Ad hoc announcement pursuant to Art. 53 LR

2021 financial year

Order intake nearly doubled – Significant increase in order backlog – Sales at the same level as in the previous year – Further improvement in operating earnings – Dividend proposed

- **Order intake up 97% to CHF 379 million (up 96% at constant exchange rates)**
- **Order backlog of CHF 256 million (up 47%) secures capacity utilisation beyond 2022**
- **Sales maintained virtually unchanged at CHF 293 million (down 2%)**
- **EBIT before restructuring at CHF 4.8 million or 1.6% of sales (previous year: CHF 1.5 million / 0.5%), down CHF 8.5 million after restructuring**
- **Due to restructuring expenses, net result of CHF -5.4 million**
- **Restructuring programme largely implemented**
- **Dividend of 1.00 CHF per registered share proposed**

Rorschacherberg, 4 March 2022 – Starrag Group has today published its annual financial statements and Annual Report for 2021. The results confirm the guidance provided in the Half-Year Report, namely a clear increase in order intake, sales on a prior-year level and a further improvement in operating earnings. The restructuring programme 2021 has been largely completed.

Order intake practically doubled – sales on prior-year level

The order intake shot up by 97% to CHF 379 million (96% at constant exchange rates) – almost twice that of the previous year – and thus returned to the parameters of the preceding years. Despite the low level of new orders in 2020, sales remained nearly unchanged at a total of CHF 293 million (-2%, and also -2% at constant exchange rates). At 1.29, the book-to-bill ratio (incoming orders to sales) was well above the level of 1 again (0.65 in the previous year).

Thanks to the encouraging performance of the order intake, the order backlog stood at 256 million at the end of 2021, up by 47% on the end of the previous year (and up by 36% on the middle of 2021). This solid order backlog ensures capacity utilisation for the current year and beyond

Regional development

The greatest advance was made in Europe, which continues to be the most important sales market with 63%. New orders from Asia, the region with the highest growth potential in the longer term, nearly doubled and once again represented around one-fifth of order intake across the Group. North America also saw a sharp year-on-year rise.

Further boost to Aerospace in particular

The sharp rise in order intake spanned all four sectors. This applies in particular to Aerospace, for which new orders more than doubled to CHF 126 million – following the collapse of the aviation sector, which is of major significance for Starrag Group – thanks to the positive development in the aerospace industry. New orders showed a clear upward trend from customers in Industrial, followed by Transportation and Energy. Aerospace and Industrial – which are still the two dominant sectors – jointly accounted for 77% of the order intake across the Group in the reporting year.

Significant operational progress – restructuring expenses in 2021

Operating earnings before interest and taxes (EBITR) before restructuring came to CHF 4.8 million or 1.6 % of sales, which marks clear progress compared with the previous year (CHF 1.5 million or 0.5%). EBIT amounted to CHF -8.5 million after restructuring expenses as a result of the restructuring costs at the Mönchengladbach site and was within the expected scope of CHF 13.3 million (settlements, value adjustments and restructuring-related provisions). Negotiations with the works council at the Bielefeld site are currently ongoing. Ultimately, a net loss of CHF -5.4 million (CHF -1.61 per share) was posted.

Consistently solid balance sheet

The consistently solid equity ratio was within the parameters of the preceding years at 56%. Net liquidity increased by CHF 11.0 million to CHF 17.6 million in the reporting period (previous year: CHF 6.6 million). At CHF 11.0 million, free cash flow clearly surpassed the 2020 level (CHF 6.2 million) thanks to higher order volume.

Restructuring programme to internally strengthen the Group largely implemented

With the considerable improvement in operational excellence, the changes in the management team, greater application expertise and the streamlining of the structures, the “Programme 2021”, which ultimately aims to optimise earnings in the long term, has largely been implemented. This is not only reflected already in the 2021 results, but will also have a tangible effect in the medium term. In the years 2020 and 2021, Starrag Group permanently reduced both its operating costs and staff costs by over CHF 30 million.

Dividend

Based on the positive course set for 2022, the Board of Directors will propose a dividend of CHF 1.00 at the Annual General Meeting on 23 April 2022, to be paid out in the form of a distribution of capital contribution reserves free of withholding tax (CHF 0.50) and from retained earnings (CHF 0.50). Due to the applicable tax law, no more than 50% of the dividend may be distributed from tax advantageous capital contribution reserves. This corresponds to a dividend yield on a par with the year-end price for 2021 of 2.1%.

Changes on the Board of Directors

At the upcoming Annual General Meeting on 23 April 2022, Prof. em. Dr. Christian Belz and Dr. Erich Bohli will step down from the Board of Directors of their own volition to retire and for reasons of age. Christian Belz has belonged to the Board since 2008 and Erich Bohli since 2017. The Board of Directors owes them an enormous debt of gratitude for their tireless dedication during their tenures.

The Annual General Meeting will be asked to elect Christian Androschin and Bernhard Iseli. Christian Androschin has over 30 years of experience in industrial consulting and management, primarily in the machine tool industry. Since 2005, he has been managing partner of Androschin & Partner Management Consulting in St. Gallen. Bernhard Iseli has over 35 years of international management experience. During this time, he worked, among other things, for 22 years in precision machine tool construction, and most recently with a focus on the aerospace market. Today he is the co-founder of scenarioC GmbH, founded in 2021 for innovation management, and has managed this company since its founding as managing partner.

Confident outlook for 2022

Provided that operating activities in 2022 are not adversely affected by the pandemic or any geopolitical turbulence, the Starrag Group is optimistic for the current year. This generally positive sentiment is also shared by the German Machine Tool Builders' Association, which expects two-digit growth in new orders for this year. The considerable progress that has been achieved with the "Programme 2021" over the past two years laid a strong foundation for the medium term. The substantial optimisation of the structures allows to pursue the business goals with a permanently lower cost basis.

Order intake in 2022 is likely to see a more modest increase after the strong recovery of the past year. With regard to sales, a considerable increase is expected. The operating result and corresponding margin should clearly exceed the previous year's figures. The Starrag Group has thus proven in the dual challenge of the pandemic and internal restructuring that it is crisis resistant and better equipped than ever before to profit from the recovery on the markets.

High-precision machine tools for greater productivity

Starrag Group is a global technology leader in manufacturing high-precision machine tools for milling, turning, boring and grinding workpieces of metallic, composite and ceramic materials. Principle customers are internationally active companies in the Aerospace, Energy, Transportation and Industrial (Industrial Components, Luxury Goods, Med Tech) sectors. In addition to its portfolio of machine tools, Starrag Group provides integrated technology and maintenance services that significantly enhance customer quality and productivity.

The umbrella brand Starrag unites the product ranges Berthiez, Bumotec, Dörries, Droop+Rein, Ecospeed, Heckert, Scharmann, SIP, Starrag, TTL and WMW. Headquartered in Rorschach/Switzerland, the Starrag Group operates manufacturing plants in Switzerland, Germany, France, the UK and India, and has established a network of sales and services subsidiaries in the most important customer countries.

The shares of Starrag Group Holding AG are listed on the SIX Swiss Exchange.

For further information: www.starrag.com

Key figures of Starrag Group

CHF million	2021	2020	Change
Order intake	378.7	192.5	96.7%
Order backlog at year-end	255.8	173.7	47.3%
Sales revenue	292.6	297.1	-1.5%
Operating result (EBIT)	-8.5	1.3	-773.6%
Net income	-5.4	-0.6	n.a.
EBIT as % of sales revenue	-2.9%	0.4%	n.a.
Cash flow from operating activities	16.4	11.0	49.0%
Capital expenditure in non-current assets	6.2	5.2	18.9%
Free cash flow	11.0	6.2	77.4%
Employees as an annual average (full-time)	1'316	1'356	-2.9%
Total assets	300.4	317.5	-5.4%
Net debt	17.6	6.6	168.8%
Shareholders' equity	168.3	175.5	-4.1%
Equity ratio	56.0%	55.3%	n.a.
Return on equity (ROE)	-3.1%	-0.3%	n.a.
Earnings per share (CHF)	-1.61	-0.19	n.a.
Profit distribution per share (CHF) [1)]	1.00 [2)]	0.00	n.a.

[1)] Each 50% is to be paid out in the form of a distribution of capital contribution reserves free of withholding tax (0.50 CHF) and from retained earnings (0.50 CHF).
[2)] Proposal by the Board of Directors to the Annual General Meeting.

See also „Additional definitions of performance indicators" on page 69 of the Annual Report 2021.

The Annual Report 2021 is available for download at:
https://investor.starrag.com/en-us/news/financial_reports

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Upcoming events

• Annual General Meeting	23 April 2022
• Ex date dividend pay-out	26 April 2022
• Record date dividend pay-out	27 April 2022
• Payment date dividend pay-out	28 April 2022
• Half-Year Report 2022	28 July 2022
• Sales and orders 2022	27 January 2023
• Key figures 2022 / Annual report	10 March 2023
• Annual General Meeting	21 April 2023