

**Elma Interim Results 2022:****Strong increase in order income, operational business slowed down by shortages in the supply chains and lockdown in China**

CH-Wetzikon, August 15, 2022 – Thanks to the ongoing high demand for their products and services, the Elma Group has again significantly increased order income in the first half of 2022. Despite shortages in the supply chains and a two-months lockdown in China, Elma succeeded to keep net sales at the previous year's level. While the companies in Europe and Asia made a positive profit contribution, the entities in the USA reported a loss as a result of supply shortages. Overall, Elma achieved a net profit of CHF 1.4 million. Net debts were reduced. As of June 30, 2022, the equity ratio was over 50%.

- Order income increased by 7.7% to CHF 89.9 million (previous year: CHF 83.5 million)
- Net sales of CHF 74.7 million at previous year's level (previous year: CHF 74.8 million)
- EBIT of CHF 1.0 million (previous year: CHF 3.0 million); net profit of CHF 1.4 million (previous year: CHF 2.3 million)
- Cash flow from operating activities of CHF 5.6 million slightly improved (previous year: CHF 5.5 million)
- Net debts further reduced by CHF 4.3 million to CHF 10.0 million (December 31, 2021: CHF 14.3 million)
- Solid equity ratio of 50.4% (December 31, 2021: 51.8%)
- Important system order received from the automotive industry for autonomous driving in Germany

**Market trends and market environment**

Elma benefited from good demand in most markets in the first half of 2022 and won numerous orders for complex and integrated system solutions. However, the ongoing bottlenecks in the supply of electronic components had a significant impact on production output.

The Europe region showed an overall positive development related to robust system solutions and increased revenue. Switzerland benefited from a multi-year framework contract with Armasuisse and will produce around 4,000 power supply solutions by 2024, which will be used in all types of troops, typically in means of communication such as radio equipment and radiated beam. The subsidiary in Germany was directly affected by the sanctions imposed on Russia by the EU and therefore reported lower sales compared with the previous year. However, Germany won an important system order from the automotive industry applied in autonomous driving.

The companies in the USA were most affected by the difficult conditions in the job market and in material procurement, which led to considerable delays in shipments to customers. Sales fell 16.2% short year-on-year. In the Asia region, Elma had to close its factory in Shanghai, China, for more than two months due to the Covid lockdown; as a consequence, net sales in the Asia region were more than 24% below the previous year.

In the course of 2022, the Covid restrictions were lifted in many countries and numerous exhibitions took place again. Elma was represented at various trade fairs, such as the Embedded World in Nuremberg, Germany, the international exhibition for defense and security Eurosatory in Paris, France, or the Embedded Computing Conference in Winterthur, Switzerland. In the USA, activities in standard technology committees such as the SOSA consortium (Sensor Open System Architecture) were continued.

**Order income**

The positive trend in order income in recent years continued in 2022. Orders increased significantly and amounted to CHF 89.9 million. They were thus 7.7% higher than the previous year (previous year: CHF 83.5 million); adjusted for currency effects, the increase was 7.3%. Higher intakes were primarily recorded in the Americas and Europe regions for system solutions. In China, the lockdown in Shanghai in April and May led to a significant drop in orders. Orders are recorded as order income only if delivery is taking place within the next six months.

Order income in the Europe region increased by 12.1% to CHF 45.2 million (previous year: CHF 40.3 million); adjusted for currency effects, the increase was 14.8%. The Americas region recorded an increase in local currency of 8.2% to USD 42.6 million (previous year: USD 39.4 million); in Swiss Francs, the increase was 11.7%. Order income in the Asia region fell by 37.0% to CHF 4.5 million (previous year: CHF 7.2 million) due to the two-month lockdown in Shanghai; adjusted for currency effects, the decline was 39.0%.

### **Net sales**

The net sales of the Elma Group reached CHF 74.7 million by June 30, 2022 (previous year: CHF 74.8 million) and were thus at the previous year's level; adjusted for currency effects, a slight decrease of 0.6% was posted. The Europe region increased their sales significantly and generated net sales of CHF 37.0 million which is a growth of 21.1% (previous year: CHF 30.5 million); adjusted for currency effects, sales increased by 23.7%.

During 2022, the two US entities were affected by the difficult conditions in the procurement of electronic components and the lack of skilled production experts. Despite a higher order income, the current environment led to delays in delivery and consequently to significantly lower revenue. Overall, net sales in the Americas region fell by 16.2% to USD 34.8 million (previous year: USD 41.5 million); in Swiss Francs the decline was 13.5%. In the Asia region, net sales dropped by 22.0% to CHF 5.0 million (previous year: CHF 6.4 million) due to the lockdown in Shanghai; adjusted for currency effects, they decreased by 24.4%.

The System Solutions product line generated net sales of CHF 50.3 million at mid-year 2022 (previous year: CHF 52.0 million) and closed therefore 3.3% below the previous year; adjusted for currency effects, the decrease was 4.0%. While sales of system solutions increased in Europe, they fell sharply in the Americas and Asia regions. The Enclosures & Components product line increased their net sales by 1.3% to CHF 16.7 million (previous year: CHF 16.4 million); adjusted for currency effects, the increase was 0.6%. The Rotary Switches product line continued to be successful, showing growth of 23.0% to CHF 7.8 million (previous year: CHF 6.3 million); adjusted for currency effects, the plus was 24.2%.

### **EBIT and net profit**

The Europe region benefited from the growing demand for Elma's advanced system solutions and was able to significantly increase their year-on-year profit contribution. The first deliveries to Armasuisse for power supplies has helped to achieve this result. The Americas region closed the first half-year 2022 with an operating loss which was caused by shortages in the supply chain and personnel attrition in production. In Asia, the lockdown in Shanghai also resulted in delayed shipments which led to a significant drop in sales; the Asia region still managed to close the first half of the year with a balanced operating result.

The encouraging strong profit contribution in the Europe region could only partially compensate the loss of the Americas region. As a consequence, Elma closed the first half of 2022 with a lower net profit of CHF 1.4 million (previous year: CHF 2.3 million). The EBITDA reached CHF 2.9 million (previous year: CHF 4.6 million) and the EBIT was CHF 1.0 million (previous year: CHF 3.0 million). The operating cash flow amounted to CHF 5.6 million and was thus slightly above the previous year (previous year: CHF 5.5 million). Profit per share closed at CHF 6.16 (previous year: CHF 9.87).

### **Solid balance sheet**

As of June 30, 2022, the Elma Group reported total assets of CHF 104.3 million (December 31, 2021: CHF 97.6 million). Net debts were reduced during 2022 by CHF 4.3 million to CHF 10.0 million thanks to loan repayments and significantly improved liquidity (December 31, 2021: CHF 14.3 million). On closing date, the equity ratio stood at 50.4% (December 31, 2021: 51.8%).

### **Medium-term corporate goals of the Elma Group**

Elma adheres to their growth strategy. Despite the current geopolitical and economic challenges, Elma will pursue the initiated strategic measures and investments to strengthen the Elma Group in the long term and create potential for profitable growth.

### **Sustainability**

Beginning of 2022, Elma joined the prestigious Science Based Targets Initiative (SBTi). Under this initiative, Elma has committed to set near-term company-wide emission reductions with the SBTi in line with climate science. Elma is now part of the Top-80 Swiss companies and Top-3,000 companies worldwide that have made this commitment. Elma will continue their initiatives to support the developments of the sustainability program and as well as comply with the ESG factors (Environmental, Social, Governance).

### **Outlook**

Elma started the second half of 2022 with a high order backlog. Considering the current geopolitical risks, the strained supply of electronic components, the low visibility of the further development of energy and raw material prices as well as the unpredictable assessment of the Covid-19 pandemic, Elma refrains from providing an outlook for 2022.

**The complete 2022 Interim Report can be downloaded from Elma's website at <https://www.elma.com/en/investors/reports/interim-report>**

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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](http://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.**

## Elma Group Key Figures

in CHF 1,000	30.06.2022	30.06.2021
Order income	89,875	83,466
Net sales	74,721	74,785
EBITDA	2,873	4,569
in % of net sales	3.8	6.1
EBIT	1,035	2,968
in % of net sales	1.4	4.0
Net profit	1,407	2,255
in % of net sales	1.9	3.0
in % of average equity (ROE)	2.7	5.1
Headcount end of period in FTE (incl. temporary employees)	811	787

in CHF 1,000	30.06.2022	31.12.2021
Balance sheet total	104,277	97,580
Shareholders' equity	52,585	50,577
in % of balance sheet total	50.4	51.8

**The Alternative Performance Measures are described in Note 12 on page 15 of the 2022 Interim 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.

Elma registered shares	30.06.2022	31.12.2021
<b>Share capital</b>		
Number of registered shares issued	228,492	228,492
Average number of registered shares	228,492	228,492
Nominal value	in CHF 11.00	11.00
Nominal share capital	in CHF 1,000 2,513	2,513
<b>Stock market prices</b>		
Highest	in CHF 1,090.00	705.00
Lowest	in CHF 680.00	482.00
Closing price	in CHF 1,090.00	705.00
<b>Stock market capitalization</b>		
Balance sheet date	in CHF million 249	161
<b>Key figures</b>		
Equity per share	in CHF 230.14	202.58
Profit per share <sup>1</sup>	in CHF 6.16	9.87

<sup>1</sup> No dilution effects