



# Half- year Report 2024



StarragTornos



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# Key Figures

| Unaudited, in CHF 1 000 <sup>1)</sup>                 | Interim Financial Statements |                                       |            | Pro forma <sup>4)</sup> |            |
|---|------------------------------|---------------------------------------|------------|-------------------------|------------|
|   | 2024<br>01.01. - 30.06.      | 2023 <sup>5)</sup><br>01.01. - 30.06. | Change (%) | 2023<br>01.01.- 30.06.  | Change (%) |
| <b>Order intake<sup>2)</sup></b>                      | <b>255 487</b>               | <b>183 357</b>                        | 39.3%      | <b>263 045</b>          | -2.9%      |
| <b>Net sales</b>                                      | <b>254 945</b>               | <b>199 878</b>                        | 27.6%      | <b>295 605</b>          | -13.8%     |
| <i>Starrag division</i>                               | 187 124                      |                                       |            |                         |            |
| <i>Tornos division</i>                                | 67 821                       |                                       |            |                         |            |
| <b>EBITDA<sup>2)</sup></b>                            | <b>15 624</b>                | <b>19 091</b>                         | -18.2%     | <b>28 711</b>           | -45.6%     |
| <i>as % of net sales</i>                              | 6.1%                         | 9.6%                                  |            | 9.7%                    |            |
| <b>EBIT<sup>2)</sup></b>                              | <b>9 526</b>                 | <b>15 426</b>                         | -38.2%     | <b>23 418</b>           | -59.3%     |
| <i>as % of net sales</i>                              | 3.7%                         | 7.7%                                  |            | 7.9%                    |            |
| <b>Net profit</b>                                     | <b>6 567</b>                 | <b>13 616</b>                         | -51.8%     | <b>19 839</b>           | -66.9%     |
| <i>as % of net sales</i>                              | 2.6%                         | 6.8%                                  |            | 6.7%                    |            |
| <b>Cash flow from operating activities</b>            | <b>-33 392</b>               | <b>-22 518</b>                        | n/a        | <b>n/a</b>              | n/a        |
| <b>Cash flow from investing activities</b>            | <b>-8 982</b>                | <b>-3 725</b>                         | n/a        | <b>n/a</b>              | n/a        |
| <b>Free cash flow<sup>2)</sup></b>                    | <b>-42 374</b>               | <b>-26 243</b>                        | n/a        | <b>n/a</b>              | n/a        |
| Unaudited, in CHF 1 000 <sup>1)</sup>                 | <b>30.06.2024</b>            | <b>31.12.2023<sup>6)</sup></b>        | Change (%) |                         |            |
| <b>Order backlog<sup>2)</sup></b>                     | <b>350 065</b>               | <b>340 792</b>                        | 2.7%       |                         |            |
| <b>Net liquidity</b>                                  | <b>-36 058</b>               | <b>19 831</b>                         | -281.8%    |                         |            |
| <b>Total equity</b>                                   | <b>311 636</b>               | <b>316 310</b>                        | -1.5%      |                         |            |
| <i>as % of balance sheet</i>                          | 56.0%                        | 57.8%                                 |            |                         |            |
| <b>Total balance sheet</b>                            | <b>556 584</b>               | <b>547 186</b>                        | 1.7%       |                         |            |
| <b>Employees (full-time equivalents)<sup>3)</sup></b> | <b>2 017</b>                 | <b>2 015<sup>7)</sup></b>             | 0.1%       |                         |            |
| <b>Net profit per share (CHF)</b>                     | <b>1.20</b>                  | <b>7.21</b>                           | -83.3%     |                         |            |

<sup>1)</sup> Where not otherwise specified

<sup>2)</sup> Non-GAAP financial measure, see page 12

<sup>3)</sup> Excluding apprentices and interns

<sup>4)</sup> Pro forma interim consolidated financial key figures representing the first half of 2023 for Starrag Group and Tornos

<sup>5)</sup> According to the interim financial statements of Starrag Group Holding AG

<sup>6)</sup> According to the annual financial statements of StarragTornos Group AG

<sup>7)</sup> As discovered after publication, the figure published in the Annual Report 2023 (1,974) was incorrect.



# Letter to Shareholders

## StarragTornos with pleasingly stable order intake and temporary decline in sales and EBIT

### Dear Shareholders,

A mixed picture emerged for the StarragTornos Group in the first half of 2024. Due to the economic developments in important markets, particularly Transportation and Luxury Goods, the StarragTornos Group's net sales and EBIT in the first half of 2024 were lower than the pro forma figures for the first half of 2023 (i.e. compared to the cumulative half-year figures for Starrag and Tornos in 2023). In other markets, however, our Group continued to grow. Overall, order intake for the first half of 2024 was similar to 2023 on a pro forma basis.

StarragTornos Group achieved an order intake<sup>1)</sup> of CHF 255.5 million in the first half of 2024 (pro forma first half of 2023: CHF 263.1 million, -2.9%) and net sales of CHF 254.9 million (pro forma first half of 2023: CHF 295.6 million, -13.8%). As a result, the book-to-bill ratio improved from 0.89 to 1.00. The order backlog<sup>1)</sup> of CHF 350.1 million (end of June 2024) was above the year-end figure for 2023 (CHF 340.8 million, +2.7%).

### Order intake<sup>1)</sup> by target market in CHF million

In the first half of 2024, order intake<sup>1)</sup> by target market was as follows:

|                       | 1.1.-30.6.2024 | 1.1.-30.6.2023* | +/-%          |
|-----------------------|----------------|-----------------|---------------|
| Aerospace             | 41.2           | 24.7            | +66.8 %       |
| MedTech & Dental      | 18.2           | 24.9            | -26.9 %       |
| Luxury Goods          | 41.0           | 64.5            | -36.4 %       |
| Energy                | 11.5           | 3.5             | +228.6 %      |
| Transportation        | 18.7           | 30.2            | -38.1 %       |
| Industrial            | 55.6           | 47.7            | +16.6 %       |
| <b>Total machines</b> | <b>186.2</b>   | <b>195.5</b>    | <b>-4.8 %</b> |
| Service               | 69.3           | 67.6            | +2.5 %        |
| <b>Total</b>          | <b>255.5</b>   | <b>263.1</b>    | <b>-2.9 %</b> |

\* On a pro forma basis



# In the Aerospace target market, StarragTornos saw a massive increase in its order intake<sup>1)</sup> compared to the pro forma figures for the first six months of 2023.

In the Aerospace target market, StarragTornos saw a strong rise in large orders for commercial aircraft applications and a massive increase in its order intake<sup>1)</sup> compared to pro forma figures for the first six months of 2023. The prospects in this target market remain promising: Market studies predict future traffic growth and demand for aircraft over the next two decades. Air freight volumes are also expected to increase significantly. Demand for precision machine tools for workpieces made of metal, composite materials, and ceramics will be correspondingly promising. Increased environmental regulations with regard to emissions and noise, the trend towards more economical engines and lighter structures, as well as the use of new materials and technologies will also have a positive impact on demand in the Aerospace target market. In the Energy target market, StarragTornos also recorded a marked increase in order intake.

The Transportation target market, which includes the Agriculture, Passenger Cars & Motorcycles, Truck & Bus, and Railway & Marines segments, tends to be very sensitive to economic fluctuations. Accordingly, demand in this segment fell significantly in the first half of 2024. The MedTech & Dental and Luxury Goods target markets were also affected by the economic downturn. Both experienced a considerable temporary drop in demand in the first half of 2024.

Industrial was the largest target market for StarragTornos in the first half of 2024, with a 16.6% increase in order intake<sup>1)</sup> compared to the pro forma figures for the first half of 2023. It includes the Electronics market segment and the job shops, which in turn serve other StarragTornos target markets to a greater extent.

## Order intake<sup>1)</sup> by region in CHF million

|                       | 1.1.-30.6.2024 | 1.1.-30.6.2023* | +/- %         |
|-----------------------|----------------|-----------------|---------------|
| Europe                | 128.3          | 135.5           | -5.3 %        |
| <i>Switzerland</i>    | 32.0           | 55.9            | -42.8 %       |
| Americas              | 27.6           | 20.2            | +36.6 %       |
| Asia                  | 30.3           | 39.8            | -23.9 %       |
| <b>Total machines</b> | <b>186.2</b>   | <b>195.5</b>    | <b>-4.8 %</b> |
| Service               | 69.3           | 67.6            | +2.5 %        |
| <b>Total</b>          | <b>255.5</b>   | <b>263.1</b>    | <b>-2.9 %</b> |

\* On a pro forma basis



In Europe, StarragTornos is the fourth largest manufacturer of metal-cutting machine tools with a focus on turning and milling. This region remains by far the most important sales market for the StarragTornos Group, although the Group has suffered a substantial temporary drop in demand here, particularly in Switzerland. Thanks to the Group's global presence—also in the USA and India, for example—StarragTornos is ideally equipped for the de-globalization and reshoring trends in the various target markets.

### Net sales (machines and service) in CHF million

|              | 1.1.-30.6.2024 | 1.1.-30.6.2023* | +/-%           |
|--------------|----------------|-----------------|----------------|
| Machines     | 191.5          | 229.2           | -16.4 %        |
| Service      | 63.4           | 66.4            | -4.5 %         |
| <b>Total</b> | <b>254.9</b>   | <b>295.6</b>    | <b>-13.8 %</b> |

\* On a pro forma basis

The *Starrag division* contributed CHF 187.1 million to net sales (Starrag Group, first half of 2023: CHF 199.9 million), the *Tornos division* CHF 67.8 million (Tornos, first half of 2023: CHF 95.7 million).

Starrag's and Tornos' service business continued to perform well in the first half of 2024, with net sales in this area of CHF 63.4 million, compared to CHF 66.4 million on a pro forma basis for Starrag and Tornos in the first half of 2023. This business now accounts for 25% of total net sales at StarragTornos.

### Successful product launches

Mid-way through the year, the *Starrag division* launched a new vertical turning machine in the Dörries product range. Designed for applications in the energy/wind power sector, this innovative turning solution features an excellent price/performance ratio, low energy consumption, low weight, and a small footprint.

The *Tornos division* introduced its Swiss XT during the period under review. It is currently being exhibited at various trade shows and customer presentations around the world and is attracting a great deal of interest. With its three independent tooling systems and individually adjustable axes, the Swiss XT is specifically designed for the complex molded parts used in the automotive, hydraulic, pneumatic, and medical industries.

### Grand opening in Taiwan

In the Taiwan region, Tornos celebrated the opening of its new plant in March 2024. Covering an area of 12,000 m<sup>2</sup>, it not only provides optimum conditions for the continued successful production of Tornos machines in the medium and lower price segments, but also opens up excellent development opportunities for the entire StarragTornos Group in the region.

### Synergy program on track

When Starrag Group and Tornos merged in December 2023, a program was set up to identify and exploit the synergy potential between the two groups. The implementation of this program began in January 2024. For example, StarragTornos created the position of Chief Purchasing Officer (CPO), whose main task is to realize synergies in purchasing. In the first half of the year, StarragTornos



defined further specific action for all the identified synergy opportunities. These are progressing according to plan.

### **Board of Directors and Executive Board**

Since the Annual General Meeting of StarragTornos Group AG on April 20, 2024, the Board of Directors has comprised six members, as François Frôté and Michel Rollier did not stand for re-election. The Board of Directors and the Executive Board of StarragTornos Group AG would like to thank François Frôté and Michel Rollier for their great commitment to Tornos over many years.

The StarragTornos Group has had a new CEO since June 1, 2024. Michael Hauser, who has led the Group as both CEO and Chairman of the Board of Directors since the successful merger of Starrag Group and Tornos, has handed over operational responsibility to Martin Buyle.

### **Outlook**

It is still very difficult to make specific forecasts due to the fact that global economic developments remain unpredictable. Weakening demand in some target markets is expected to continue until the end of the year. For the 2024 financial year as a whole, we expect order intake for the StarragTornos Group to be comparable with 2023. In terms of net sales and EBIT margin, we expect the results for the second half of the year to be similar to those in the first half of 2024. StarragTornos Group's communicated medium- and long-term targets remain unchanged. The joint course as the StarragTornos Group offers us the opportunity to significantly increase our market presence worldwide and to further expand attractive customer segments.

### **Thanks**

The Board of Directors and the Executive Board would like to thank the employees at all our locations for their great commitment in the first half of 2024. Our thanks also go to our customers and suppliers for their excellent cooperation. And we would especially like to thank you, our shareholders, for your trust and support.

**Michael Hauser**  
Chairman of the Board of Directors

**Martin Buyle**  
Chief Executive Officer

Rorschacherberg, July 2024

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*Since the merger of Starrag Group and Tornos was technically an absorption merger, in the Financial Reporting starting on page 9, the half-year figures for StarragTornos for 2024 are compared with the half-year figures for Starrag Group AG for the first half of 2023, and not with the cumulative pro forma figures for Starrag and Tornos for the first half of 2023.*



# Half-year 2024 at a Glance

Despite the difficult market conditions in some areas, StarragTornos Group achieved a stable order intake with a temporary decline in sales and EBIT.

**Marked increase** in order intake in the Aerospace target market

**Lower net sales and EBIT** due to the economic developments in other important markets

**Promising product launches** in both divisions

**Successful opening** of the new production plant in the Taiwan region

**Synergy program** on track



# Financial Commentary

- 
- Stable order intake of CHF 255.5 million
- 
- Order backlog increased to CHF 350.1 million
- 
- Net sales up 27.6% to CHF 254.9 million
- 
- EBIT at CHF 9.5 million, EBIT margin 3.7%
- 
- Net profit CHF 6.6 million, earnings per share CHF 1.20
- 
- Solid balance sheet with 56.0% equity ratio
- 

## Net sales up 28%

Compared to the figures of Starrag Group Holding AG for the first half of 2023, net sales increased by 28% to CHF 254.9 million (currency-adjusted by 29%). Tornos Holding Ltd. was acquired in the second half of 2023. StarragTornos 2024 sales therefore include an acquisition effect of CHF 67.8 million compared to the first half of 2023.

## Order intake within expectations and above previous year's level

At CHF 255.5 million, order intake was 39% higher than for Starrag Group Holding AG in the same period last year (CHF 183.4 million). A large proportion of the new orders came from the target markets Aerospace and Industrial (micromechanics). The share of services in order intake amounted to CHF 69.3 million (first half of 2023: CHF 42.8 million).

StarragTornos entered the second half of 2024 with a healthy order backlog of CHF 350.1 million, taking into account that service is only partially included in the order backlog. This represents a 3% improvement compared to the end of 2023. The recurring large service business will continue to contribute significantly to the order backlog in the second half of 2024.

## EBIT below expectations

Gross profit (net sales less cost of materials plus / minus changes in inventories) amounted to CHF 147.1 million, an increase of CHF 38.8 million over the previous year's figure of CHF 108.3 million. At 57.7%, the gross margin was above the previous year's level of 54.2%. Improvements in project management further stabilized the margin situation in a challenging environment. At CHF 95.7 million, personnel expenses were CHF 29.9 million higher than in the first half of the previous year (CHF 65.9 million). Other operating expenses totaled CHF 37.8 million, CHF 13.1 million higher than in the first half of 2023. Depreciation and amortization amounted to CHF 6.1 million (previous year: CHF 3.7 million).



The increase in expenses is mainly due to the acquisition of Tornos Holding Ltd. in the second half of 2023. The first half of 2023 was free of any Tornos costs. The increase in costs in 2024 is also strongly linked to the growth in sales and the workload. Management is actively pursuing cost management to reduce costs.

As part of the merger in December 2023, Tornos Holding Ltd. was integrated into StarragTornos Group AG with a markup on its assets (see <https://starragtornos.com/en/publications/merger-documents> for details). The majority of the amortization of this markup will be booked in 2024 and has a negative impact of CHF -2.9 million on StarragTornos' first half-year results. The amount for the full year 2024 will be CHF -4.9 million and between CHF -0.8 million and CHF -0.7 million in the following years.

Following the merger, StarragTornos also realized that its depreciation methodology was too reactive and no longer adapted to the challenges ahead, especially in the highly cyclical business of smaller machines. StarragTornos has therefore implemented a new methodology designed to ensure the stability of inventory depreciation, reflecting the real risks of obsolescence and eliminating the influence of short-term economic cycles. This methodological correction had an exceptional and non-recurring impact of CHF +4.9 million on the first half EBIT.

In a challenging business environment, StarragTornos achieved an EBIT of CHF 9.5 million and an EBIT margin of 3.7% (first half of 2023: CHF 15.4 million with an EBIT margin of 7.7%) and closed the first half of 2024 below expectations.

### **Net profit clearly positive**

The financial result had no impact on the results of StarragTornos in the first half of 2024. Income taxes for 2024 are estimated at CHF 3.0 million. As a result, the Group's net profit amounted to CHF 6.6 million (first half of 2023: CHF 13.6 million).

### **Balance sheet remains healthy**

Total assets amounted to CHF 556.6 million as of June 30, 2024 (CHF 547.2 million as of December 31, 2023). POC receivables amounted to CHF 70.5 million (previous year-end: CHF 53.8 million) and POC payables to CHF 32.0 million (previous year-end: CHF 45.9 million), which is related to the good performance of the Starrag Division's project-based orders. The POC payables result from high pre-financing due to advance payments received from major customers for machine packages. However, the total amount of customer prepayments has been reduced.

Current assets increased by CHF 4.4 million to CHF 409.9 million (previous half-year: CHF 405.5 million). Cash and cash equivalents decreased by CHF 26.9 million to CHF 33.3 million at the end of June, mainly due to investments in working capital.

The increase in receivables of CHF 11.0 million and in inventories of CHF 13.4 million (inventories of CHF 244.5 million at the end of June 2024) kept working capital at a high level. The difficult market situation for machine sales in the Tornos Division also led to an increase in finished goods in the first half of the year. Total non-current assets increased by CHF 5.0 million to CHF 146.7 million (previous year-end: CHF 141.7 million). Total liabilities increased by CHF 14.0 million to CHF 244.9 million (previous year-end: CHF 230.9 million). Total shareholders' equity decreased from CHF 316.3 million to CHF 311.6 million, as the dividend payment of CHF 13.7 million more than compensated for the net income of the first half of 2024. The equity ratio at the end of June 2024 is still solid at 56% (year-end 2023: 58%).



### **Negative free cash flow**

Cash flow from operating activities before changes in net current assets remained positive at CHF 13.4 million (previous year: CHF 16.9 million). However, operating cash flow was strongly negatively impacted by changes in receivables of CHF -12.1 million, in inventories of CHF -10.4 million, in payables and current liabilities of CHF -17.6 million and in other current receivables of CHF -6.6 million. As a result, operating cash flow closed at CHF -33.4 million. In addition, an increase in investments, mainly due to the new business of the Tornos Division, resulted in a free cash flow of CHF -42.4 million at the end of June 2024. Management is therefore working to reduce working capital with a positive impact on free cash flow. Improvements are expected in the second half of the year.

### **Currency effects**

The average Euro exchange rate for the first half of the year for the translation of the income statement and the cash flow statement was CHF 0.97037, below the previous year's figure (CHF 0.99623), and the half-year exchange rate for the translation of the balance sheet was significantly above the previous year's figure (CHF 0.97175 compared to CHF 0.94237). There were no significant currency translation effects in the first half of 2024. The majority of StarragTornos' production is still located in the Euro zone. As a result, there is a natural hedge in terms of costs and purchases, mainly between the Swiss and German plants. This stabilizes a large part of the Group's currency fluctuations. In order to further reduce the economic currency risk and thus maintain the competitiveness of the Swiss plants, the StarragTornos Group is relying on continuous productivity increases and cost reductions in Switzerland to counteract the pressure of the continuing strong Swiss Franc.



# Non GAAP financial measures

The financial information in this half-year report includes certain additional performance indicators that are not defined by Swiss GAAP FER. These are used by management to measure the performance of the company. They might deviate from similar measurement parameters used in other companies and are not to be considered as a replacement for the Swiss GAAP FER indicators. The additional definitions can be found on page 125 of the Annual Report 2023.



# Interim Consolidated Income Statement

(unaudited)

|  | CHF 1 000 | 2024<br>01.01. – 30.06. | 2023<br>01.01. – 30.06. |
|--|-----------|-------------------------|-------------------------|
| Net sales  | 6         | 254 945                 | 199 878                 |
| Other operating income   |           | 2 080                   | 1 396                   |
| Change in inventory of finished and unfinished goods                         |           | 5 956                   | 7 062                   |
| Cost of materials and components   |           | -113 830                | -98 674                 |
| Personnel expenses   |           | -95 729                 | -65 879                 |
| Other operating expenses   |           | -37 798                 | -24 692                 |
| <b>Earnings before interest, taxes, depreciation and amortization EBITDA</b> |           | <b>15 624</b>           | <b>19 091</b>           |
| Depreciation on fixed assets   | 6         | -5 258                  | -3 061                  |
| Amortisation on intangible assets  | 6         | - 840                   | - 604                   |
| <b>Operating result EBIT</b>   | <b>6</b>  | <b>9 526</b>            | <b>15 426</b>           |
| Financial result   |           | - 13                    | - 446                   |
| <b>Ordinary result</b>   |           | <b>9 513</b>            | <b>14 980</b>           |
| Non-operating result   |           | 24                      | -                       |
| <b>Earnings before income taxes</b>  |           | <b>9 537</b>            | <b>14 980</b>           |
| Income tax expenses  |           | -2 970                  | -1 364                  |
| <b>Net profit</b>  | <b>3</b>  | <b>6 567</b>            | <b>13 616</b>           |
| Thereof Shareholders of the company  |           | 6 567                   | 13 616                  |
| Earnings per share in CHF  | 3         | 1.20                    | 4.05                    |
| Diluted earnings per share in CHF  | 3         | 1.20                    | 4.05                    |

The enclosed notes are part of the Interim Consolidated Financial Statements



# Interim Consolidated Balance Sheet

(unaudited)

|                                     | CHF 1 000 | 30.06.2024     | 31.12.2023     |
|-------------------------------------|-----------|----------------|----------------|
| Cash and cash equivalents           |           | 33 314         | 60 232         |
| Receivables from goods and services |           | 113 714        | 102 730        |
| Other receivables                   |           | 14 033         | 7 751          |
| Inventories                         | 5         | 244 460        | 231 022        |
| Prepaid expenses and accrued income |           | 4 385          | 3 751          |
| <b>Total current assets</b>         |           | <b>409 906</b> | <b>405 486</b> |
| Tangible fixed assets               |           | 134 566        | 130 635        |
| Intangible assets                   |           | 2 631          | 2 238          |
| Deferred tax assets                 |           | 9 481          | 8 827          |
| Total non-current assets            |           | 146 678        | 141 700        |
| <b>Total assets</b>                 |           | <b>556 584</b> | <b>547 186</b> |

|   | CHF 1 000 | 30.06.2024     | 31.12.2023     |
|---|-----------|----------------|----------------|
| Current borrowings                                |           | 45 147         | 18 284         |
| Trade payables from goods and services            |           | 28 370         | 37 295         |
| Other current liabilities                         |           | 25 220         | 21 914         |
| Current provisions                                |           | 6 968          | 7 200          |
| Current accrued liabilities and deferred income   |           | 90 210         | 99 432         |
| <b>Total current liabilities</b>                  |           | <b>195 915</b> | <b>184 125</b> |
| Non-current borrowings                            |           | 24 225         | 22 117         |
| Non-current provisions                            |           | 24 808         | 24 634         |
| Total non-current liabilities                     |           | 49 033         | 46 751         |
| <b>Total liabilities</b>                          |           | <b>244 948</b> | <b>230 876</b> |
| Share capital                                     |           | 46 437         | 46 437         |
| Capital reserves                                  |           | 128 331        | 135 160        |
| Retained earnings                                 |           | 136 868        | 134 713        |
| <b>Total shareholders' equity</b>                 |           | <b>311 636</b> | <b>316 310</b> |
| <b>Total liabilities and shareholders' equity</b> |           | <b>556 584</b> | <b>547 186</b> |

The enclosed notes are part of the Interim Consolidated Financial Statements



# Interim Consolidated Statement of Cash Flows

(unaudited)

|  | CHF 1 000 | 2024<br>01.01. – 30.06. | 2023<br>01.01. – 30.06. |
|--|-----------|-------------------------|-------------------------|
| Net profit   | 3         | 6 567                   | 13 616                  |
| Depreciation / Amortisation of fixed and intangible assets           |           | 6 098                   | 3 665                   |
| Change in non-current provisions and deferred tax assets             |           | - 531                   | 227                     |
| Other non-cash items   |           | 1 235                   | - 583                   |
| Change in  |           |                         |                         |
| - Receivables from goods and services                                |           | -12 120                 | -13 663                 |
| - Inventories  |           | -10 424                 | -6 501                  |
| - Other receivables and deferred expenses                            |           | -6 569                  | - 542                   |
| - Trade payables   |           | -9 370                  | -5 741                  |
| - Other current liabilities and accrued expenses and deferred income |           | -8 278                  | -12 996                 |
| <b>Cash flow from operating activities, net</b>                      |           | <b>-33 392</b>          | <b>-22 518</b>          |
| Capital expenditure for:   |           |                         |                         |
| - Tangible fixed assets  |           | -7 845                  | -3 497                  |
| - Intangible assets  |           | -1 215                  | - 259                   |
| Disposals of fixed assets  |           | 78                      | 31                      |
| <b>Cash flow from investing activities, net</b>                      | 6         | <b>-8 982</b>           | <b>-3 725</b>           |
| Decrease in current borrowings                                       |           | -                       | -                       |
| Increase in current borrowings                                       |           | 26 240                  | 37 551                  |
| Increase in non-current borrowings                                   |           | 2 256                   | 25                      |
| Repayment of non-current borrowings                                  |           | - 268                   | -                       |
| Dividend payment   |           | -13 656                 | -6 720                  |
| <b>Cash flow from financing activities, net</b>                      |           | <b>14 572</b>           | <b>30 856</b>           |
| Currency translation   |           | 884                     | - 131                   |
| Net change in cash and cash equivalents                              |           | -26 918                 | 4 482                   |
| Cash and cash equivalents at beginning of period                     |           | 60 232                  | 21 482                  |
| <b>Cash and cash equivalents at end of period</b>                    |           | <b>33 314</b>           | <b>25 964</b>           |

The enclosed notes are part of the Interim Consolidated Financial Statements



# Interim Consolidated Statement of Changes in Equity (unaudited)

| CHF 1 000            | Share capital | Capital reserves | Currency translation | Goodwill/<br>neg. goodwill/<br>offset | Other Reserves | Retained earnings | Total Shareholders' equity |
|----------------------|---------------|------------------|----------------------|---------------------------------------|----------------|-------------------|----------------------------|
| <b>31.12.2022</b>    | <b>28 560</b> | <b>50 204</b>    | <b>-10 450</b>       | <b>-26 206</b>                        | <b>130 372</b> | <b>93 716</b>     | <b>172 480</b>             |
| Net income           | -             | -                | -                    | -                                     | 13 608         | 13 608            | 13 608                     |
| Currency translation | -             | -                | - 817                | 151                                   | -              | - 666             | - 666                      |
| Dividend payment     | -             | -3 360           | -                    | -                                     | -3 360         | -3 360            | -6 720                     |
| <b>30.06.2023</b>    | <b>28 560</b> | <b>46 844</b>    | <b>-11 267</b>       | <b>-26 055</b>                        | <b>140 620</b> | <b>103 298</b>    | <b>178 702</b>             |
| <b>31.12.2023</b>    | <b>46 437</b> | <b>135 160</b>   | <b>-16 139</b>       | <b>-1 736</b>                         | <b>152 588</b> | <b>134 713</b>    | <b>316 310</b>             |
| Net income           | -             | -                | -                    | -                                     | 6 567          | 6 567             | 6 567                      |
| Currency translation | -             | -                | 3 084                | - 669                                 | -              | 2 415             | 2 415                      |
| Dividend payment     | -             | -6 829           | -                    | -                                     | -6 829         | -6 829            | -13 656                    |
| <b>30.06.2024</b>    | <b>46 437</b> | <b>128 331</b>   | <b>-13 055</b>       | <b>-2 405</b>                         | <b>152 326</b> | <b>136 866</b>    | <b>311 636</b>             |



# Notes to the Interim Consolidated Financial Statements

## 1. Accounting principles

The unaudited interim consolidated financial statements for 2024 have been prepared in accordance with Swiss GAAP FER (Swiss Accounting and Reporting Recommendations). This is a condensed interim financial report pursuant to Swiss GAAP FER 31 “Additional recommendations for listed companies”.

The interim consolidated financial statements do not include all of the information found in the consolidated annual financial statements and should therefore be read in conjunction with the annual financial statements for the 2023 fiscal year. The accounting standards applied are in line with the accounting standards used to prepare the 2023 financial statements (refer to pages 122 to 159 of the 2023 Annual Report), except as noted below.

This interim report contains estimates and assumptions that affect the reported figures and related disclosures. Actual results may differ from these estimates.

## 2. Additional information

Starrag Group Holding AG and Tornos Holding Ltd. merged on December 7, 2023, through a non-cash transaction. The newly formed StarragTornos Group now has two divisions, which are managed separately. The Starrag division is not affected by seasonal or cyclical factors. In the event of short-term fluctuations in order intake, the order backlog, which currently represents more than half a year's sales, ensures stable sales and margins. Tornos' businesses are not subject to any significant seasonal influences. The division's operations are sensitive to economic cycles that can quickly affect customers' investment decisions.

## 3. Basic and fully diluted result per share

### Basic result per share

Basic result per share is calculated by dividing the net income attributable to the shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

|  | CHF 1 000 | 30.06.2024  | 30.06.2023  |
|--|-----------|-------------|-------------|
| Net result attributable to equity holders of StarragTornos Group |           | 6 567       | 13 616      |
| Weighted average number of ordinary shares issue                 |           | 5 463       | 3 360       |
| <b>Basic result per share (CHF per share)</b>                    |           | <b>1.20</b> | <b>4.05</b> |



#### Diluted result per share

Diluted result per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The StarragTornos Group has one category of potentially dilutive ordinary shares: stock options. For the stock options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of StarragTornos Group's shares) based on the monetary value of the subscription rights attached to outstanding stock options. The number of shares calculated as above is compared to the number of shares that would have been issued assuming the exercise of the stock options. StarragTornos Group currently has conditional share capital available for issuance upon the exercise of stock options.

|   | CHF 1 000 | 30.06.2024  | 30.06.2023  |
|---|-----------|-------------|-------------|
| Net result attributable to equity holders of StarragTornos Group          |           | 6 567       | 13 616      |
| Weighted average number of ordinary shares issue                          |           | 5 463       | 3 360       |
| Adjustment for share options  |           | -           | -           |
| Weighted average number of ordinary shares for diluted earnings per share |           | 5 463       | 3 360       |
| <b>Diluted result per share (CHF per share)</b>                           |           | <b>1.20</b> | <b>4.05</b> |

#### 4. Approval of the interim consolidated financial statements

No events have occurred after June 30, 2024, that would have a material impact on the interim consolidated financial statements. The interim consolidated financial statements were approved for issue by the Board of Directors on July 24, 2024.

#### 5. Inventories and allowance for obsolescence (change in estimates)

In the month following the merger of Starrag Group Holding AG and Tornos Holding Ltd. on December 7, 2023, management reviewed the strategic position and the business model of the new combined Group. As a result, StarragTornos has also reviewed the methodology of calculating the future provision for inventories of raw materials, components, semi-finished goods, and spare parts. Based on the current and expected economic environment and the Group's strategy, the following accounting estimates have been refined, to reflect recent developments: Due to the high level of customer specific installations for most of the production, StarragTornos will start recording provisions when an item has an inventory life of more than 36 months (previously 12 months). StarragTornos will update the level for the maximum calculated depreciation, thereby reducing the financial risk in the event of obsolescence. The maximum level of provisions to be booked will be 80% (previously 72%). Machines in the inventory will have a 12-month grace period before depreciation begins. This applies to all machines kept in stock without being used in any way (showroom, test cuts, parts production, etc.).

After a careful review, it is considered that the refined estimation methodology in the area of inventory valuation better reflects the economic substance going forward and better responds to the business cycles of Starrag and Tornos as experienced in recent periods. The change in estimation methodology results in the release a provision of CHF 4.9 million (representing 2% of total inventory) as of June 30, 2024, mainly related to the Starrag division.



## 6. Segment information

StarragTornos Group reports net sales from the perspective of the two operating divisions Starrag and Tornos. Following the merger on December 7, 2023, the two divisions are managed separately. External segment reporting is based on the internal divisional reporting, used by Group Management and the Board of Directors for corporate management purposes.

Due to possible competitive disadvantages, further segment results are not disclosed in accordance with Swiss GAAP FER 31/8. Compared to relevant competitors in the same business segments, this results in a significantly higher transparency of the cost and margin structure and StarragTornos would disclose more detailed profitability information. Most of the relevant competitors are companies without published financial information available or large companies with large reporting segments and diluted comparative information. Accordingly, disclosure of such information would result in a significant competitive disadvantage relative to competitors. In addition, such information may have a negative impact on negotiating positions with key customers and suppliers.

| CHF 1 000  | Tornos<br>Division | Starrag<br>Division | Group          |
|--|--------------------|---------------------|----------------|
| <b>01.01. – 30.06.2023</b>                           |                    |                     |                |
| Sales of goods and services to third-party customers | -                  | 199 878             | 199 878        |
| Interdivisional sales                                | -                  | -                   | -              |
| <b>Total sales of goods and services</b>             | <b>-</b>           | <b>199 878</b>      | <b>199 878</b> |
| Operating profit                                     |                    |                     | <b>15 426</b>  |
| EBIT margin  |                    |                     | <b>7.7%</b>    |
| Investments in fixed and intangible assets           |                    |                     | <b>3 725</b>   |
| Depreciation/Amortisation/Impairment                 |                    |                     | <b>3 665</b>   |
| <b>01.01. – 30.06.2024</b>                           |                    |                     |                |
| Sales of goods and services to third-party customers | 67 821             | 187 124             | 254 945        |
| Interdivisional sales                                | -                  | -                   | -              |
| <b>Total sales of goods and services</b>             | <b>67 821</b>      | <b>187 124</b>      | <b>254 945</b> |
| Operating profit                                     |                    |                     | <b>9 526</b>   |
| EBIT margin  |                    |                     | <b>3.7%</b>    |
| Investments in fixed and intangible assets           |                    |                     | <b>8 982</b>   |
| Depreciation/Amortisation/Impairment                 |                    |                     | <b>6 098</b>   |



| <b>Sales of goods and services by regions</b> | CHF 1 000 | <b>2024</b><br>01.01. – 30.06. | <b>2023</b><br>01.01. – 30.06. |
|---|-----------|--------------------------------|--------------------------------|
| Switzerland                                   |           | 45 675                         | 89 901                         |
| Europe  |           | 136 059                        | 46 134                         |
| Asia  |           | 34 741                         | 29 011                         |
| Americas                                      |           | 38 470                         | 34 832                         |
| <b>Total</b>                                  |           | <b>254 945</b>                 | <b>199 878</b>                 |

Sales of goods and services are reported by geographic location based on the invoice address.

### **7. Acquisition of Tornos Holding Ltd.**

Recognizing the significant potential for growth opportunities and value creation through synergies, Starrag and Tornos officially merged on December 7, 2023, to form the StarragTornos Group and were listed on the SIX Swiss Exchange. The Group brings together the technologies of two world-leading companies with deep roots in Switzerland, combining their technical know-how in the field of precision machine tools and their complementary technologies to form a strong, broad-based group that will play a major role in shaping the future of the global metal-cutting machine tool industry. From this position of strength, StarragTornos is creating the conditions for new innovations, technological progress, and improved profitability of the joint value chain, including combined procurement, production networks, and a strong joint service organization. With an excellent product portfolio, strong brands and shareholder value, the Group is positioned for long-term profitable growth by focusing on growth segments with attractive margins, expanding its geographic presence in the Americas and Asia and strengthening its market position in Europe, and developing cutting-edge technologies for customers in its markets.

For further details, please refer to the 2023 Annual Report.



# Financial Calendar

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|                  |   |
|------------------|---|
| January 30, 2025 | Order intake and net sales                        |
| March 14, 2025   | Annual report 2024, analysts and media conference |
| April 17, 2025   | Annual General Meeting                            |

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## Contact

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## Forward-looking statements

The present half-year report contains forward-looking statements in relation to StarragTornos Group which are based on current assumption and expectations. Unforeseeable events and developments could cause actual results to differ materially from those anticipated. This half-year report is available in English. StarragTornos half-year report 2024 can be downloaded from StarragTornos website: <https://starragtornos.com/en/publications/half-year-reports>

## Responsible for the contents

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## Concept

Zoebeli Communications AG, Bern, Switzerland

## Design

Luidspreker–Creative Studio, Venlo, Netherlands

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 **StarragTornos**