

First half results of 2024

- ▶ Adjusted EBIT of €8.8 million supported by OPEX optimization policy, despite adverse volume effects
- ▶ Negative net income due to non-recurring costs related to the Transform 2025 plan
- ▶ Significant improvement of WCR, strong increase of operating cash flow and ongoing debt reduction

Saint-Jean-de-Soudain, September 9, 2024, 5:45 pm CEST – SergeFerrari Group (FR0011950682 - SEFER), a leading global supplier of innovative flexible composite materials, listed on Euronext Paris – Compartment C, today announced its consolidated first half results to June 30, 2024, approved by the Supervisory Board at its meeting of September 9, 2024. These consolidated accounts have been the subject of a limited review by the Statutory Auditors, whose report is currently being prepared.

Consolidated accounts that have been subject to a limited review

€m	H1 2024	H1 2023	Change
Revenues	161.9	175.5	-7.7%
Adjusted EBIT ¹	8.8	11.7	-24.5%
Operating income	0.5	10.7	-95.3%
<i>Operating income (% revenues)</i>	<i>0.3%</i>	<i>6.1%</i>	
Net income Group share	-8.8*	5.1	-273.0%

¹ Adjusted EBIT = Operating profit +/- restructuring costs +/- balance sheet effect of acquired companies' purchase price allocation operations

*Including -€11.4 million of direct and indirect non-recurring charges related to the Transform 2025 plan

Sébastien Baril, Chairman of the SergeFerrari Group's Executive Board, stated: *"During the first half of 2024, SergeFerrari Group demonstrated its agility with the operational implementation of the measures of its Transform 2025 plan. To adjust its structure to shorter economic cycles, the Group undertook a sustained policy of cost optimization, resulting in transfers and regrouping of activities and functions, mainly between its Krefeld site in Germany and its historic La Tour du Pin plant. These measures have a short-term impact on our profitability but will lead to a future improvement in our operating performance. The initial results of the Transform 2025 plan, combined with a business recovery that is taking shape, give confidence to the Group in its ability to increase profitability over the medium term, despite renewed pressure on the prices of certain strategic raw materials."*

Gradual recovery in activity level in the 2nd quarter 2024

The Group reported revenues of €161.9 million in the first half of 2024, down -7.8% at current scope and currency, and -7.6% at constant scope and currency. After a first quarter of 2024 which resulted in a decrease of -14.1% compared with the previous year, the second quarter of 2024 saw a gradual recovery in business in the Group's historic markets, with revenues slightly down -2.5% on the same period last year.

Profitability impacted by non-recurring charges related to the Transform 2025 plan

Considering the decrease in its business volume, SergeFerrari Group recorded adjusted EBIT of €8.8 million at the first half 2024, compared with €11.7 million in the first half of 2023.

The Group undertook measures to adapt its cost structure as part of its Transform 2025 plan, which will continue in the second half of 2024. The transfer of logistics activities and certain cross-functional functions to the La Tour du Pin site generated significant non-recurring charges impacting the short-term profitability, in the amount of -€7.9 million on the operating income and -€11.4 million on the net income. These measures will strengthen operational levers and the Group agility, essential to take full advantage of the recovery expected in the second half of 2024.

Operating income was therefore €0.5 million, compared with €10.7 million in the first half of 2023.

After considering non-recurring charges for the first half of the year, the cost of financial debt and income tax, net income Group share amounted to -€8.8 million, compared with €5.1 million in the first half of 2023.

Improved financial position through optimized operating WCR management

€m	30.06.2024	31.12.2023
Net debt	-116.5	-128.2
Net debt excl. IFRS 16	-66.7	-78.6
Shareholders' equity, Group share	107.2	118.5

The measures implemented as part of the Transform 2025 plan and the establishment of a factoring contract without recourse led to a significant improvement in the operating WCR in the first half of 2024 (€9.5 million) compared with the cash burn in the first half of 2024 (-€19.2 million). As a result, the Group generated an operating cash flow of €25.8 million in first half of 2024, compared with -€4.4 million during the first half of the previous year.

As of June 30, 2024, the Group's net debt used to calculate covenants (excluding IFRS16 impact) came to €66.7 million, compared with €96.2 million on June 30, 2023, in line with its commitments with a leverage at 3.62.

Outlook

The Group will continue its operational optimization efforts in the second half of 2024 through the various axes of its Transform 2025 plan. The implementation of this plan, combined with an improvement in activity that is beginning, gives the Group confidence as to its ability to resume a progression in its profitability over the medium term.

Financial calendar

- ▶ Publication of **Q3 2024 revenues**, on October 31, 2024, after market close.

ABOUT SERGEFERRARI GROUP

The Serge Ferrari Group is a leading global supplier of composite materials for Tensile Architecture, Modular Structures, Solar Protection and Furniture/Marine, in a global market estimated by the Company at around €6 billion. The unique characteristics of these products enable applications that meet the major technical and societal challenges: energy-efficient buildings, energy management, performance and durability of materials, concern for comfort and safety together, opening up of interior living spaces etc. Its main competitive advantage is based on the implementation of differentiating proprietary technologies and know-how. The Group has manufacturing facilities in France, Switzerland, Germany, Italy and Asia. Serge Ferrari operates in 80 countries via subsidiaries, sales offices and a worldwide network of over 100 independent distributors.

In 2023, Serge Ferrari posted consolidated revenues of €327.6 million, over 80% of which was generated outside France. The SergeFerrari Group share is listed on Euronext Paris – Compartment C (ISIN: FR0011950682). SergeFerrari Group shares are eligible for the French PEA-PME and FCPI investment schemes. www.sergeferrari.com

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