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Half-year report 2023 of the Cendres+Métaux Group

Dear Shareholders,

The first half of the financial year 2023 is already behind us and we would like to take this opportunity to share some information with you on the progress made by the Cendres+Métaux Group.

Increase in sales and profitability

The Cendres+Métaux Group increased its sales, excluding precious metals, to MCHF 61.1 as of June 30, 2023 - a significant increase of 32.5% compared to 2022. Excluding the impact of the acquisition of Cornu&Cie and the sale of our Italian subsidiary in July 2022, the sales increased by 15.9%.

The EBIT improved by 5.7% compared to 2022. This was achieved in the context of an unstable environment and a worrying global situation. We were unable to fully control the negative impact of the inflation, the high interest rates and the tight labor market. Such a result was only possible with the commitment of everyone.

Luxury+Industry

Orders remain at a very high level and we are already receiving orders for next year. To meet our delivery deadlines, we are constantly improving our production processes and largely invest in production machinery. We are constantly hiring new employees to expand our production capacity. All this leads to a sales growth as of end of June, excluding precious metals, to MCHF 43.5 (+28.8% compared to 2022). The integration of Cornu&Cie, acquired in November 2022, is well underway and on track.

In June, the 4 companies Cendres+Métaux, Queloz, Cronal and Cornu&Cie participated together in the EPHJ exhibition in Geneva on a joint stand. This event was a success, both in terms of group integration and communication, and gave us the opportunity to meet our partners and new potential clients.

CMO - Medtech

In CMO Dental, we are negatively impacted by a high decrease in precious metal implants and abutments. This is mainly due to excessive inventory levels at our customers and a weak Asian market. This slowdown will be offset in the long term by new dental projects in the production of titanium implants and abutments. In the medical field, we observe a growth compared to previous year mainly due to new projects and the increase in the cochlear area. Overall, excluding precious metals, sales at the end of June slightly decreased to MCHF 10.7 (-4.6% compared to 2022). However, the high number of new projects makes us confident for the coming years.

Dental Brand

In terms of dental products under the Cendres+Métaux brand, we are observing positive sales development for some of our products such as construction elements, especially with the launch of the new Dalbo®-PLUS product, as well as ceramics. This is somehow offsetting the sales decrease in dental alloys. These are increasingly being replaced by non-precious metals substitutes, and this trend is being reinforced by the rise of the gold price. All this leads to a decrease in non-precious metals sales at the end of June 2023, excluding the impact of the sale of our Italian subsidiary, to MCHF 6.9 (-3.9% compared to 2022). The development of our two remaining subsidiaries is in line with our expectations for this year. For the future, we continue to seek for alternative sales options in these two markets.

Acquisition

The Group's growth during the recent years has been significant and we have decided to also diversify into other industries related to our know-how. On July 6, 2023, retroactive to January 1, 2023, the Cendres+Métaux Group acquired the company R. Schlierholz SA with its sites in Mittelhäusern (Canton of Bern) and Avenches (Canton of Vaud). R. Schlierholz SA is an important and widely recognized supplier in the field of electroplated coatings. Thanks to technologies developed in-house, R. Schlierholz SA serves its long-standing customers with high-quality and customized surface treatment solutions - mainly in the industrial and decorative sectors. We are pleased to welcome R. Schlierholz SA to our group.

Perspective

Inflation is slowing down but continues to impact our results. Our personnel costs and supplier costs are rising. In 2023, these negative impacts will have to be offset by higher sales. Energy prices are starting to decrease, and we expect positive impacts in 2024 vs. 2023. In May 2023, we were able to start operate our photovoltaic system. This is an important step towards a more efficient use of resources.

As in the previous year, one of our major concerns at Group level is the hiring of qualified personnel and the further training of our employees. It is encouraging to note that we were able to increase our headcount by 27 people despite the very difficult situation of the labor market. The number of vacancies remains very high and we continue to invest in the attractiveness of the Cendres+Métaux Group.

In June, we conducted an employee survey with our external partner "Great Place to Work". A large number of employees participated and gave their opinion. This is a very important factor for the management of Cendres+Métaux so that we can implement targeted measures and strive for continuous improvement. We have achieved our first goal by obtaining the "Great Place to Work" certification as an employer. We are continuing our approach and investment in the "tous ensemble" project, which aims to develop and strengthen our corporate culture following our acquisitions.

We expect the profitability in 2023 to slightly increase by the end of the year compared to previous year.

To conclude, these good results confirm that our approach and strategy are the right ones. They motivate us for the future. There are many challenges ahead and we look forward to meeting them with the help of a talented and very committed team.

We would like to thank each of the shareholder for your confidence.

Kindest regards.



Philippe Milliet
President



Philipp von Büren
CEO