

Ad hoc Announcement pursuant to Art. 53 LR**Elma grows, increases net profit and proposes dividend payment**

CH-Wetzikon, February 24, 2022 – The Elma Group increases order income, net sales, operating and net profit in the business year 2021 and resumes dividend payment.

- **Order income of CHF 160.3 million increased by 5.3% adjusted for currency effects (previous year: CHF 153.3 million)**
- **Net sales of CHF 149.3 million improved by 2.5% adjusted for currency effects (previous year: CHF 147.0 million)**
- **EBIT increased to CHF 9.1 million (previous year: CHF 6.6 million) due to operational improvements in the USA and strong output in Asia and Switzerland**
- **Net profit improved to CHF 7.5 million (previous year: CHF 5.6 million) despite higher tax charges**
- **All three regions made a positive profit contribution**
- **Repayment of bank liabilities led to lower net debts of CHF 14.3 million (previous year: CHF 16.9 million)**
- **Equity ratio further improved to 51.8% (December 31, 2020: 46.4%)**
- **Board of Directors proposes the Annual General Meeting a dividend payment for the first time since 2008 of CHF 2.00 per share**
- **Election of Bruno Cathomen as fifth member of the Board of Directors proposed**
- **Four Military & Aerospace Engineering Technology Innovation Awards received**

Order income

Elma's products were in strong demand in Europe and Asia which increased the group-wide order income significantly. The order income of CHF 160.3 million exceeded the previous year by 4.6%; adjusted for currency effects, the increase was 5.3%. Orders are recorded as order income only if delivery is taking place within the next six months.

In the Europe region, the demand was particularly high in Switzerland, UK and Germany for the entire Elma product range. Order income increased by 18.7% to CHF 76.8 million (previous year: CHF 64.7 million); adjusted for currency effects, the increase was 17.5%. The Asia region recorded a 12.9% higher intake of CHF 13.3 million (previous year: CHF 11.8 million); adjusted for currency effects a plus of 15.5% was recorded. Asia is particularly successful with enclosure solutions. In the Americas region, orders fell by 6.5% and reached USD 76.7 million in local currency (previous year: USD 82.0 million); in Swiss Francs, this corresponds to a decrease of 8.6%, which was attributable to the restrained demand for system solutions. The components business developed positively in the USA in 2021.

Net sales

Net sales of the Elma Group increased by 1.5% to CHF 149.3 million (previous year: CHF 147.0 million); in local currency, a global growth of 2.5% was recorded. The Americas region increased net sales by 10.3% to USD 81.1 million (previous year: USD 73.5 million); in Swiss Francs sales went up 7.8%. The Europe region recorded increased demand for enclosures solutions and components. The Swiss company in particular was able to increase its net sales by more than 7%. Activities in Germany, France and the UK leveled off as a result bottlenecks in the supply chains as well as further project delays. Overall, there was a decrease of 5.1% to CHF 62.5 million (previous year: 65.9 million); adjusted for currency effects, net sales declined by 6.0%. In the Asia region, net sales rose by 1.7% to CHF 12.6 million (previous year: CHF 12.4 million), which was mainly attributable to the Enclosures and Components products; adjusted for currency effects, growth reached 4.1%.

The System Solutions product line closed the 2021 business year with net sales of CHF 101.6 million (previous year: CHF 108.8 million), which was a decline of 6.7% or a minus of 5.8% after currency effects adjustments. While net sales in the USA in local currency increased slightly, Systems Solutions declined in both the Europe and Asia regions as a result of delivery delays for critical components. The Enclosures & Components product line increased its 2021 net sales by more than 30% from CHF 26.2 million to CHF 34.1 million; adjusted for currency effects, the increase was 31.6%. The Rotary Switches product line also had a strong year. Sales increased by 13.3% to CHF 13.6 million (previous year: CHF 12.0 million); adjusted for currency effects, the increase was 13.7%.

EBIT and net profit

The Elma Group closes the 2021 business year with a higher net profit of CHF 7.5 million (previous year: CHF 5.6 million), despite higher income tax charges, driven by the substantial higher profitability in the USA. The EBITDA increased significantly to CHF 12.3 million and an EBITDA margin of 8.2% respectively (previous year: CHF 9.9 million or 6.8%). EBIT also improved and reached CHF 9.1 million; the EBIT margin was 6.1% (previous year: CHF 6.6 million or 4.5%). The profit per share amounted to CHF 32.99 (previous year: CHF 24.44). The improved profitability is attributable to the operational improvements realized in the USA and significantly higher profit contributions achieved in Switzerland and Asia.

Strong balance sheet

As of December 31, 2021, the Elma Group reported total assets of CHF 97.6 million (previous year: CHF 91.8 million). The equity ratio increased to 51.8% (previous year: 46.4%). Net debts were further reduced by CHF 2.6 million to CHF 14.3 million (previous year: CHF 16.9 million). Cash fell by CHF 4.1 million, while bank liabilities were reduced by CHF 6.7 million.

Operating cash flow

The operating cash flow amounted to CHF 5.7 million and was thus CHF 4.6 million behind the previous year (previous year: CHF 10.3 million). The decline in the operating cash flow was due to the fact that Elma gave high priority to ensuring its ability to deliver and therefore increased inventories by over CHF 6 million.

Long-term dividend policy

In recent years, the Board of Directors has set three requirements for a dividend payment: improved balance sheet structure, reduced net debts and an equity ratio of over 50%. In 2021, these three requirements were met, and the Board of Directors will propose a dividend payment in the amount of CHF 2.00 per share to the Annual General Meeting on April 21, 2022. This is the first dividend payment since 2008. In the future, Elma will strive for a sustainable and stable dividend policy and intends to distribute funds to its shareholders which are not required for the further development and expansion of business activities.

Medium-term corporate goals

With the construction of a new building as an integral part of the overall site planning and related substantial investment in Wetzikon, the Swiss entity shall again become the heart of the Elma Group. These investments will strengthen the Elma Group's strategy of creating an environment for the collaboration with industrial partners and universities, which should support sustainable growth. Elma wants to lay the foundation for an above-average growth with targeted acquisitions and partnerships. Elma strives for a sustainable dividend policy with a continuous increase in dividend payments in order to offer shareholders attractive prospects in the medium to long term.

Innovation, research and development

Elma offers products and solutions from individual components to fully integrated systems. Innovation is one of the most important success factors to supply our customers in a wide variety of industries with market-oriented products and to promote profitable growth in all three regions and product lines. Elma has developed two new innovative products for the megatrend Artificial Intelligence (AI). The "JetKit-3010 Board" and the "JetSys-5320" fit into existing ecosystems and offer a boost in computing power for AI applications, such as autonomous driving or transport and defense applications.

Sustainability

Elma is committed to sustainability and the Group will contribute to net zero by 2050 or earlier in line with the Paris Agreement and the Swiss federal targets. During 2022 the detailed plan will be defined to reach this goal by using science-based targets methodology that will cover scope 1, 2 and 3 CO₂ emissions equivalent. This strategic initiative will help the group to drive positive changes in the organization and position the company for the next phase of its development.

Change of Board of Directors in 2021 and 2022

The Board of Directors will propose to the 2022 Annual General Meeting to elect Bruno Cathomen as successor to Rudolf W. Weber who left the Board after the 2021 Annual General Meeting due to the age limit. As an independent member he is an ideal choice with sound operational experience in leading positions in the industrial environment, most recently as CEO of the international Mikron Group. The election of Bruno Cathomen is a first step in renewing the Board of Directors and to ensure a consecutive succession as Board members Peter Hotz and Fred Ruegg will reach the statutory age limit in 2024. The current four members of the Board of Directors, Martin Wipfli, Walter Häusermann, Peter Hotz and Fred Ruegg will stand for re-election at the 2022 Annual General Meeting.

Outlook

Elma has achieved many of their 2021 goals and started the 2022 business year again with a solid order backlog. Even though there are signs to return to a certain normality after two years into the Covid-19 pandemic, the medium-term effects on the global economy remain unpredictable from today's perspective. For this reason, Elma refrains from providing an outlook for 2022.

The complete 2021 Annual Report can be downloaded from Elma's website at www.elma.com/en/investors/reports

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

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				
	2021	2020	2019	2018	2017
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 221.35	186.40	175.37	156.96	133.31
Profit per share	in CHF 32.99	24.44	22.37	24.57	13.17
Stock market prices					
Highest	in CHF 705.00	490.00	446.00	424.00	423.00
Lowest	in CHF 482.00	434.00	326.00	340.00	340.00
Closing price	in CHF 705.00	490.00	438.00	350.00	415.00
Stock market capitalization¹					
Year-end value	in CHF million 161	112	100	80	95

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

Multi-year overview Elma Group

in CHF 1.000	Swiss GAAP FER				
	2021	2020	2019	2018	2017
Order income	160'308	153'288	158'994	148'626	143'201
Net sales	149'277	147'036	151'155	145'981	143'978
EBITDA	12'280	9'938	9'552	10'221	9'687
EBITA	9'053	6'555	6'408	7'236	6'951
EBIT	9'053	6'555	6'408	7'236	6'951
Net profit	7'539	5'584	5'111	5'613	3'009
in % of average equity (ROE)	16.2	13.5	13.5	16.9	10.3
Depreciation of tangible assets	3'021	3'258	3'057	2'780	2'517
Amortization of intangible assets	206	126	87	204	219
Investments in tangible assets	1'718	1'872	14'175	2'448	3'166
Investments in intangible assets	1'740	1'348	44	1	86
Cash flow from operating activities	5'739	10'326	7'774	5'713	4'815
Cash flow from investment activities	-3'087	-2'919	-14'206	-2'393	-3'186
Free Cash Flow	2'652	7'407	-6'432	3'320	1'629
Cash flow from financing activities	-6'686	-3'713	6'837	-3'823	911
Non-current assets	28'087	27'439	28'886	18'387	19'395
thereof tangible assets	22'137	23'426	26'131	15'469	15'908
Current assets	69'493	64'364	65'184	63'445	66'164
thereof cash and cash equivalents	6'496	10'619	7'223	6'905	7'416
Balance sheet total	97'580	91'803	94'070	81'832	85'559
Shareholders' equity	50'577	42'591	40'071	35'865	30'460
in % of balance sheet total	51.8	46.4	42.6	43.8	35.6
Non-current liabilities	19'973	21'823	23'797	19'013	20'792
Current liabilities	27'031	27'389	30'201	26'954	34'307
Total financial liabilities	20'786	27'502	31'209	24'383	28'216
Net financial debts (financial liabilities less cash balances)	14'290	16'883	23'986	17'478	20'800
ROCE (EBIT/Capital Employed) in %	12.8	10.2	10.0	13.2	13.6
Indebtedness factor (net interest-bearing liabilities/EBITDA)	1.2	1.7	2.5	1.7	2.1
Headcount (FTE) end year	805	778	773	766	735
Headcount (FTE) average	783	772	773	751	725
Net sales per employee (average)	191	191	196	194	198

The Alternative Performance Measures are described in Note 35 on page 83 of the 2021 Annual Report on Elma's website at the following link:
<https://www.elma.com/en/investors/company-profile/alternative-measures>