

R&S Group

Full Year 2023 Results

Presentation for investors, analysts
and financial media

17 April 2024



We guarantee energy

This presentation contains certain forward-looking statements. Such forward-looking statements reflect the current views of management and are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements of the Group to differ materially from those expressed or implied herein. Although R&S Group is convinced that the forward-looking statements are based on reasonable assumptions, R&S Group cannot guarantee that these expectations will be realized.

Should such risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this presentation.

R&S Group is providing the information in this presentation as of this date and does not undertake any obligation to update any forward-looking statements contained in it as a result of new information, future events or otherwise.



Markus Laesser
Group CEO



Matthias P. Weibel
Group CFO

1 Introduction and highlights – Markus Laesser, Group CEO

2 Strategy – Markus Laesser, Group CEO

3 Full year 2023 financial results – Matthias P. Weibel, Group CFO

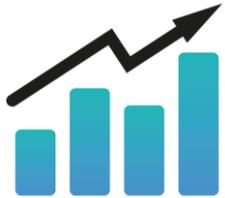
4 Sustainability – Matthias P. Weibel, Group CFO

5 Outlook & take aways – Markus Laesser, Group CEO

6 Your questions



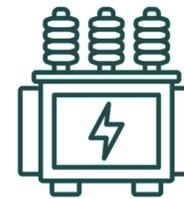
Highlights



Successful year 2023 marked by strong sales and record profitability results. Net sales (adjusted) up by 40% on an organic basis.



Solid order intake and strong order backlog.



Secular tailwinds for the electricity distribution sector driving multi-dimensional future growth.



Strong operational results turning into remarkable cash conversion.



Achievements delivered as promised in FY 2023 guidance.



Listing on SIX Swiss Exchange on 13 December 2023 under the symbol «RSGN».

R&S Group is well positioned with its footprint

R&S has the DNA of a quality local champion with the necessary scale

Growth
driver in modernisation,
decarbonisation and decentralisation

100+
years of experience in production¹

Strong market position
with leadership in niches, engineering
and ability for small batches

6 factories
in Switzerland, Italy, Poland and UAE

Various industries²
enabled to generate power, focusing
on windfarms, PV and Datacenters

600+
highly skilled & empowered
employees

 **120+** distribution partners worldwide



Source: Management information

Notes:

1. Founded in 2012, R&S was built on a company from 1919
2. Industries include photovoltaic and wind (renewables), e-mobility, and Datacenters

Our highly reliable transformer portfolio



Reliable and highly efficient
electrical infrastructure
products



Power transformers
Up to 145 kV & 120 MVA



Distribution transformers
Up to 36 kV & 2.5 MVA



Cast resin transformers
Up to 52 kV & 20 MVA



Instrument transformers
Up to 36 kV

Continued significant investment in 2023 to boost future growth



Strategy

Markus Laesser | Group CEO



R&S

We guarantee energy

Strong secular market tailwinds for increased electricity demand

Secular tailwinds...



Increase of global population



Increase of economic activity

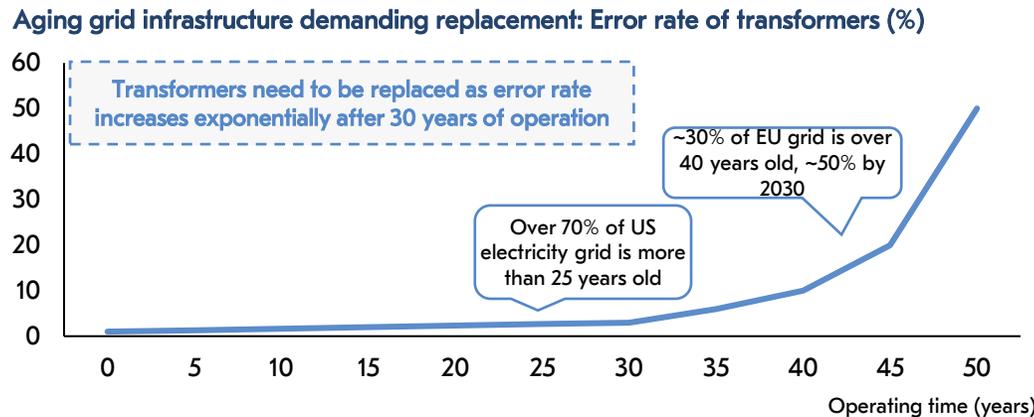
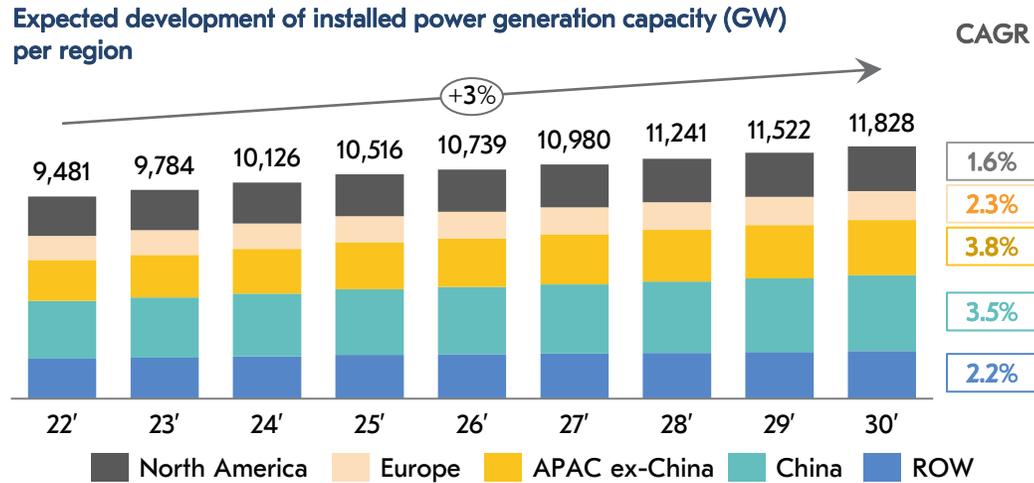


Changing consumer behavior



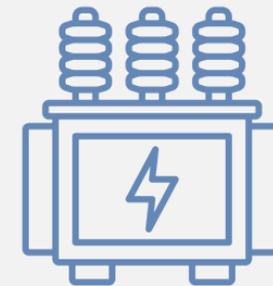
Increased access to electricity

...combined with massive replacement requirements...

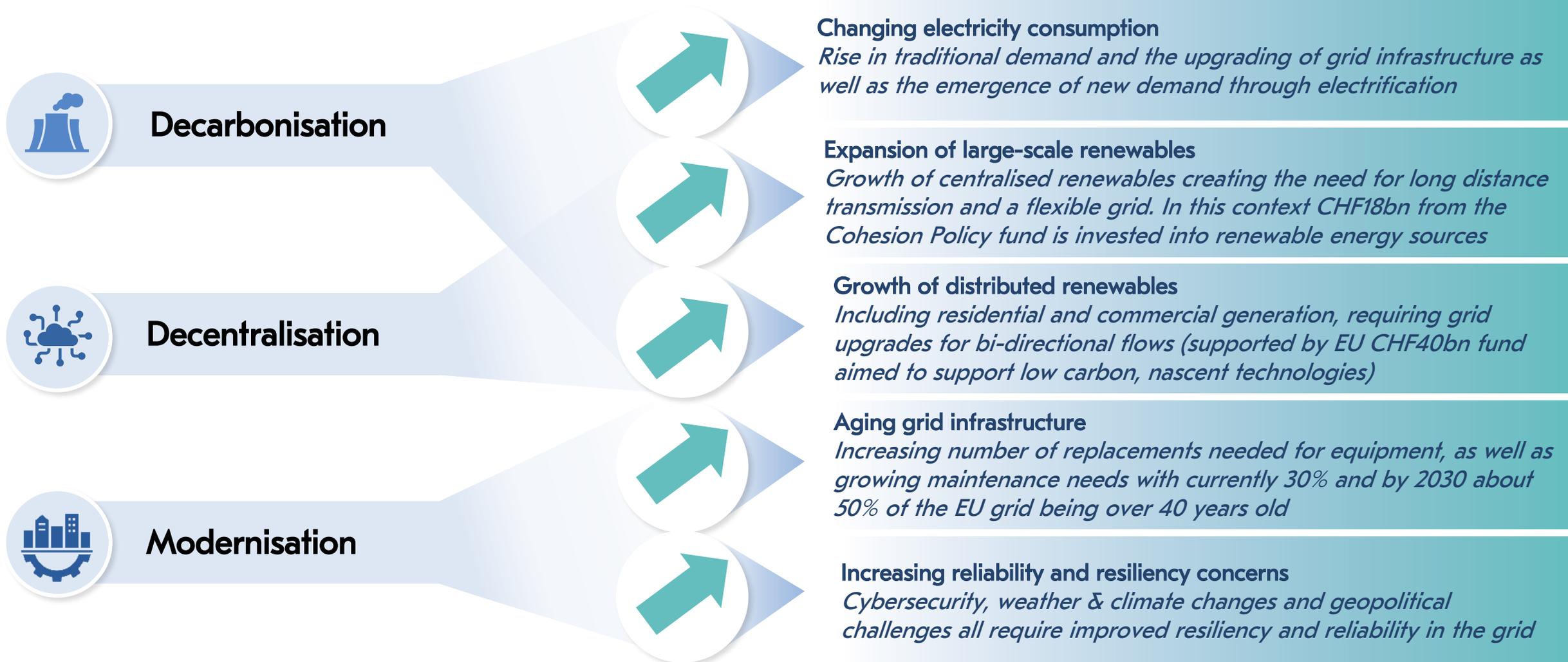


...drive accelerated transformer market growth

1 MW of new power capacity leads to ~3 MVA in transformer capacity given energy is transformed several times



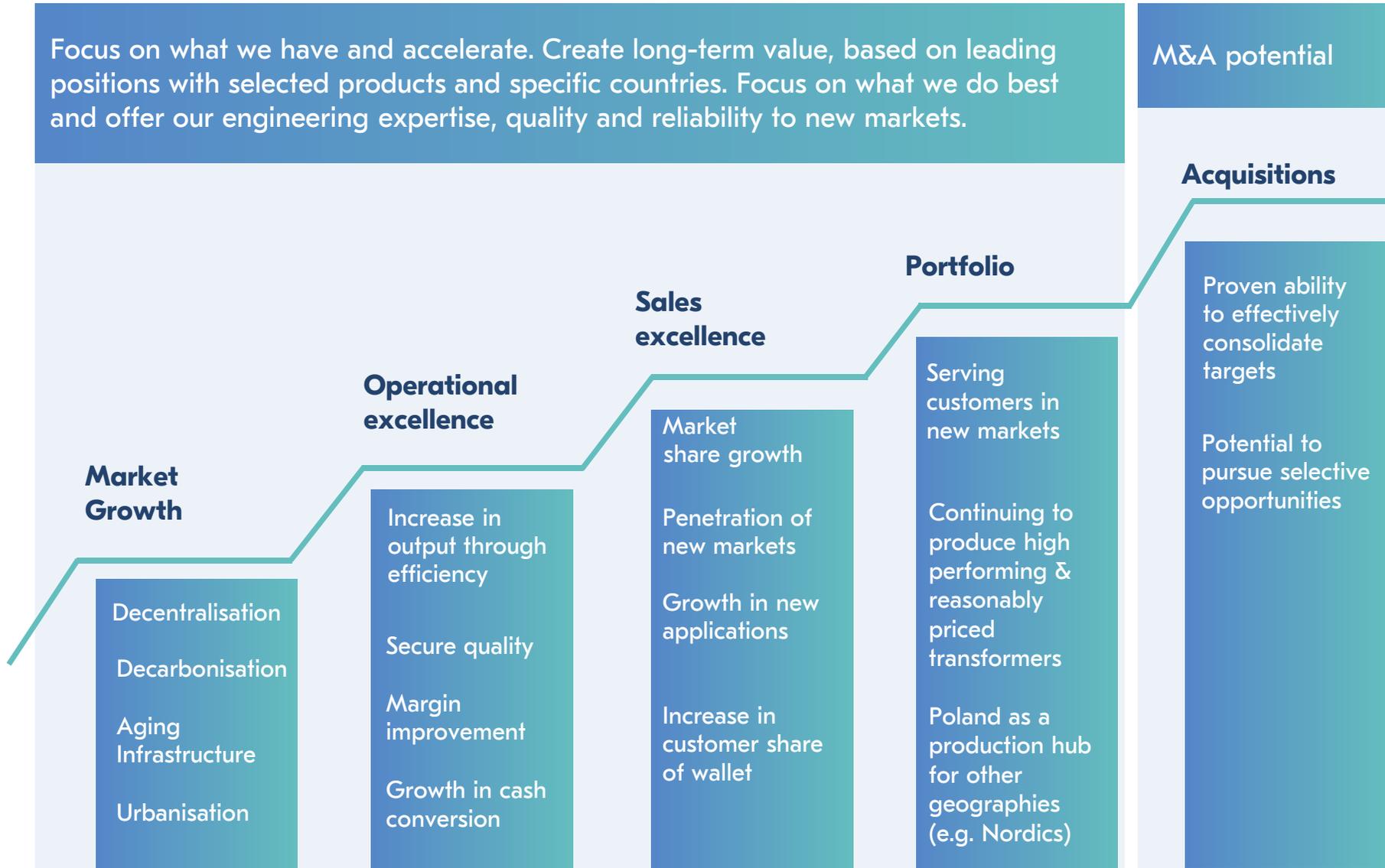
Well-positioned to capture growth from the ubiquity of electrification



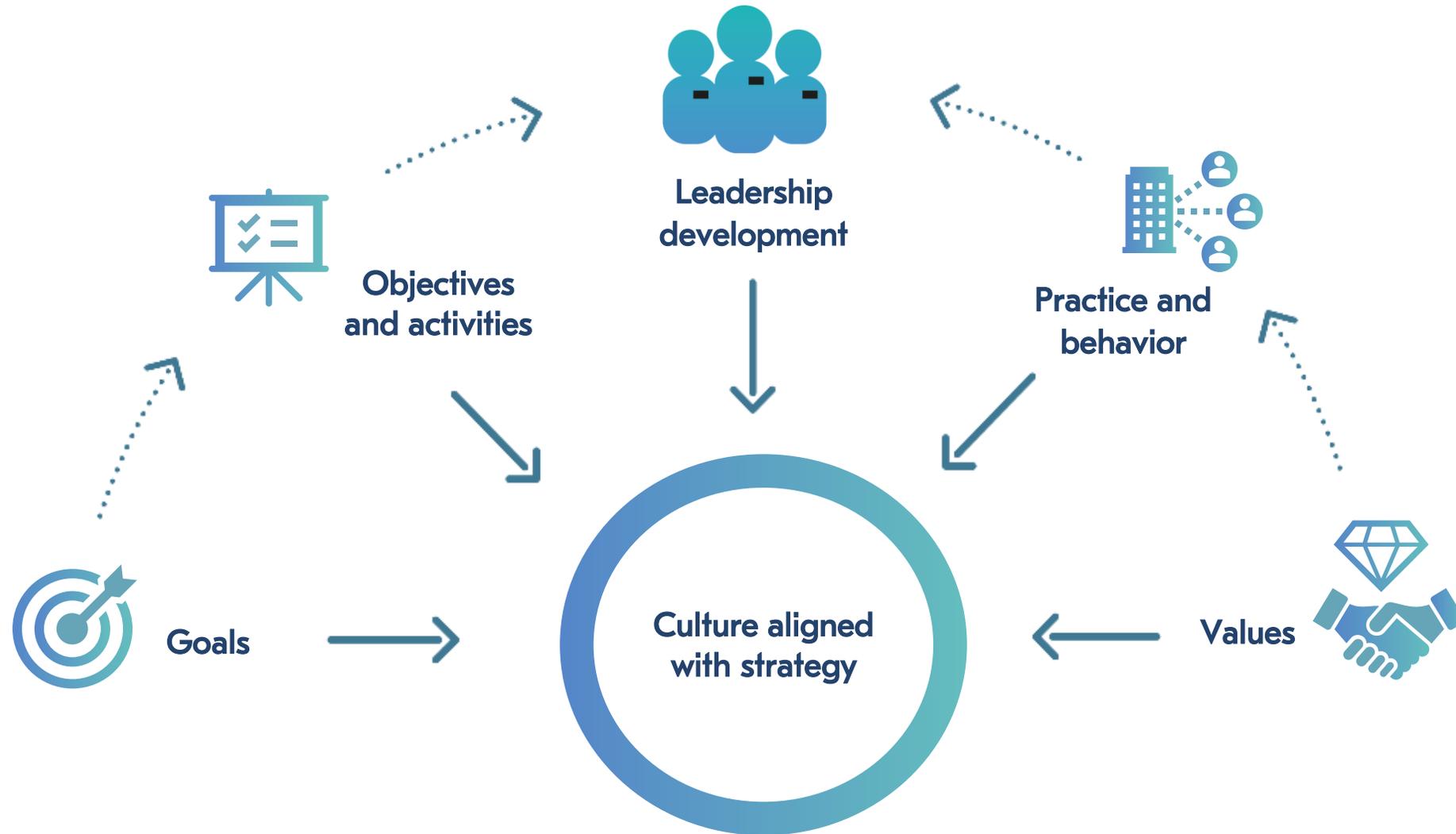
Sources: Consultancy analysis

Strategic roadmap of ongoing & future upside levers

Focus on what we have and accelerate. Create long-term value, based on leading positions with selected products and specific countries. Focus on what we do best and offer our engineering expertise, quality and reliability to new markets.



Culture as a key driver for value creation and growth



Strategic Initiatives already executed

Initiated groupwide workflow optimization and process efficiency. Strict purchase & cost management, incl. NWC.

Drive Operational Excellence

Strengthened product portfolio by expansion of product range and introduction of new applications.

Push Innovation

Insourcing of core production.

Drive Production Excellence

Listing at Swiss Stock Exchange SIX (Dec- 2023)

Going Public

Successful market entry into Nordics, the Baltics and Germany through first customer wins.

Expansion Into New Geographies

Opening Rauscher & Stöcklin Plant in Bochnia/PL (Mid 2024)

Expand Production Capacity

2022

2023

2024

Sharpened business model with production lines geared towards small batches and customizations

Improved Business Model

Initiated cultural transformation on all Group levels with aim to empower our people. Continuous trainings on leadership.

Cultural Transformation

Launched initiative to increase penetration of existing markets

Build Market Share

100% acquisition of Tesar Gulf.

Build Market Share

Strengthen BoD and Management expertise

Strengthened Governance

Disposal of non-core SERW (Dec. 2023)

Divestment Non-Core Business

ISO 14025 / 7 EN 50693 Certification @ Tesar. (Environmental Product Declaration)

Drive ESG Excellence

Full year 2023 financial results

Matthias P. Weibel | Group CFO



R&S

We guarantee energy

Key messages per 31 December 2023

+22 %



185.7

Order Backlog

+40 %



201.6

Net Sales (adj.)



37.5

Operating result
EBIT (adj.)

+18.6 %

EBIT Margin (adj.)



28.9

Profit
after tax (adj.)

1 CHF

Earnings
per share (adj.)

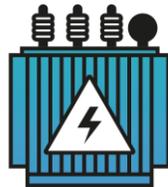


33.3

Free Cash Flow

15.3 %

based on Net Sales



5.6

Capital expenditures
for tangible assets and
intangible assets



2.5 %

Dividend return



616

Number of
employees

Key financial figures 2023 (adjusted)

Consolidated key financial figures

| | 2022 reported | 2022 adjusted ¹ | 2023 reported | 2023 adjusted | Change in adjusted figures in% |
|--|------------------|-------------------------------|------------------|--------------------|---|
| | MCHF | MCHF | MCHF | MCHF | |
| Order intake | 240.9 | 231.6 | 264.6 | 245.0 ² | 6% |
| Order backlog | 158.9 | 151.9 | 185.7 | 185.7 | 22% |
| Net sales | 155.1 | 144.3 | 216.9 | 201.6 ² | 40% |
| Operating result (EBIT) | 7.7 | 9.1 | 28.7 | 37.5 ³ | 312% |
| as % of net sales | 5.0% | 6.3% | 13.2% | 18.6% | |
| Profit after tax | 4.3 | 5.9 | 11.6 | 28.9 ⁴ | 391% |
| Earnings per share in CHF | 0.15 | 0.20 | 0.40 | 1.00 | 391% |
| Net financial position ⁵ | 4.7 | 7.0 | 6.7 | 6.7 ⁶ | -5% |
| Dividend per share in CHF | n.a. | n.a. | 0.25 | 0.25 ⁷ | |
| Year-end Number of full-time equivalents | 712 | 540 | 616 | 616 | 14% |

¹ without figures of plant in Czech Republic (SERW), which was divested on 5 December 2023

² adjusted for figures of divested plant in Czech Republic (SERW)

³ adjusted for MCHF 9.5 loss from sale of SERW including disposed net assets of MCHF 4.0 and recycling of historic goodwill of SERW in the amount of MCHF 5.5 included in «Other Operating Expenses»

⁴ adjusted for MCHF 9.5 loss from sale of SERW (see footnote 2) and non-operating listing costs from initial business combination of MCHF 8.0

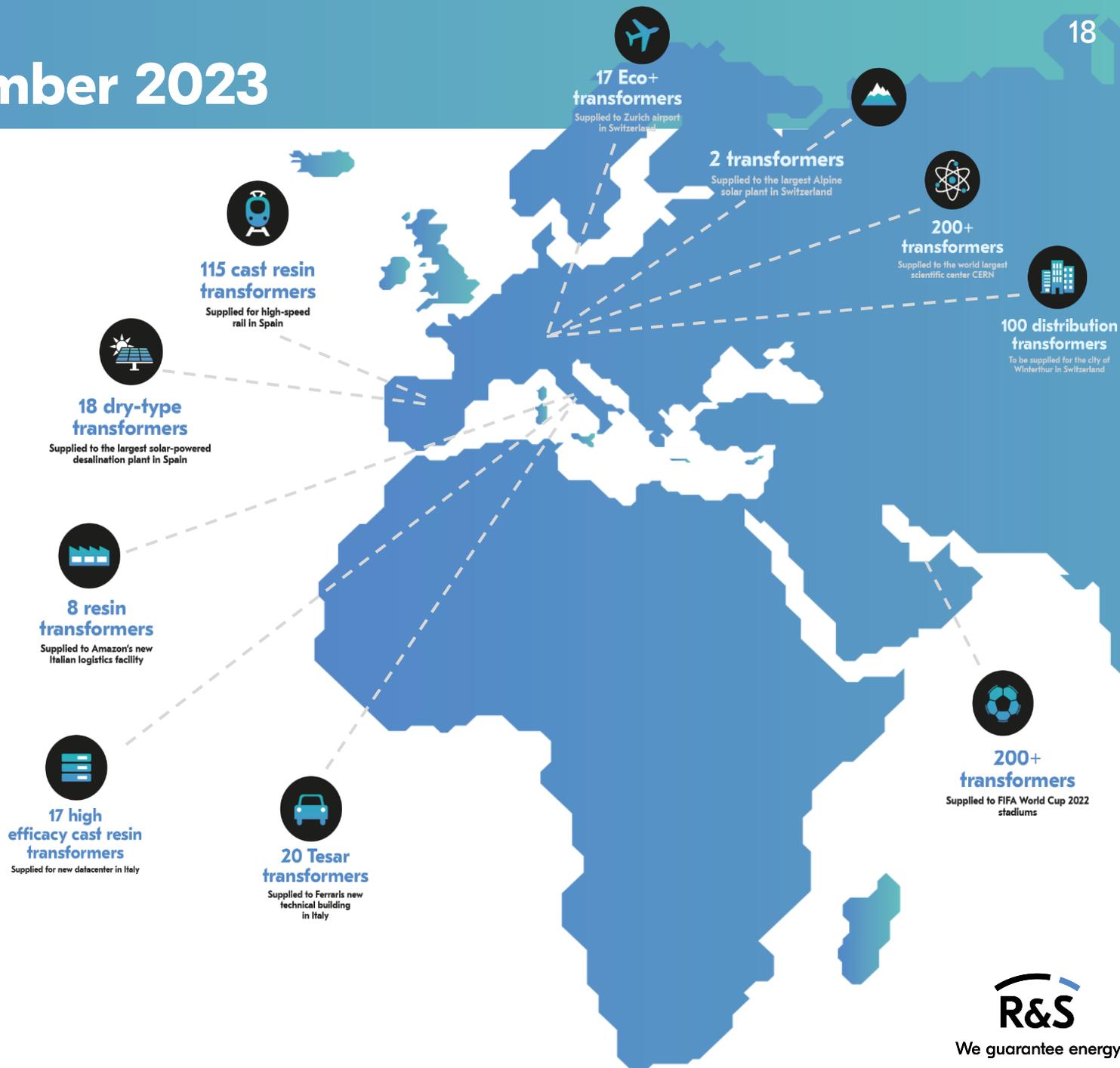
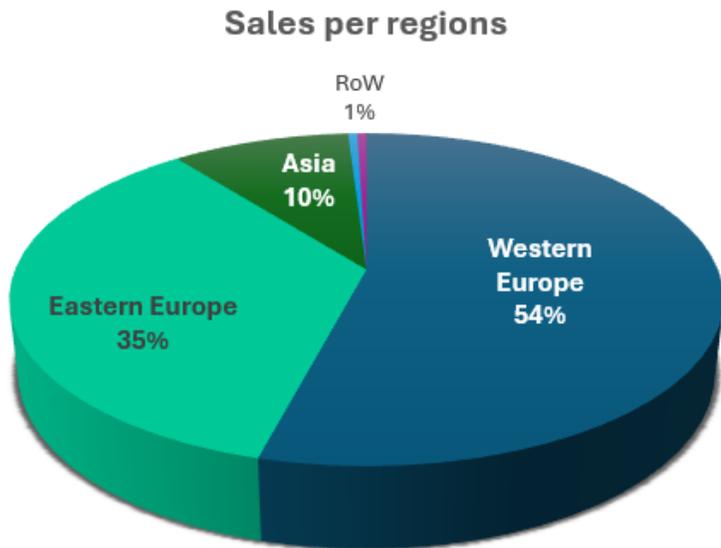
⁵ defined as cash and equivalents less (interest-bearing) short- and long-term liabilities

⁶ including MCHF 38.7 financial debt of R&S Group Holding AG (former VT5)

⁷ proposal of the Board of Directors to the AGM on 28 May 2024

Key messages per 31 December 2023

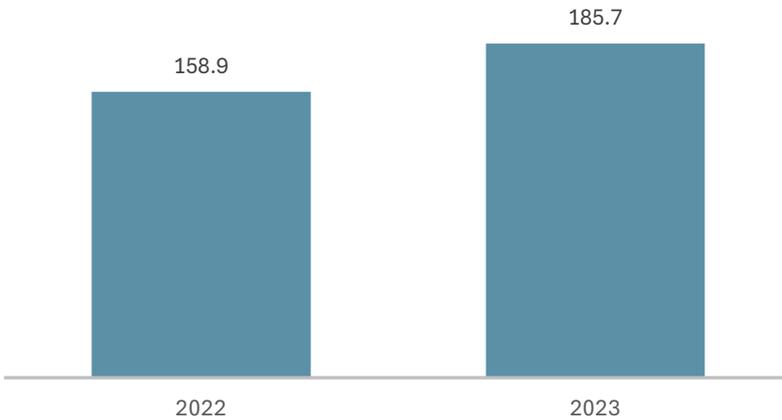
- In 2023, we managed to grow in all of our core markets, both geographically and by product group.
- The share of sales from long-term manufacturing orders (PoC projects) reached over 20% of total sales.



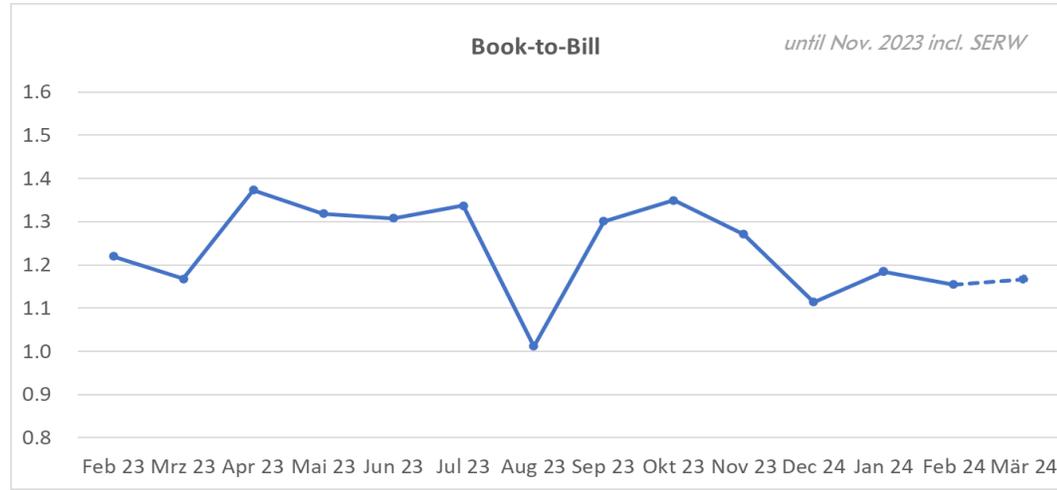
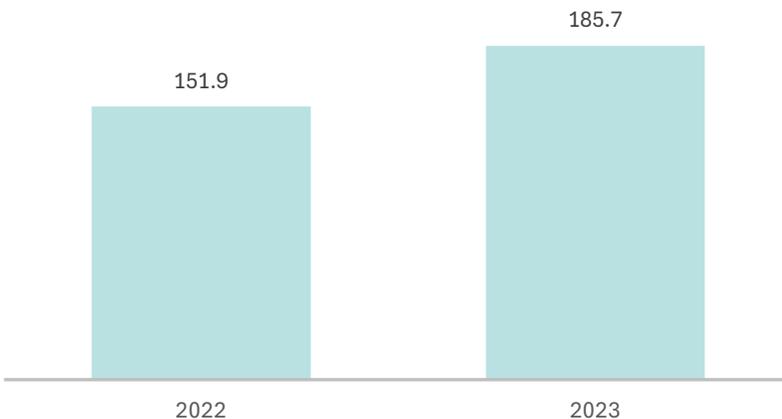
Strong growth of order intake and backlog

TCHF

ORDER BACKLOG REPORTED



ORDER BACKLOG ADJUSTED



- Stable backlog 2024 with strong Value Added; continuously high monthly order intake; no margin erosion expected in 2024 in key markets (CH, GER, IT)
- Low pressure on prices as long as material prices remain stable; build-up of new capacities and competitors that calculate very tight might change the overall picture only in the short term
- Since 3 months avg. Book-to-bill flat > 1.1 (see graph above)
- High backlog for Oil-Distribution and Power Transformers until mid of 2025, normal backlog for Cast Resin Transformers until mid of 2024

Consolidated group results 2023 were impacted by three items

Three adjustments at holding level had a significant impact on the annual financial statements.

①

According to FER 24/22, **transaction costs** may not be offset against equity, but must be expensed as "Listing costs" in financial expenses.

➔ Negative impact of 8 MCHF on net income.

②

Initial Business Combination (IBC) led to **goodwill offset of CHF 17.7 million** against equity

➔ From a *legal* perspective, VT5, later renamed to RSG, took over the existing R&S group. From an *accounting* perspective, however, the existing R&S (i.e. R&S International Holding AG) bought VT5. For this reason, a specific amount of goodwill resulted, which was booked against equity (acc. to FER 30).

③

Historic goodwill of SERW to be fully amortized via P&L.

➔ Negative impact of an additional MCHF 5.52 on EBITDA (total of MCHF 9.5 in other operating expenses).

Consolidated profit & loss statement 2023

(with comparatives from prior year)

| | Notes | 2023 TCHF | 2022 TCHF |
|---|-------|----------------|----------------|
| Net sales | A 4 | 216'907 | 155'114 |
| Changes in semi- / finished goods | B | -114 | 4'684 |
| Other operating income | 5 | 691 | 127 |
| Operating income | | 217'485 | 159'926 |
| Material costs | C | -124'226 | -105'310 |
| Personnel costs | D 6 | -38'413 | -32'561 |
| Operating expenses | 7 | -13'891 | -11'507 |
| Other operating expenses ¹ | E 8 | -9'938 | -640 |
| Operating result before amortisation and depreciation (EBITDA) | | 31'017 | 9'908 |
| Depreciation of tangible assets and amortisation of intangible assets | 16 | -2'332 | -2'229 |
| Operating result (EBIT) | | 28'684 | 7'678 |
| Financial result | F 9 | -9'572 | -1'655 |
| Profit before income taxes | | 19'112 | 6'023 |
| Tax expenses | 10 | -7'478 | -1'771 |
| Profit | G | 11'634 | 4'252 |
| Basic earnings per share in CHF | 11 | 0.40 | 0.15 |
| Diluted earnings per share in CHF | 11 | 0.40 | 0.15 |

¹Other operating expenses include CHF 9.5 million loss on disposal of SERW Spol. S.r.o. after goodwill recycling under Swiss GAAP FER 30.17 (refer to Note 30)

adjusted EPS at 1.0 CHF

previous year 2022: «old» R&S group without acquired VT5

A Net sales

- adjusted net sales without SERW 201.6 MCHF (+40%)
- small FX impact: based on prior year avg. exchange rates net sales would have been 1.9% higher; mainly due to stronger CHF vs. EUR

B Semi-/ finished goods decreased in 2023 as all plants, except ZREW, were able to reduce their semi/ finished goods

C Material costs decreased continuously in 2023 and with good availability of key materials. Low materials ratio at 57% at the end of the year (previous year 68%).

D Personnel costs in relation to sales down from previous year from 21% to 18%, but higher in absolute terms (+17.8%) due to salary inflation (especially in Poland) and increase number of employees to address business growth and strategic expansion of capacities (new plant in Poland)

E Other operating expenses includes write-off of historic goodwill (5.52 MCHF) and the disposed net assets (4 MCHF) of SERW

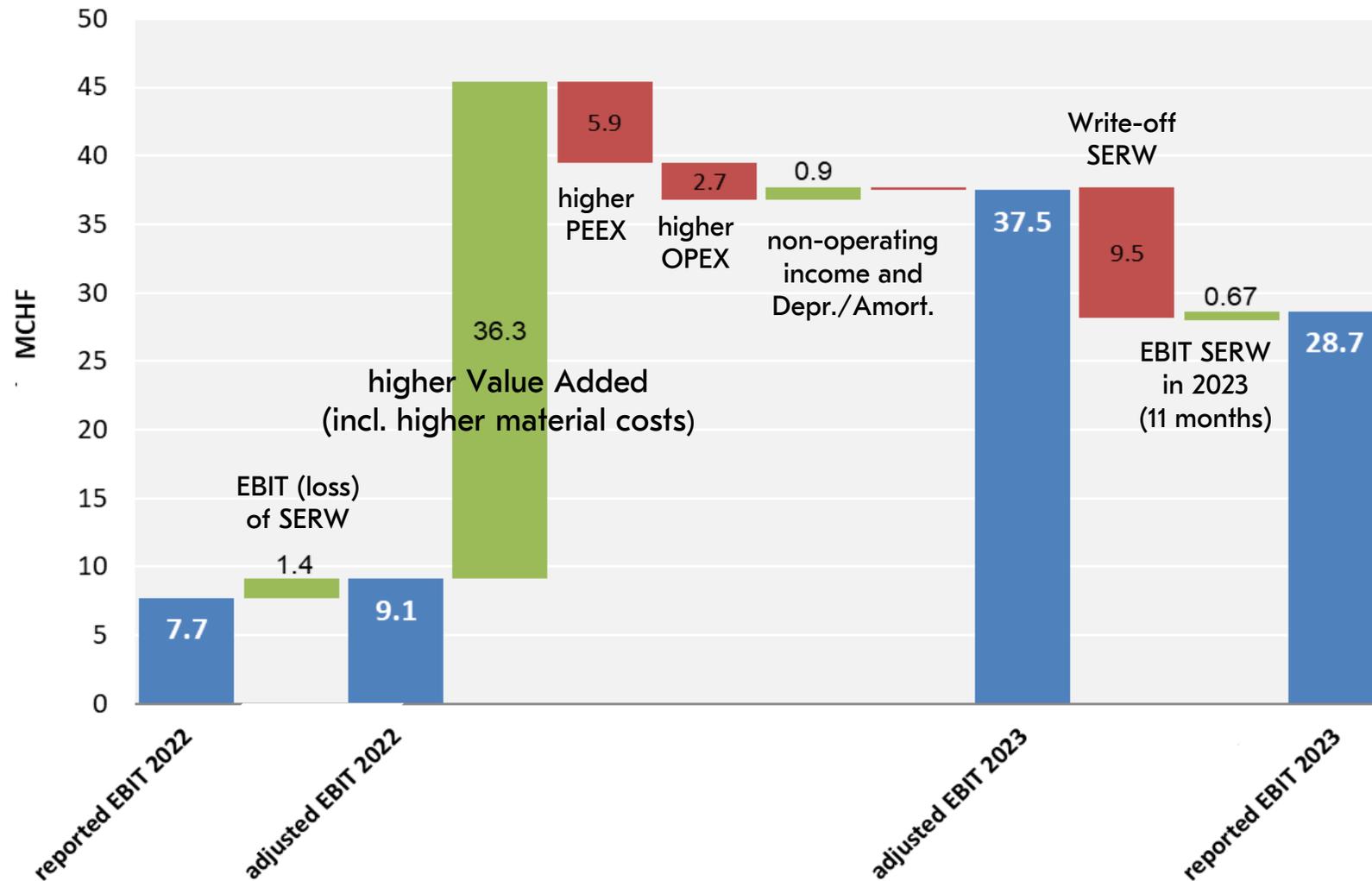
F Financial result listing costs

- According to FER 24/22, the transaction costs for «going public» may not be offset against equity, but must be reported as expenses in «Financial Expenses»
- For 2024, the costs of «being public» will be recorded in operating expenses .

G Tax expenses increased due to higher profit and continued consumption of tax loss carryforwards (most of the available losses were consumed in 2023) and expired tax exemptions for Tesar PL.

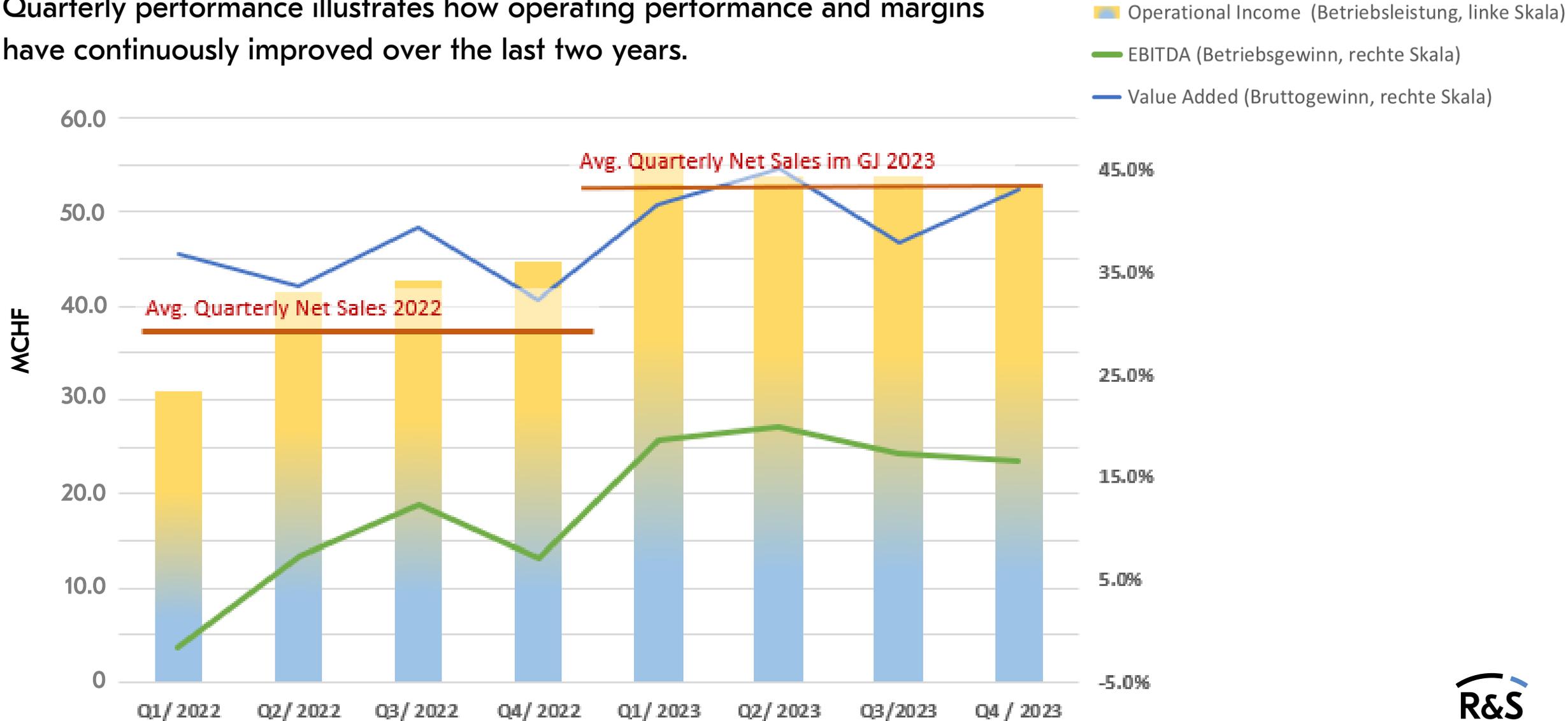
EBIT margin significantly improved

Derivation of EBIT bridge (reported to adjusted)

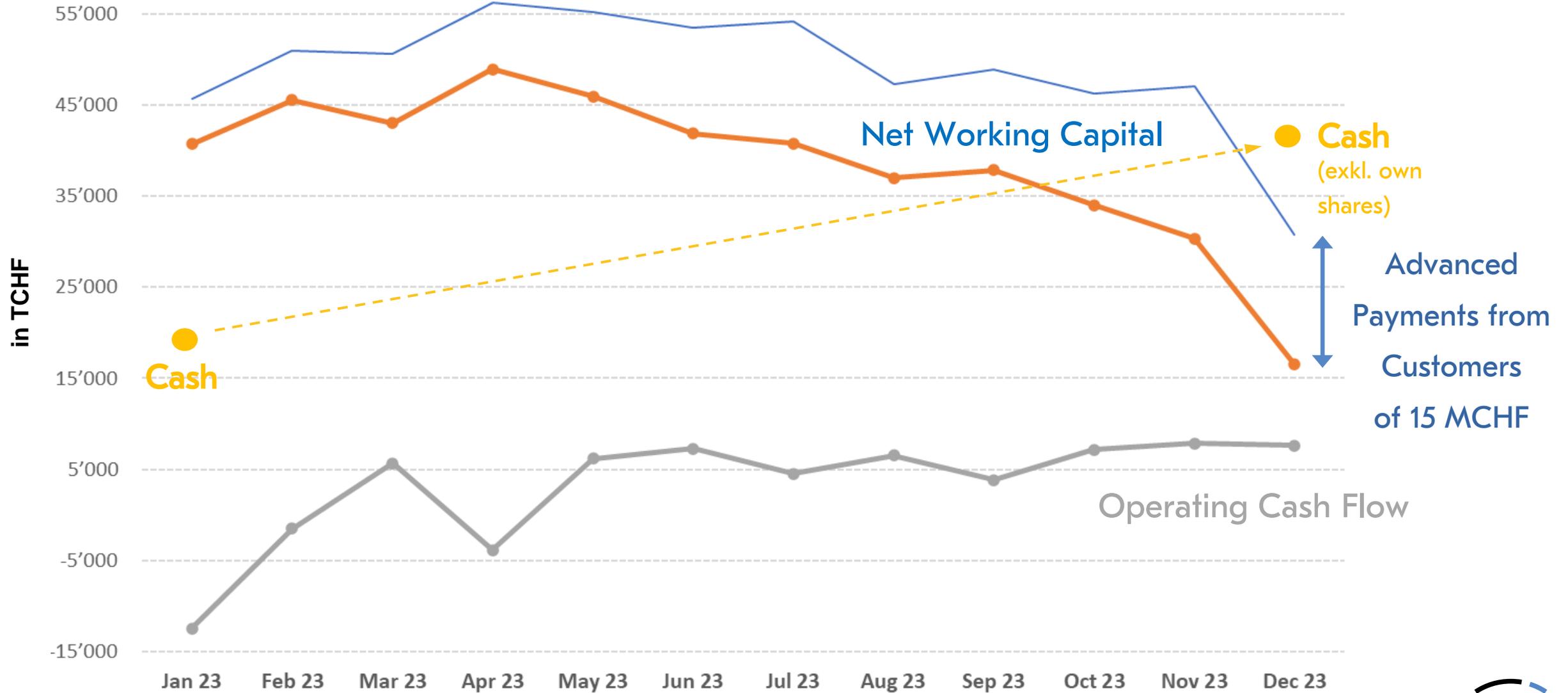


Continuously increased levels of revenue and value add

Quarterly performance illustrates how operating performance and margins have continuously improved over the last two years.



Balance sheet and Cash flow: reduction of NWC unlocked cash



Guidance



We guarantee energy

R&S to deliver profitable growth on a sustainable basis

| | 2023 target | 2024 outlook ¹ | Mid-term outlook ² | Commentary |
|------------------------------|---|---|---|---|
| Net sales growth | >CHF200m | 9-12% | ~10% p.a. | <ul style="list-style-type: none"> • Mid-term outlook organic growth over the cycle • Strong tailwind from global electrification demand, decarbonization, decentralization and aged grids |
| EBIT margin | ~18% of net sales | 16-18% of net sales | Mid-teens double-digit as % of net sales | <ul style="list-style-type: none"> • Resilient gross profit margin profile • Economies of scale from continued net sales growth • Operational excellence supporting margin expansion |
| Free cash flow margin | Mid to high single-digit as % of net sales | Mid to high single-digit as % of net sales | ~10% of net sales | <ul style="list-style-type: none"> • FCF equals cash flow from operating activities minus cash flow from investing activities |
| Dividend policy | CHF7m | Return ~50% of free cash flow to shareholders | Return ~50% of free cash flow to shareholders | <ul style="list-style-type: none"> • Dividend growth • Actual year financial target to be paid out in the following calendar year |

¹ Latest guidance for 2024 (announced on January 24, 2024)

² Based on current mid-term plan

Per 31 December 2023

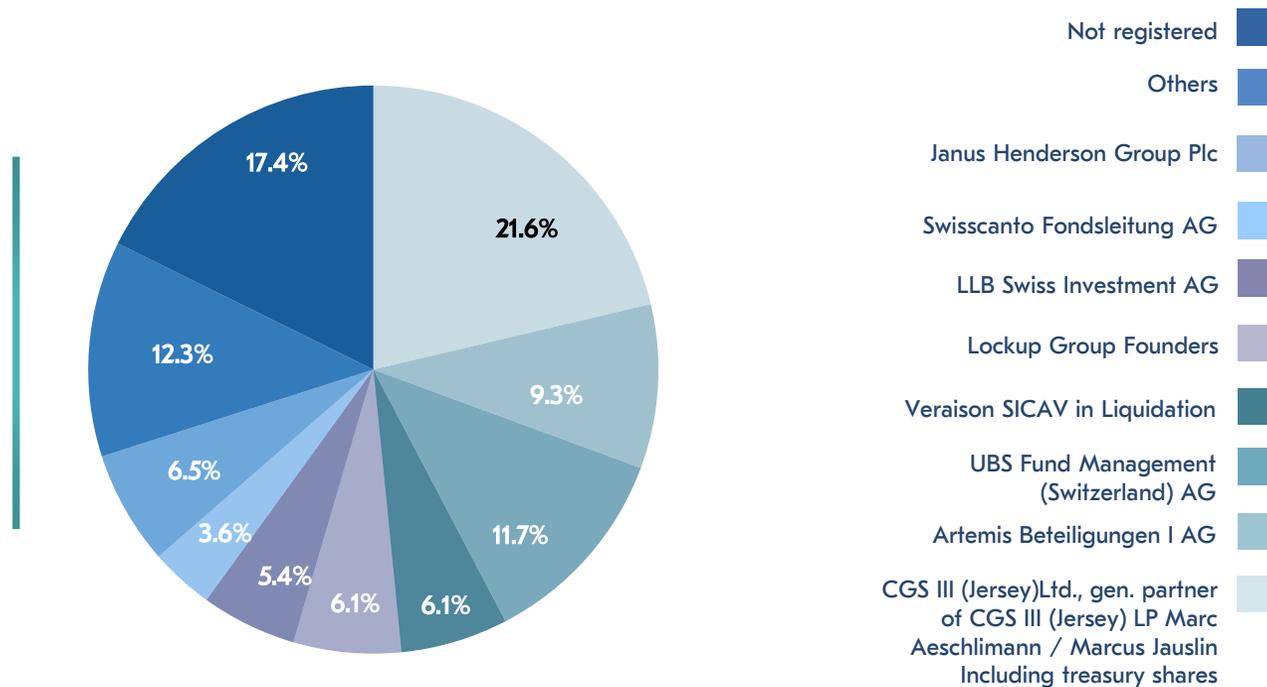
Free float of 50.5%



650 shareholders per end of 2023

Per 31 March 2024

Free float of 57%



737 shareholders per 31.03.2024

Sustainability

Matthias P. Weibel | Group CFO



We guarantee energy

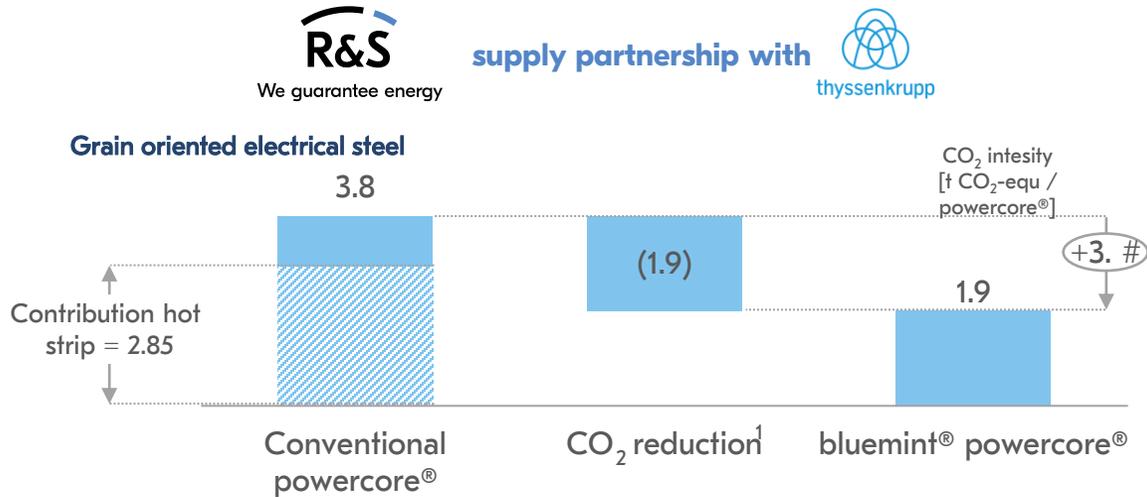
Report on non-financial matters



- The non-financial report is separated from the annual report and has been established in accordance with Art. 964a et seqq. of the Swiss Code of Obligations.
- We recognize the environmental footprint of our operations and seek to avoid, minimize and mitigate our adverse environmental impact, regarding greenhouse gas (GHG) emissions, the use of water, electricity, natural resources and soil pollution.
- We continue to consider ways to understand different metrics for measuring Scope 1, 2 and 3 GHG emissions and tracking our impact on decarbonization.
- We've set the target to reduce GHG emissions by 33% by 2033 versus 2023 levels, and to be climate neutral by 2050, in accordance with the Swiss Climate and Innovation Act.
- We pursue a zero-tolerance policy with regard to child labour within the Group and does not import or process an annual quantity of conflict minerals.

Implementation of sustainability initiatives across our transformer value chain

Everything from the materials that transformers are made from...



- Flagship project demonstrated low energy losses in use and low CO₂ in production
- Minimising supply chain impact with bluemint® materials provided from nearby sites in Europe

Transformers produced with a demonstrable sustainable impact

...to how products are designed and perform



- Product design optimisation and use of better performing materials
- ≥80% of the final product consists of metals, of which the majority is recyclable
- The life expectancy of the product is ~20 years on average, with some products still in operation today after 35+ years
- Demonstrated results with 25% annual energy savings for products vs. the first product supplied in 1993²



Cast resin transformers produced with a circular economy approach

Sources: Thyssenkrupp, Management information

Note:

1. Based on an allocation method

2. Refers to energy savings in kWh/year for 1,500 kVA transformer; for the calculation of the saved load loss, assumes a transformer loaded to 80% of the full load for 24h/day working 365 days/year

Outlook & take aways

Markus Laesser | Group CEO



R&S

We guarantee energy

Investment summary for future value creation



We guarantee energy

- 1 Strong secular tailwinds for the electricity distribution sector driving multi-dimensional future growth
- 2 Well-established leadership positions in selected products and geographies provide a platform to replicate success in attractive new end markets and geographies
- 3 High quality products delivered through a dynamic, customer-centric business model, underpinning the “right to win”
- 4 Ongoing and targeted sustainability initiatives across the R&S transformer value chain
- 5 Targeted accelerated growth and profitability improvement through growing demand and commercial and operational excellence
- 6 Credible roadmap of ongoing & future upside levers



We guarantee energy

Focus on what we do best and offer our engineering expertise, quality and reliability to new markets.

1

Investment summary for future value creation

- 1 Strong secular tailwinds for the electricity distribution sector driving multi-dimensional future growth
- 2 Well-established leadership positions in selected products and geographies provide a platform to replicate success in attractive new end markets and geographies
- 3 High quality products delivered through a dynamic, customer-centric business model, underpinning the 'right to win'
- 4 Ongoing and targeted sustainability initiatives across the R&S transformer value chain
- 5 Targeted accelerated growth and profitability improvement through growing demand and commercial and operational excellence
- 6 Credible roadmap of ongoing & future upside levers

With our ongoing measures to boost productivity, we have built a solid foundation for commercial success and accelerate growth.

2

Well-positioned to capture growth from the ubiquity of electrification



We expect continued strong demand over the long term, driven by megatrends such as decarbonization, decentralization and modernization of power grids.

3

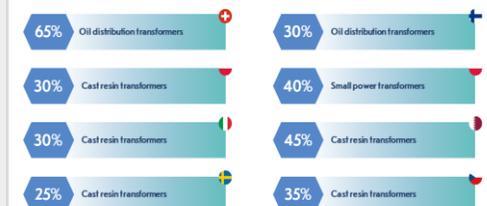
Strategic roadmap of ongoing & future upside levers



Execution of our growth strategy.

4

Leading market share positions across selected products & geographies



Our leading market shares in selected countries and products, provide us with a platform for replicating our success in new markets.

Q&A

Thank you for your attention.

We are now happy to
answer your questions.



R&S

We guarantee energy

Financial Calendar

| | |
|--------------------------------|-------------------|
| Annual General Meeting | 28 May 2024 |
| Trading update half-year sales | 24 July 2024 |
| Half-year results 2024 | 11 September 2024 |
| Capital Markets Day | 31 October 2024 |

Contacts

Investor Relations:

Doris Rudischhauser

Phone: +41 79 410 81 88

Email: investors@the-rsgroup.com

Media:

Nicolas Weidmann

Phone: +41 79 372 29 81

Email: media@the-rsgroup.com



We guarantee energy

Appendix



We guarantee energy

Consolidated profit & loss statement 2023

(with comparatives from prior year)

| | Notes | 2023 TCHF | 2022 TCHF |
|---|-------|----------------|----------------|
| Net sales | A 4 | 216'907 | 155'114 |
| Changes in semi- / finished goods | B | -114 | 4'684 |
| Other operating income | 5 | 691 | 127 |
| Operating income | | 217'485 | 159'926 |
| Material costs | C | -124'226 | -105'310 |
| Personnel costs | D 6 | -38'413 | -32'561 |
| Operating expenses | 7 | -13'891 | -11'507 |
| Other operating expenses ¹ | E 8 | -9'938 | -640 |
| Operating result before amortisation and depreciation (EBITDA) | | 31'017 | 9'908 |
| Depreciation of tangible assets and amortisation of intangible assets | 16 | -2'332 | -2'229 |
| Operating result (EBIT) | | 28'684 | 7'678 |
| Financial result | F 9 | -9'572 | -1'655 |
| Profit before income taxes | | 19'112 | 6'023 |
| Tax expenses | 10 | -7'478 | -1'771 |
| Profit | G | 11'634 | 4'252 |
| Basic earnings per share in CHF | 11 | 0.40 | 0.15 |
| Diluted earnings per share in CHF | 11 | 0.40 | 0.15 |

¹Other operating expenses include CHF 9.5 million loss on disposal of SERW Spol. S.r.o. after goodwill recycling under Swiss GAAP FER 30.17 (refer to Note 30)

adjusted EPS at 1.0 CHF

previous year 2022: «old» R&S group without acquired VT5

A Net sales

- adjusted net sales without SERW 201.6 MCHF (+40%)
- small FX impact: based on prior year avg. exchange rates net sales would have been 1.9% higher; mainly due to stronger CHF vs. EUR

B Semi-/ finished goods decreased in 2023 as all plants, except ZREW, were able to reduce their semi/ finished goods

C Material costs decreased continuously in 2023 and with good availability of key materials. Low materials ratio at 57% at the end of the year (previous year 68%).

D Personnel costs in relation to sales down from previous year from 21% to 18%, but higher in absolute terms (+17.8%) due to salary inflation (especially in Poland) and increase number of employees to address business growth and strategic expansion of capacities (new plant in Poland)

E Other operating expenses includes write-off of historic goodwill (5.52 MCHF) and the disposed net assets (4 MCHF) of SERW

F Financial result listing costs

- According to FER 24/22, the transaction costs for «going public» may not be offset against equity, but must be reported as expenses in «Financial Expenses»
- For 2024, the costs of «being public» will be recorded in operating expenses .

G Tax expenses increased due to higher profit and continued consumption of tax loss carryforwards (most of the available losses were consumed in 2023) and expired tax exemptions for Tesar PL.

Consolidated Balance Sheet per 31 Dec 2023

| | 31.12.2023 TCHF | 31.12.2022 TCHF |
|---------------------------------|--------------------|--------------------|
| Assets | | |
| Cash and cash equivalents | A 52'999 | 21'527 |
| Accounts receivable | 29'864 | 20'279 |
| Other short-term receivables | 2'569 | 650 |
| Inventories | A 31'663 | 44'084 |
| Prepaid expenses | 761 | 754 |
| Total current assets | 117'856 | 87'295 |
| Tangible assets | 18'791 | 18'964 |
| Financial assets | 1'975 | 3'499 |
| Intangible assets | 597 | 730 |
| Total non-current assets | 21'363 | 23'193 |
| Total assets | 139'219 | 110'488 |

A Increase of cash due to intensive NWC-Mgmt, incl. high advances from customers

B In connection with the IBC: 9.8 MCHF short-term bank loans and 30 MCHF long-term liabs.

C R&S International Holding AG as accounting acquirer absorbed the net liabilities of VT5 Acquisition Company AG, which subsequently changed its name to R&S Group Holding AG. The Goodwill was determined as difference between the liabilities assumed and the net assets acquired and amounts to CHF 17.7 million. In accordance with Swiss GAAP FER 30, the Goodwill was offset with equity.

⇒ See detailed calculation on next slide or in notes 29

Liabilities and equity

Liabilities

| | 31.12.2023 TCHF | 31.12.2022 TCHF |
|---|--------------------|--------------------|
| Liabilities | | |
| Short-term financial liabilities | B 12'629 | 14'850 |
| Accounts payable | 30'812 | 30'030 |
| Other short-term liabilities | A 14'391 | 8'272 |
| Short-term provisions | 6'970 | 3'224 |
| Accruals | 2'230 | 1'356 |
| Total current liabilities | 67'032 | 57'731 |
| Long-term financial liabilities | B 33'690 | 2'000 |
| Pension liability | 712 | 774 |
| Long-term provisions | 3'947 | 4'219 |
| Total non-current liabilities | 38'349 | 6'992 |
| Total liabilities | 105'381 | 64'724 |
| Equity | | |
| Share capital | 2'893 | 44'822 |
| Capital reserves | 48'414 | 5'835 |
| Own shares | -10'000 | 0 |
| Accumulated profit/losses | -3'880 | -2'372 |
| Cumulative currency translation reserve | -3'589 | -2'521 |
| Total equity | C 33'838 | 45'764 |
| Total Liabilities and equity | 139'219 | 110'488 |

previous year 2022: «old» R&S group without acquired VT5

Goodwill calculation in detail & consolidated Equity per 31 Dec 2023

R&S International Holding AG as accounting acquirer absorbed the net liabilities of VT5 Acquisition Company AG, which subsequently changed its name to R&S Group Holding AG. The Goodwill was determined as difference between the liabilities assumed and the net assets acquired and amounts to CHF 17.7 million. In accordance with Swiss GAAP FER 30, the Goodwill was offset with equity.

| | 2023 TCHF |
|--|---------------|
| Assets acquired at 13.12.2023 | 23'232 |
| Cash | 3'741 |
| Own shares | 10'000 |
| Other receivables and prepaid expenses | 9'491 |
| Liabilities assumed at 13.12.2023 | 40'911 |
| Bank loan | 38'700 |
| Accounts payable and accruals | 2'211 |
| Consideration paid (neither cash nor shares) | 0 |
| Goodwill at 13.12.2023, offset with retained earnings | 17'678 |

| | Share capital | Capital reserve | Own shares | Exchange rate impact | Accumulated losses | Total |
|---|---------------|-----------------|----------------|----------------------|--------------------|---------------|
| | TCHF | TCHF | TCHF | TCHF | TCHF | TCHF |
| As of 31.12.2021 | 44'822 | 5'835 | 0 | -1'034 | -6'624 | 42'999 |
| Net profit 2022 | | | | | 4'252 | 4'252 |
| Exchange rate impact | | | | -1'487 | | -1'487 |
| As of 31.12.2022 | 44'822 | 5'835 | 0 | -2'521 | -2'372 | 45'764 |
| Net profit 2023 | | | | | 11'634 | 11'634 |
| Exchange rate impact | | | | -1'068 | | -1'068 |
| Reclassification due to business combination | -41'929 | 41'929 | | | | 0 |
| Own shares acquired in business combination | | | -10'000 | | | -10'000 |
| Offsetting of Goodwill from business combination | | | | | -17'678 | -17'678 |
| Recycling of SERW goodwill ¹ | | | | | 5'520 | 5'520 |
| Recycling of SERW Cumulative currency translation reserve | | | | | -984 | -984 |
| Share Based Payment | | 651 | | | | 651 |
| As of 31.12.2023 | 2'893 | 48'415 | -10'000 | -3'589 | -3'881 | 33'838 |

¹ Goodwill recycling upon disposal of SERW Spol. S.r.o. under Swiss GAAP FER 30.17 (refer to Note 30)

Consolidated Cash Flow Statement 2023

| | 2023 TCHF | 2022 TCHF |
|--|---------------|---------------|
| Profit of the year | 11'634 | 4'252 |
| Amortisation and depreciation | 2'332 | 2'229 |
| Profit (-)/Loss (+) on sale of tangible assets | -3 | 4 |
| Change in provisions/reserves | A 6'167 | 1'495 |
| Other non-cash items | B 5'520 | 0 |
| Cash flow from operating activities before changes in net working capital | 25'650 | 7'980 |
| Change in inventories | 6'766 | -14'714 |
| Change in accounts receivable | C -12'422 | -3'004 |
| Change in other receivables and prepaid expenses | D 7'617 | -260 |
| Change in accounts payable | 2'173 | 12'439 |
| Change in other current liabilities and accruals | E 8'269 | 1'271 |
| Cash flow from operations | 38'053 | 3'712 |
| Investments in tangible assets | F -5'233 | -3'665 |
| Divestments of tangible assets | 75 | 40 |
| Investments in financial assets | -7 | -62 |
| Divestments of financial assets | 689 | 0 |
| Investments in intangible assets | F -326 | -216 |
| Cash flow from investment activities | -4'801 | -3'903 |
| Free cash flow | 33'252 | -191 |
| Issuance (+)/repayment (-) of short-term financial liabilities | G -8'629 | 3'594 |
| Issuance (+)/repayment (-) of long-term financial liabilities | 1'792 | -3'476 |
| Cash flow from financing activities | -6'837 | 118 |

- A mainly attributable to higher tax provisions as a result of the overall increase of the business volume and operational profit, higher accrual for bonus and customer claim
- B write-off of recycled goodwill from acquisition of SERW, initially directly offset against equity, (refer to Note 30)
- C increased accounts receivables as a result of the overall increase in operations
- D including CHF 8 millions of prepaid IBC transaction costs (listing expenses)
- E positive impact of increase in advance payments from customers (CHF 6.7 million in other current liabilities and CHF 8 million in net inventories (WIP PoC business))
- F Capex in new core cutting machines in Italy, new vertical winding machines in Poland, SAP- and IT-upgrades etc.
- G decrease in short-term financial liabilities mainly attributable to reduction of bank overdrafts in Italy (CHF 7.0 million)

previous year 2022: «old» R&S group without acquired VT5