

## Schlatter increases net sales and earnings in the first half of 2023

Demand for Schlatter products normalized in the first half of 2023. In particular, demand for reinforcing mesh production systems and weaving machinery for the paper industry dropped following a period of market overheating. By contrast, after-sales volumes remained at a high level, while the number of industrial mesh production systems and rail welding systems sold increased. The order backlog as at 30 June 2023 was almost unchanged from the end of the previous year despite a significant increase in net sales. Our suppliers' delivery problems have eased in some areas, but the resulting backlogs continued to weigh on productivity. Prices of sourced materials did not rise as fast but are still holding back earnings, while further appreciation of the Swiss franc put further pressure on earnings. Net sales were 31% higher than in the comparable prior-year period and the operating profit (EBIT) was also higher at CHF 3.7 million (first half of 2022: CHF 2.9 million). The Schlatter Group ended the first half of the year with a high order backlog, which will safeguard capacity utilization beyond the current financial year. Pleasingly, the second half of 2023 started with brisk project enquiries but their realization is dependent on macroeconomic developments and thus entails uncertainty. The Schlatter Group expects earnings in the second half of the year to be on the same scale as in the first half.

In the first half of 2023, the Schlatter Group posted order intake of CHF 62.4 million, which was lower than in the comparable period of the previous year (first half of 2022: CHF 94.6 million). The high order intake in the previous year was mainly due to overheating of the markets for reinforcing mesh production systems and greatly exceeded the Schlatter Group's capacity. In the first half of the current financial year, the Schlatter Group recorded a 31% rise in net sales to CHF 67.4 million (first half of 2022: CHF 51.3 million).

At CHF 84.4 million, the order backlog as at 30 June 2023 was close to the level at year-end 2022 (31 December 2022: CHF 89.4 million). Operating profit (EBIT) for the first half of 2023 totalled CHF 3.7 million (EBIT margin: 5.4%), compared with CHF 2.9 million (EBIT margin: 5.7%) in the first half of 2022. For the first half of the year, the Schlatter Group is reporting a positive net result of CHF 3.3 million (first half of 2022: CHF 2.0 million).

The operating cash flow is CHF 1.3 million (first half of 2022: CHF 2.3 million). Consolidated equity increased from CHF 31.3 million to CHF 34.1 million, which corresponds to an equity ratio of 38.9%.

## Markets

### Welding equipment markets

#### *Reinforcing mesh production systems*

Rising interest rates, higher production and energy costs and the downturn in global construction activity weakened demand for reinforcing mesh production systems. Moreover, capacity was increased in previous periods and now exceeds current requirements.

In the first half of 2023, orders for reinforcing mesh production systems were lower than in the comparable period of the previous year, as anticipated because the markets overheated in the prior-year period, leading to consolidation of capacity and lower order intake.

The markets for reinforcing mesh production systems are not expected to pick up in the second half of 2023 and will remain at a similar level to the first half.

#### *Industrial mesh production systems*

Europe and North America are among the most important markets for industrial mesh. Demand was pleasing in the first half of the year and order intake increased. The American market in particular was more satisfactory than had been expected. Demand for end-to-end solutions in areas such as cable carriers and warehouse storage grating also held up.

In the US market, the trend to repatriation of products previously produced in China continued. Reasons for this are steeper import tariffs, higher transport costs, and the more rapid availability of locally produced goods. At the same time, it is evident that Chinese industrial mesh producers are increasingly relocating production to South-East Asia, which could provide positive impetus for Schlatter's industrial mesh business.

#### *Modernization*

Modernization of industrial and reinforcing mesh production systems is an important part of our business. Many customers prefer to modernize existing installations rather than purchase new systems. Demand for upgrades and retrofits therefore remains high, which is also a contribution to sustainability.

#### *Rail welding*

Order intake in the rail welding product area was pleasing in the first half of 2023 and picked up considerably compared with 2021 and 2022. Business was predominantly outside Europe and there is further potential in the emerging markets.

Schlatter also offers upgrades and modernization solutions in the rail welding business area. These account for a significant proportion of its work in both stationary and mobile rail welding machinery.

### **Weaving machine markets**

Overall, market conditions for the weaving segment developed satisfactorily in the first half of 2023.

#### *Weaving machinery for the paper industry*

The high order intake in the previous periods was dominated by the Chinese market and exceeded Schlatter's capacity. As a result, delivery times had to be extended. Our customers are continuing to operate at high levels of capacity utilization, so sales of spare parts remained high.

The boom triggered by local Chinese customers in previous periods has come to an end. It can be assumed that the upcoming deliveries will result in overcapacity on the Chinese market, initiating a consolidation phase. However, we expect this to be offset to some extent by western markets.

Demand for paper for writing, newspapers and magazines is continuing to decline, but production for brown paper and sanitary paper is growing steadily. The growing trend away from plastic also offers potential for paper consumption.

Schlatter expects order intake to be satisfactory in 2023, albeit considerably lower. Thanks to the continued high order backlog, good capacity utilization in the weaving segment is ensured for 2024 as well.

#### *Technical fabrics*

Under the C-Tec (contactless) brand, Schlatter has developed a new generation of machinery in the medium to high tension area which permits applications in other industrial areas as well as in the paper industry. The new generation of machinery was presented to a broader customer base for the first time at the ITMA 2023 trade show in Milan and garnered considerable interest. C-Tec positions Schlatter in a niche, which can be used to build up a new business area in the coming years.

#### *Wire weaving*

There is potential for wire weaving systems, especially in fields of application such as security grilles, sieves and mosquito screens. Schlatter expects to remain successful in the current financial year.

### **Spare parts and services markets**

The spare parts and services business remained buoyant thanks to our customers' high capacity utilization and is still making a key contribution to the Schlatter Group's net sales. Our active after-sales strategy is geared to further growth in this area.

## Welding segment

### *Key performance indicators*

Order intake: CHF 50.9 million (first half of 2022: CHF 71.7 million).

Net sales: CHF 51.5 million (first half of 2022: CHF 44.5 million).

Order backlog: CHF 61.9 million (31 December 2022: CHF 62.5 million).

Order intake in the welding segment was above expectations in the first half of the year and roughly corresponds to segment capacity. While there was a significant drop in order volume for reinforcing mesh production systems, order intake increased in the other product areas. Despite the significant sales growth, the order backlog remained high at CHF 61.9 million (31 December 2022: CHF 62.5 million).

As a result of supply bottlenecks, especially for electrical and control components, there were delays in the delivery of machinery. The delivery backlog has lasted for longer than had been anticipated and will continue to have a significant impact in the second half of 2023.

Profitability is still being held back by supply chain disruption and the lack of key parts for machinery and equipment, prices rise on the procurement side and further appreciation of the Swiss franc, albeit to a lesser extent than in the previous period. Since machinery and systems manufactured over the past year were sold at fixed prices, this adversely affected margins. By contrast, economies of scale had a positive effect because of the rise in net sales.

### *Cold rolling and drawing lines*

Schlatter has been marketing machinery for wire production (cold rolling and drawing lines) since 1 January 2022 as a further step in its positioning as an all-round solution provider with extended systems expertise in the mesh sector. Most of the teething problems have now been resolved.

### *Product development*

Product development is focusing on extending the machinery platform for mesh welding. Numerous modules have been transferred to the new machinery platform and simultaneously upgraded for additional applications. Another of Schlatter's priorities is digitalization. For example, further important milestones were achieved in the renewal of the control platform and operating interface for mesh welding machinery.

### *Welding segment outlook*

Given the present order backlog, good capacity utilization is ensured in the welding segment in 2023 and beyond. Delivery delays should be resolved by the final quarter of the year.

For the most part, selling prices for machines and systems are fixed, so the cost increases weigh heavily on the margin. We assume that price rises for the Schlatter product range in the fourth quarter of 2023 will have a more favourable effect on the margin. Enquiries are still brisk, corresponding roughly to our capacity, but translation into orders remains uncertain. That depends to a large extent on how the macroeconomic situation develops. Order intake for reinforcing mesh production machinery will remain weak in the second half of the year, but will be adequately offset by the industrial mesh and rail welding product areas.

## **Weaving segment**

### *Key performance indicators*

Order intake: CHF 11.5 million (first half of 2022: CHF 22.9 million).

Net sales: CHF 15.9 million (first half of 2022: CHF 6.8 million).

Order backlog: CHF 22.5 million (31 December 2022: CHF 26.9 million).

Capacity utilization in the weaving segment is secured until the end of 2024. Nevertheless, further orders for reinforcing mesh production systems are necessary for full capacity utilization at the Münster site, which is the centre of excellence for the weaving segment. The measures implemented at this site in the past financial year have had the desired effect on earnings and a clear return to profitability has been achieved. However, these measures are not sufficient in the medium term so costs need to be reduced further and placed on a more flexible basis. A range of measures have been defined for this.

### *Weaving machines for the production of paper machine clothing*

One priority is to reduce the production costs of weaving machines for the paper industry and to increase their performance. Production costs are to be reduced principally through a new machinery platform. There is also considerable potential to cut costs by optimizing project execution processes and in the procurement of parts and components.

### *C-Tec technical textiles (contactless)*

Schlatter has developed a new generation of machinery in the medium to high tension range. As well as being used in the paper industry, it is also suitable for other industrial applications. The new generation of machinery was presented to a broader customer base for the first time at the ITMA 2023 trade show in Milan and garnered considerable interest. C-Tec positions Schlatter in a niche, which can be used to build up a new business area in the next few years.

### *Wire weaving*

Having completed the first major projects and regained lost customers in the wire weaving product area in 2022, the trend has continued and further machines were sold in the first half of 2023. The main applications are screens.

### *Spare parts and after-sales services*

Organizationally, the after-sales units in the welding and weaving segments were aligned more closely last year to make better use of synergies in the service portfolio. The initial success of these measures is already visible. Progress is being made with the expansion of the after-sales organization into a weaving service centre to bring it closer to customers.

### *Outlook for the weaving segment*

The weaving segment is embarking on the second half of 2023 with a high order backlog. Including the welding modules for reinforcing mesh production systems and machinery for the manufacture in Münster of mobile fences, capacity utilization at this site in the current financial year and beyond is healthy. Capacity utilization in the weaving segment is secured until year-end 2024. The focus is on continuing to implement the medium and long-term measures. Key aspects here are marketing the new generation of C-Tec machinery for technical fabrics, establishing the Weaving Service Centre, reducing costs and enhancing the performance of weaving machinery and the introduction of more flexible cost structures at the Münster site. The high order intake from China in recent periods has come to an end. Orders from western markets are picking up, but order volume is lower than from China. Downside effects come from the steep rise in material prices and the availability of parts, especially electrical components.

## **Summary / Outlook**

The Schlatter Group has successfully launched product innovations and stepped-up marketing in regions where the company was previously under-represented. The organization has been strengthened by increasing the headcount. In addition, it has extended services business. As a result of the significant profit in the first half of 2023, equity was strengthened. Downside factors were higher prices for parts and components, further appreciation of the Swiss franc, delivery delays due to supply bottlenecks, and the resulting backlog in the delivery of machinery.

The markets for reinforcing mesh production machinery and weaving machinery for the paper industry have normalized following a period of overheating, especially in the first half of the previous year. Thanks to the pleasing rise in the sale of industrial mesh production and rail welding systems, order intake remained at a satisfactory level – albeit lower – and was roughly in line with our capacity.

The Schlatter Group has ended the first half of 2023 with a high order backlog, which ensures good capacity utilization until mid-2024. Timely implementation of customer projects has priority. Other focal areas are implementing innovations and the introduction of more flexible cost structures. Adverse effects come from higher material prices, which could not be passed on fully to customers, and further appreciation of the Swiss franc. We expect the operating result in the second half of the year to be around the same level as in the first half.

Schlieren, 17 August 2023



Paul Zumbühl  
Chairman of the Board of Directors



Werner Schmidli  
Chief Executive Officer

## Key figures of the Schlatter Group

		1st half of 2023	1st half of 2022	2nd half of 2022	2022
<b>Net sales</b>	CHF million	<b>67.4</b>	<b>51.3</b>	<b>59.2</b>	<b>110.5</b>
Change from previous year	%	<b>31.3</b>	14.6	18.9	16.7
<b>Operating performance <sup>1</sup></b>	CHF million	<b>66.7</b>	<b>52.0</b>	<b>60.3</b>	<b>112.3</b>
Change from previous year	%	<b>28.3</b>	13.6	18.3	16.1
<b>Operating result (EBIT)</b>	CHF million	<b>3.7</b>	<b>2.9</b>	<b>2.6</b>	<b>5.5</b>
In % of net sales	%	<b>5.4</b>	5.7	4.4	5.0
<b>Consolidated net result (incl. minorities)</b>	CHF million	<b>3.3</b>	<b>2.0</b>	<b>1.5</b>	<b>3.5</b>
In % of net sales	%	<b>4.9</b>	4.0	2.5	3.1
<b>Consolidated net result (excl. minorities)</b>	CHF million	<b>3.5</b>	<b>2.0</b>	<b>1.4</b>	<b>3.4</b>
in % of net sales	%	<b>5.2</b>	3.9	2.4	3.1
Consolidated net result per registered share	CHF	<b>3.15</b>	<b>1.83</b>	<b>1.27</b>	<b>3.10</b>
<b>Order intake</b>	CHF million	<b>62.4</b>	<b>94.6</b>	<b>33.5</b>	<b>128.1</b>
<b>Order backlog at period end</b>	CHF million	<b>84.4</b>	<b>115.0</b>	<b>89.4</b>	<b>89.4</b>
<b>Free cash flow <sup>2</sup></b>	CHF million	<b>0.8</b>	<b>1.3</b>		
<b>Headcount at period end <sup>3</sup></b>	FTE	<b>374</b>	<b>342</b>	<b>357</b>	
Average headcount	FTE	<b>364</b>	334	348	
		<b>30/06/2023</b>	<b>31/12/2022</b>		
<b>Interest-bearing liabilities</b>	CHF million	<b>6.2</b>	<b>7.2</b>		
<b>Net financial assets/(debt) <sup>4</sup></b>	CHF million	<b>2.0</b>	<b>1.7</b>		
<b>Gearing <sup>5</sup></b>	%	<b>0.0</b>	<b>0.0</b>		
<b>Current assets</b>	CHF million	<b>68.9</b>	<b>61.7</b>		
<b>Non-current assets</b>	CHF million	<b>18.7</b>	<b>19.1</b>		
<b>Liabilities</b>	CHF million	<b>53.5</b>	<b>49.5</b>		
<b>Equity (incl. minorities)</b>	CHF million	<b>34.1</b>	<b>31.3</b>		
<b>Equity (excl. minorities)</b>	CHF million	<b>34.1</b>	<b>31.2</b>		
<b>Equity ratio (incl. minorities)</b>	%	<b>38.9</b>	<b>38.5</b>		

<sup>1</sup> Operating performance: net sales from goods and services plus other operating income plus change in inventories of finished/unfinished goods, work in progress

<sup>2</sup> Free cash flow: cash flow from operating activities less purchase of tangible, intangible and financial assets, plus sale of tangible, intangible and financial assets

<sup>3</sup> Total full-time positions incl. Temporary employees, excluding apprentices

<sup>4</sup> Net financial assets (debt): cash and cash equivalents less interest-bearing liabilities

<sup>5</sup> Gearing: Net debt divided by equity

## Stock exchange

The registered shares of Schlatter Industries AG are traded on SIX Swiss Exchange under securities number (Valorenummer) 227731.

Telekurs STRN

Reuters STRN.S



## Abridged consolidated half-year statement as at 30 June 2023

## Consolidated balance sheet

## Assets

CHF 1000	30/06/2023	31/12/2023
Cash and cash equivalents	8 177	8 889
Current investments	95	93
Accounts receivable for goods and services	7 124	6 469
Current income tax receivables	272	235
Other receivables	4 052	5 228
Receivables from production orders in progress	21 270	12 439
Inventories	27 340	28 194
Accrued income	564	149
<b>Current assets</b>	<b>68 894</b>	<b>61 696</b>
Property, plant and equipment	16 936	17 171
Intangible assets	1 300	1 483
Deferred tax assets	471	476
<b>Non-current assets</b>	<b>18 707</b>	<b>19 130</b>
<b>Total assets</b>	<b>87 601</b>	<b>80 826</b>

## Liabilities

CHF 1000	30/06/2023	31/12/2022
Accounts payable for goods and services	10 082	7 170
Liabilities from production orders in progress	24 195	23 885
Income tax liabilities	102	94
Other payables	2 536	2 152
Accrued liabilities	4 211	3 015
Financial debt	758	1 322
Current provisions	1 079	993
<b>Current liabilities</b>	<b>42 963</b>	<b>38 631</b>
Financial debt	5 435	5 851
Pension liabilities	4 857	4 788
Provisions	252	215
Deferred tax liabilities	28	14
<b>Non-current liabilities</b>	<b>10 572</b>	<b>10 868</b>
<b>Total liabilities</b>	<b>53 535</b>	<b>49 499</b>
Share capital	17 675	17 675
Capital reserves (agio)	1 767	1 767
Retained earnings	14 647	11 712
<b>Equity of shareholders of Schlatter Industries AG</b>	<b>34 089</b>	<b>31 154</b>
<b>Minorities</b>	<b>-23</b>	<b>173</b>
<b>Total equity</b>	<b>34 066</b>	<b>31 327</b>
<b>Total liabilities and equity</b>	<b>87 601</b>	<b>80 826</b>

## Abridged consolidated half-year statement as at 30 June 2023

## Consolidated income statement

CHF 1000	1st half of 2023	1st half of 2022	2022
<b>Net sales from goods and services</b>	<b>67 383</b>	<b>51 321</b>	<b>110 454</b>
Other operating income	218	230	660
Change in semi-/finished goods, work in progress	-917	412	1 150
Material and service expenses	-37 450	-26 500	-61 289
Personnel expenses	-20 009	-17 791	-35 429
Other operating expenses	-4 749	-4 048	-8 574
Depreciation and amortisation	-806	-715	-1 453
<b>Operating result (EBIT)</b>	<b>3 670</b>	<b>2 909</b>	<b>5 519</b>
Financial income	1 134	7	1 584
Financial expenses	-1 428	-827	-3 466
<b>Net result before tax</b>	<b>3 376</b>	<b>2 089</b>	<b>3 637</b>
Income tax expenses	-84	-48	-186
<b>Net result</b>	<b>3 292</b>	<b>2 041</b>	<b>3 451</b>
thereof shareholders of Schlatter Industries AG	3 485	2 022	3 429
Thereof minorities	-193	19	22
Basic earnings per registered share (CHF)	3.15	1.83	3.10

## Abridged consolidated half-year statement as at 30 June 2023

## Consolidated statement of equity

CHF 1000	Share capital	Capital reserves	Re-tained earnings	Equity share-holders		Total share capital
				Schlatter Ind. AG	Minorities	
<b>As at 31.12.2021</b>	<b>17 675</b>	<b>1 767</b>	<b>8 655</b>	<b>28 097</b>	<b>124</b>	<b>28 221</b>
Change in scope of consolidation				<b>0</b>	44	<b>44</b>
Offsetting goodwill Schlatter Italia			-162	<b>-162</b>		<b>-162</b>
Translation differences			-368	<b>-368</b>	-4	<b>-372</b>
Net result 01.01.-30.06.2022			2 022	<b>2 022</b>	19	<b>2 041</b>
<b>As at 30.06.2022</b>	<b>17 675</b>	<b>1 767</b>	<b>10 147</b>	<b>29 589</b>	<b>183</b>	<b>29 772</b>
<b>As at 31.12.2022</b>	<b>17 675</b>	<b>1 767</b>	<b>11 712</b>	<b>31 154</b>	<b>173</b>	<b>31 327</b>
Dividend payment			-552	<b>-552</b>		<b>-552</b>
Translation differences			2	<b>2</b>	-3	<b>-1</b>
Net result 01.01.-30.06.2023			3 485	<b>3 485</b>	-193	<b>3 292</b>
<b>As at 30.06.2023</b>	<b>17 675</b>	<b>1 767</b>	<b>14 647</b>	<b>34 089</b>	<b>-23</b>	<b>34 066</b>

## Abridged consolidated cash flow statement

CHF 1000	1st half of 2023	1st half of 2022	2022
Cash flow from operating activities	<b>1 349</b>	2 293	-5 223
Cash flow from investment activities	<b>-560</b>	-1 030	-1 253
<b>Free cash flow</b>	<b>789</b>	<b>1 263</b>	<b>-6 476</b>
Cash flow from financing activities	<b>-1 526</b>	678	318
<b>Change in cash and cash equivalents</b>	<b>-737</b>	<b>1 941</b>	<b>-6 158</b>
Cash and cash equivalents as at 1 January	<b>8 889</b>	15 146	15 146
Change in cash and cash equivalents	<b>-737</b>	1 941	-6 158
Impact of exchange rate on cash and cash equivalents	<b>25</b>	-127	-99
Cash and cash equivalents as at 30 June / 31 December	<b>8 177</b>	16 960	8 889

**Abridged consolidated half-year statement as at 30 June 2023****Notes to the abridged consolidated half-year statement****1 Accounting principles****Basis for the preparation of the abridged consolidated half-year financial statement**

The abridged consolidated half-year financial statements have been prepared in accordance with the provisions of Swiss company law and are in accordance with Swiss GAAP FER 31. The abridged consolidated half-year financial statements do not include all the details as they are included in the consolidated annual financial statements, and should be read in conjunction with the consolidated annual financial statements as at 31 December 2022. These abridged half-year financial statements have not been audited or reviewed by the auditors.

The preparation of the abridged consolidated half-year financial statements requires management to make estimates and assumptions that affect the reported amounts of income, expenses, assets, liabilities and contingent liabilities at the balance sheet date. The estimates and assumptions made by the management to the best of its knowledge and belief as of the balance sheet date may deviate from actual circumstances in the future. In this case, the original estimates and assumptions will be adjusted to the respective reporting year in which the circumstances occurred.

The activities of the Schlatter Group are not subject to any significant seasonal fluctuations.

**2 Change in scope of consolidation**

As of 30 June 2023, Schlatter Turkey was fully consolidated for the first time, which was founded in May 2023 with a share capital of TRY 400,000 and will further strengthen the Turkish market in the area of sales and service.

As at 30 June 2022, Schlatter Italia S.r.l. was fully consolidated for the first time, in which a 51% share was acquired in the first half of 2022.

**Abridged consolidated half-year statement as at 30 June 2023****3 Segment information****1st half of  
2023**

CHF 1000	Welding	Weaving	Total
Net sales from plant business with third parties	36 668	13 171	<b>49 839</b>
Net sales from spare parts & service business with third parties	14 849	2 695	<b>17 544</b>
Total net sales	51 517	15 866	<b>67 383</b>
EBIT	2 599	1 071	<b>3 670</b>

**1st half of  
2022**

CHF 1000	Welding	Weaving	Total
Net sales from plant business with third parties	29 768	4 349	<b>34 117</b>
Net sales from spare parts & service business with third parties	14 760	2 444	<b>17 204</b>
Total net sales	44 528	6 793	<b>51 321</b>
EBIT	3 659	-750	<b>2 909</b>

**4 Income statement**

Net sales increased significantly to CHF 67.4 million in the first half of 2023 compared to the prior-year period (first half of 2022: CHF 51.3 million).

Personnel expenses increased to CHF 20.0 million in the first half of 2023 (first half of 2022: CHF 17.8 million). The reasons for this are the increased capacity to handle the high order backlog and the wage increases granted due to inflation.

Other operating expenses increased to CHF 4.7 million (first half of 2022: CHF 4.0 million) due to cost increases and higher capacity utilization. Depreciation and amortization amounted to CHF 0.8 million (first half of 2022: CHF 0.7 million).

Financial income consists mainly of gains on forward exchange contracts and valuation gains on foreign currency holdings and receivables. Finance costs mainly include losses on forward exchange contracts, valuation losses on foreign currency assets and liabilities and interest expenses.

The tax result mainly includes income taxes incurred by foreign subsidiaries.

In the first half of 2023, the Group generated a net profit of CHF 3.3 million (first half of 2022: CHF 2.0 million).

**Abridged consolidated half-year statement as at 30 June 2023****5 Balance sheet**

Net financial assets remained almost unchanged in the first half of 2023 at CHF 2.0 million compared to CHF 1.7 million as of 31 December 2022. Net assets from construction contracts increased significantly to CHF 21.3 million (31 December 2022: CHF 12.4 million) due to the increase in sales and partly the delayed deliveries; at the same time, net liabilities from construction contracts increased to CHF 24.2 million (31 December 2022: CHF 23.9 million). Inventories were reduced slightly to CHF 27.4 million (31 December 2022: CHF 28.2 million).

Shareholders' equity increased to CHF 34.1 million as of 30 June, 2023 (31 December 2022: CHF 31.3 million). Total assets as of 30 June 2023 amounted to CHF 87.6 million compared to CHF 80.8 million as of 31 December 2022, resulting in an equity ratio of 38.9% (31 December 2022: 38.8%).

**6 Free cash flow**

A positive operating cash flow of CHF 1.3 million was generated (first half of 2022: CHF 2.3 million). Investments in fixed assets amounted to CHF 0.6 million (first half of 2022: CHF 1.0 million), resulting in a free cash flow of CHF 0.8 million (first half of 2022: CHF 1.3 million).

**7 Loan arrangements**

The loans of the Schlatter Group are secured until 31 December 2025. CHF 2.0 million are available for short-term loans (31 December 2022: CHF 1.9 million). The interest rate for the short-term loans is 3.5% p.a. (previous year: 3.5% p.a.). In addition, since the beginning of 2023, the Schlatter Group has an additional uncommitted amount of EUR 4.0 million available for guarantees. In total, bank limits (credit and guarantee limits) of CHF 26.7 million are available (31 December 2022: CHF 22.75 million). The Bürgschaftsgenossenschaft Ost guarantees Zürcher Kantonalbank a further CHF 1.0 million for the issuance of guarantees. This limit can be reduced by the guarantee cooperative.

The guarantee limits are partly linked to conditions in connection with bond guarantees of the Swiss Export Risk Insurance (SERV). The total utilization of credit and guarantee limits may not exceed CHF 26.7 million (31 December 2022: CHF 22.75 million). The loans are tied to financial covenants (EBITDA and equity).

The Covid19 credit line available as of the previous period was formally returned in the fourth quarter of 2022.

In addition, a mortgage secured by a real estate lien exists with a local German bank for the operating property in Münster/DE in the amount of EUR 5.5 million. For this purpose, Schlatter Industries AG had to assume joint and several liability with the borrower Schlatter Deutschland GmbH & Co. KG for claims to which the lender is entitled against the borrower under the loan agreement.

## Abridged consolidated half-year statement as at 30 June 2023

## 8 Exchange rates

CHF 1	30/06/2023	30/06/2022	31/12/2022	1st half of 2023	1st half of 2022	2022
	Exchange rates at balance sheet date			Average rates		
1 EUR	0.98	1.00	0.99	0.99	1.03	1.01
1 USD	0.90	0.95	0.92	0.91	0.94	0.95
1 GBP	1.13	1.16	1.11	1.12	1.23	1.18
1 BRL	0.18	0.18	0.17	0.18	0.18	0.18
1 MYR	0.19	0.22	0.21	0.20	0.22	0.22
1 CNY	0.12	0.14	0.13	0.13	0.14	0.14
100 TRY	3.44	0.00	0.00	3.44	0.00	0.00
100 INR	1.09	1.21	1.12	1.11	1.23	1.21

## 9 Earnings per share

CHF 1000	30/06/2023	30/06/2022	31/12/2022
Net result attributable to shareholders of Schlatter Industries AG (CHF 1000)	3 485	2 022	3 429
No. of registered shares issued with a par value of CHF 16.00	1 104 704	1 104 704	1 104 704
No. of registered shares, weighted	1 104 704	1 104 704	1 104 704
Average no. of treasury shares	0	0	0
<b>Total average no. of dividend-bearing registered shares</b>	<b>1 104 704</b>	<b>1 104 704</b>	<b>1 104 704</b>
Basic earnings per registered share (CHF)	3.15	1.83	3.10

## 10 Events after the balance sheet date

The abridged consolidated half-year financial statements were authorised for issue by the Board of Directors on 15 August 2023.

The German version of this half-year report is binding.