reached the age limit stipulated in Elma's by-laws. He will therefore resign from the Board of Directors after the completion of the Annual General Meeting on April 15, 2021. The Board of Directors has decided in its meeting on February 25, 2021 that the position will not be replaced for the time being and thus the Board will consist of four members after the 2021 Annual General Meeting. The entire Board of Directors thanks Rudolf W. Weber for his successful work of many years and his great contribution to the Elma Group as a member of the Board of Directors and Chairman of the Compensation Committee.

Annual General Meeting 2021

Based on Art. 27 of Ordinance 3 of the Federal Council on measures to combat the coronavirus (COVID-19) of June 19, 2020 (in the version of February 8, 2021), the Elma Board of Directors decided to conduct the Annual General Meeting 2021 without the physical presence of the shareholders. For the upcoming Annual General Meeting on April 15, 2021, the shareholders will have the opportunity to vote and provide instructions to the independent proxy, either in writing or electronically via the online platform of Share Comm Service AG (shareholder's register). Details regarding voting and instructions to the independent proxy for the 2021 Annual General Meeting will be explained in the invitation to the General Meeting.

Outlook

Elma started the 2021 business year with a solid order backlog. The further development of the Covid-19 pandemic and its effects on the global economy remain unpredictable from today's perspective. For this reason, Elma refrains from providing an outlook for the 2021 business year.

The complete 2020 Annual Report in German can be downloaded from our website at <http://www.elma.com/en/investors/reports/>

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This Media Release is published in German and in English. Should the English translation differ from the German original, the German version is binding.

About Elma

Elma Electronic is a global manufacturer of electronic packaging products for the embedded systems market – from components, backplanes, power supply solutions, storage boards and chassis platforms to fully integrated systems. To ensure our integrated solutions are optimized to our customers' needs, Elma partners with leading board manufacturers in the industry. Elma also provides enclosure solutions and rotary switches for demanding applications for electronic companies. The company has a broad base of proven standard products which can be tailored to individual applications: Elma offers services from the initial concept to volume production. Elma's reliable solutions, flexibility, and design expertise are key reasons why the leading companies in the world choose Elma time and again.

Please visit our website: www.elma.com

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This communication contains statements that constitute "forward-looking statements". In this communication, such forward-looking statements include, without limitation, statements relating to our financial condition, results of operations and business and certain of our strategic plans and objectives. Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Elma's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors detailed in Elma's past and future filings and reports and in past and future filings, press releases, reports and other information posted on Elma Group companies' websites. Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication. Elma disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Multi-year overview Elma Group

in CHF 1,000	Swiss GAAP FER				
	2020	2019	2018	2017	2016
Order income	153,288	158,994	148,626	143,201	144,777
Net sales	147,036	151,155	145,981	143,978	130,308
EBITDA	9,938	9,552	10,221	9,687	6,369
EBITA	6,555	6,408	7,236	6,951	3,525
EBIT	6,555	6,408	7,236	6,951	3,525
Net profit	5,584	5,111	5,613	3,009	2,335
in % of average equity (ROE)	13.5	13.5	16.9	10.3	8.8
Depreciation of tangible assets	3,258	3,057	2,780	2,517	2,563
Amortization of intangible assets	126	87	204	219	281
Investments in tangible assets	1,872	14,175	2,448	3,166	3,078
Investments in intangible assets	1,348	44	1	86	138
Cash flow from operating activities	10,326	7,774	5,713	4,815	-1,063
Cash flow from investment activities	-2,919	-14,206	-2,393	-3,186	-3,179
Free cash flow	7,407	-6,432	3,320	1,629	-4,242
Cash flow from financing activities	-3,713	6,837	-3,823	911	1,619
Non-current assets	27,439	28,886	18,387	19,395	19,923
thereof tangible assets	23,426	26,131	15,469	15,908	15,208
Current assets	64,364	65,184	63,445	66,164	56,865
thereof cash and cash equivalents	10,619	7,223	6,905	7,416	4,874
Balance sheet total	91,803	94,070	81,832	85,559	76,788
Shareholders' equity	42,591	40,071	35,865	30,460	27,755
in % of balance sheet total	46.4	42.6	43.8	35.6	36.1
Non-current liabilities	21,823	23,797	19,013	20,792	22,505
Current liabilities	27,389	30,201	26,954	34,307	26,528
Total financial liabilities	27,502	31,209	24,383	28,216	27,336
Net financial debts (financial liabilities less cash balances)	16,883	23,986	17,478	20,800	22,462
ROCE (EBIT/Capital Employed) in %	10.2	10.0	13.2	13.6	7.0
Indebtedness factor (net interest-bearing liabilities/EBITDA)	1.7	2.5	1.7	2.1	3.5
Headcount (FTE) end year	778	773	766	735	720
Headcount (FTE) average	772	773	751	725	715
Net sales per employee (average)	191	196	194	198	182

The Alternative Performance Measures are described in Note 35 on page 80 of the 2020 Annual Report and on Elma's website at the following link:

<https://www.elma.com/en/investors/company-profile/alternative-measures>

Information for Investors

The registered shares of Elma Electronic AG with a nominal value of CHF 11 per share are listed on SIX Swiss Exchange and have been traded there since December 4, 1996.

Security number 531916
ISIN CH0005319162
SIX ticker symbol ELMN
Reuters ELMN.S
Bloomberg ELMN:SW

Elma registered shares	Swiss GAAP FER				
	2020	2019	2018	2017	2016
Share capital					
Number of registered shares issued	228'492	228'492	228'492	228'492	228'492
Average number of registered shares	228'492	228'492	228'492	228'492	228'492
Nominal value	in CHF 11.00	11.00	11.00	11.00	11.00
Nominal share capital	in CHF 1,000 2'513	2'513	2'513	2'513	2'513
Number of treasury shares	-	-	-	-	-
Key figures					
Equity per share	in CHF 186.40	175.37	156.96	133.31	121.47
Profit (loss) per share	in CHF 24.44	22.37	24.57	13.17	10.22
Stock market prices					
Highest	in CHF 490.00	446.00	424.00	423.00	369.50
Lowest	in CHF 434.00	326.00	340.00	340.00	340.25
Closing price	in CHF 490.00	438.00	350.00	415.00	350.00
Stock market capitalization ¹					
Year-end value	in CHF million 112	100	80	95	80

¹ The stock-exchange-listed capitalization is equivalent to the share closing price, multiplied by the number of shares at the year end.

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Financial Calendar

April 15, 2021
Annual General Meeting
August 11, 2021
Half-Year Report at June 30