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Environment, Health and Safety Laboratory, Canada

2024 half year results  
**Interim report**



# 2024 half year highlights

## Sales

CHF 3 335 million

**+8.0%** organic<sup>1</sup>

H1 2023 CHF 3 284 million

## Adjusted operating income<sup>1</sup>

CHF 471 million

**14.1%** AOI margin<sup>1</sup> on sales

## Free cash flow<sup>1</sup>

CHF 155 million

**+34.8%**



Construction Site Inspection, China

<sup>1</sup> Refer to alternative performance measures of this report.

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"I would like to thank all members of the SGS family for delivering a strong set of results in the first half of the year. The excellent organic growth reflects our ability to capture the megatrends of our industries. Recent bolt-on acquisitions in the Americas and Europe demonstrate our commitment to seize growth opportunities in attractive end markets.

We remain focused on executing Strategy 2027 – 'Accelerating growth, building trust' which will support increasing margins for the second half of the year.

We are laying solid foundations for growth and profitability to deliver on our promises.

This is only the start of our journey."



**Géraldine Picaud**  
Chief Executive Officer

# Strong results and Strategy 2027 on track

- Excellent organic<sup>1</sup> growth of 8.0%
- Adjusted operating income margin<sup>1</sup> stable at 14.1%
- Free cash flow<sup>1</sup> up 35% to CHF 155 million
- CHF 100 million cost savings plan delivering first results
- M&A relaunched with five acquisitions to date
- Outlook 2024 confirmed

Health Sciences Laboratory, Canada

<sup>1</sup> Refer to alternative performance measures of this report.

SGS | 2024 half year results interim report

# 2024 half year review

## Financial review

(CHF million)	June 2024	June 2023	Change in %	Organic <sup>1</sup> growth %
<b>Sales</b>	<b>3 335</b>	<b>3 284</b>	<b>1.6</b>	<b>8.0</b>
<b>Adjusted operating income<sup>1</sup></b>	<b>471</b>	<b>462</b>	<b>1.9</b>	<b>11.5</b>
Adjusted operating income margin <sup>1</sup>	14.1%	14.1%		
<b>Operating income (EBIT)</b>	<b>415</b>	<b>423</b>	<b>-1.9</b>	
Operating income margin	12.4%	12.9%		
<b>Profit attributable to equity holders of SGS SA</b>	<b>267</b>	<b>272</b>	<b>-1.8</b>	
<b>Basic EPS (CHF)</b>	<b>1.44</b>	<b>1.47</b>	<b>-2.0</b>	
<b>Free cash flow<sup>1</sup></b>	<b>155</b>	<b>115</b>	<b>34.8</b>	

- **Sales** reached CHF 3 335 million in the first half of 2024, up 1.6% compared to prior year. Excellent organic<sup>1</sup> growth of 8.0% more than offset the adverse foreign exchange effect of -5.8%
- **Adjusted operating income<sup>1</sup>** reached CHF 471 million, an increase of 1.9% compared to prior year. The adjusted operating income margin<sup>1</sup> on sales remained stable at 14.1%. The disciplined execution of Strategy 2027 and the associated cost savings plan helped to offset a 40 basis point adverse foreign exchange effect
- **Profit attributable to equity holders** was CHF 267 million, a reduction of 1.8%, impacted by restructuring costs of CHF 34 million. It resulted in a **basic earnings per share** of CHF 1.44, against CHF 1.47 in June 2023
- **Free cash flow<sup>1</sup>** up 34.8% to CHF 155 million marked a significant improvement compared to CHF 115 million in prior year, driven by lower net working capital requirements and focused cash allocation
- **Net debt<sup>1</sup>** at 30 June 2024 amounted to CHF 3 022 million including lease liabilities, an increase of CHF 183 million compared to December 2023. This was mainly due to the dividend distribution in April 2024. Compared to June 2023, net debt decreased by CHF 319 million

<sup>1</sup> Refer to alternative performance measures of this report.

## Strategy 2027

- Strategy 2027 is on track and key steps in its implementation were executed with discipline and consistency in the first half of 2024
- Géraldine Picaud was appointed CEO on 26 March 2024 and announced a renewed and focused Executive Committee on the same day
- A sharper growth focus was instilled into the operations, with clear country roadmaps and key action plans targeting priority end markets
- M&A was relaunched with five acquisitions announced year-to-date, representing combined revenue of approximately CHF 40 million on an annual basis
- The CHF 100 million cost savings plan started to deliver its first results. As announced on 26 January, the new cost run rate will be reached by the end of 2025
- Management incentives were fully aligned with Group targets to promote a culture of performance and accountability across the network
- The successful scrip dividend resulted in cash savings of close to CHF 400 million, unlocking additional firepower to drive shareholder returns through accelerated, sustainable growth

## Operational review

- All divisions and regions contributed to the excellent organic<sup>1</sup> growth of 8.0%
- **Testing & Inspection** delivered 8.1% organic<sup>1</sup> growth, driven by double-digit growth in Industries & Environment and high single-digit growth in Natural Resources and Connectivity & Products. Adjusted operating income margin<sup>1</sup> reached 13.6% for the division
- **Business Assurance** delivered 7.8% organic<sup>1</sup> growth, driven by certification and sustainability services, including social audits and ESG assurance. Adjusted operating income margin<sup>1</sup> reached 18.6% for the division
- This strong growth momentum reflects the Group's ability to leverage the diversity of its portfolio to capture the powerful megatrends related to sustainability, digital trust, supply chain migrations and increased regulations

- In addition, SGS continued to consolidate its presence in leading-edge activities and drive incremental returns
- In North America, PFAS testing capacity is being quadrupled to meet increasing demand. SGS signed multi-million contracts in the first half of the year to deliver site remediation and PFAS-related testing over the next 5 years
- SGS also continued to pioneer environment-friendly extraction technologies in critical minerals and battery metals to accelerate the energy transition. Thanks to its unparalleled scientific expertise, the Group has secured close to 200 ongoing projects in this field
- Additionally, SGS is leading the way in sustainability report assurance in Asia, where it signed several contracts with top listed companies
- Finally, the Group also expanded its cybersecurity capabilities by opening a new Brightsight laboratory in Singapore

### Testing & Inspection sales by region

(CHF million)	June 2024	Organic <sup>1</sup> growth
Europe	982	4.5%
Asia Pacific	980	6.3%
North America	346	5.8%
Latin America	283	19.8%
Eastern Europe, Middle East & Africa	378	15.7%
<b>Total Testing &amp; Inspection</b>	<b>2 969</b>	<b>8.1%</b>

### Performance by end market

(CHF million)	June 2024 sales	Organic <sup>1</sup> growth	Adjusted operating income <sup>1</sup>	Adjusted operating income margin <sup>1</sup>
Industries & Environment	1 124	10.9%	133	11.8%
Natural Resources	799	8.6%	111	13.9%
Connectivity & Products	623	6.9%	126	20.2%
Health & Nutrition	423	1.7%	33	7.8%
<b>Testing &amp; Inspection</b>	<b>2 969</b>	<b>8.1%</b>	<b>403</b>	<b>13.6%</b>
<b>Business Assurance</b>	<b>366</b>	<b>7.8%</b>	<b>68</b>	<b>18.6%</b>
<b>Total</b>	<b>3 335</b>	<b>8.0%</b>	<b>471</b>	<b>14.1%</b>

<sup>1</sup> Refer to alternative performance measures of this report.



## M&A relaunched

- M&A was relaunched as a key growth lever. The pipeline of bolt-on acquisitions is expanding. The Group announced five acquisitions to date in 2024, representing combined revenue of approximately CHF 40 million on an annual basis
- On 1 May, SGS acquired ArcLight Wireless Inc., a world-class leader in systems engineering, network services, technical outsourcing and field testing for the wireless industry, headquartered in North Carolina, USA. This acquisition allows the Group to reinforce its presence in North America and strengthen leadership in the dynamic connectivity industry
- On 10 July, SGS announced a definitive agreement to acquire Institut d'Expertise Clinique, a leading cosmetics Clinical Research Organization active in the field of advanced clinical testing solutions, headquartered in Lyon, France. This acquisition further strengthens the Group's global position in cosmetics and hygiene testing, bringing innovative capabilities and strong scientific expertise as well as complementary geographic footprint and service offering
- On 18 July, SGS announced a definitive agreement to acquire Gossamer, a world-class provider of cybersecurity evaluation, testing and consulting services for connected devices. It is a leader in the assessment of product conformance to Common Criteria, the international set of standards for IT security certification. Founded in 2012 and headquartered in Maryland, USA, Gossamer employs 30 highly specialized employees and generates high growth. The acquisition is expected to close on 31 July 2024
- On the same day, SGS also announced a definitive agreement to acquire AQM and Cromanal, two key players in the Colombian pharmaceutical testing industry. The companies hold key accreditations and offer microbiology, physico-chemical, liquid and gas chromatography services in raw materials and finished products, as well as stability studies and validations. Founded in 1995 and 2006 respectively, AQM and Cromanal are headquartered in Bogota, Colombia and employ 140 employees in total. The acquisitions are subject to antitrust approval

## Innovation

In the first half of 2024, SGS successfully brought to market highly innovative solutions to its customers:

- SGS developed a cutting-edge computer vision recognition solution driven by Artificial Intelligence to examine chip sets in connected devices. This technology can process analyses over 20 times faster than traditional methods
- Combining digital trust and certification expertise, SGS is impacting the area of Artificial Intelligence. The Group continued to deliver ISO/IEC 42001 Artificial Intelligence Management System certifications globally, with notable firsts in Europe and Asia. SGS, through panel discussions and white papers, continues to raise public awareness and thought leadership on critical aspects such as digital trustworthiness, fairness, privacy and security, transparency and accountability
- In June 2024, SGS celebrated the official launch of a highly innovative drone transport service for petrochemical samples in Belgium, called Samplifly. This marked an international first. The project, backed by the European Space Agency, provides a swift, safe and low-carbon alternative to carry samples by drones from client sites to SGS laboratories

## Corporate sustainability

- SGS was ranked 6<sup>th</sup> most sustainable company in the world by TIME. This achievement rewarded SGS's strategy to integrate sustainable practices into every operation and action plan. The rigorous and transparent methodology evaluated over 5 000 companies based on factors such as external sustainability ratings and commitments, corporate reporting practices and environmental and social stewardship
- The Group published its comprehensive Net-Zero Transition Plan, demonstrating its commitment to climate action by targeting net-zero greenhouse gas emissions by 2050. It also reaffirmed its commitment to a reduction of 46% in absolute Scope 1 and Scope 2 emissions and of 28% in absolute Scope 3 emissions by 2030, compared to its 2019 base line, as validated by the Science Based Targets initiative (SBTi)
- SGS was the first TIC company to publish a double materiality assessment, in line with the requirements of the Corporate Sustainability Reporting Directive. This sets a benchmark for transparency, accountability and a sustainable business approach in the industry

## Acquisitions

	Closing date	Region	Business line	FTE
ArcLight Wireless Inc.	1 May 2024	North America	Connectivity & Products	75
Gossamer	Est. Q3, 2024	North America	Connectivity & Products	30
Institut d'Expertise Clinique	Est. Q3, 2024	Europe	Health & Nutrition	150
AQM	Est. Q3, 2024	Latin America	Health & Nutrition	90
Cromanal	Est. Q3, 2024	Latin America	Health & Nutrition	50

## Management changes

- Géraldine Picaud was appointed Chief Executive Officer on 26 March 2024 and announced a renewed and focused Executive Committee on the same day
- Marta Vlatchkova was appointed Chief Financial Officer on 8 May 2024

## Outlook 2024

SGS remains focused on delivering Strategy 2027 - 'Accelerating growth, building trust' and confirms the following objectives for 2024:

- Mid to high single-digit organic<sup>1</sup> growth
- M&A relaunched
- Improvement in adjusted operating income margin<sup>1</sup> on sales
- Strong free cash flow<sup>1</sup> generation

## Mid-term 2027 objectives

Strategy 2027 will shift gears towards growth of the top and bottom line. The Group confirms the following objectives over the next four years:

- Organic<sup>1</sup> growth of 5% to 7% annually
- Significant improvement of at least 1.5 percentage points in adjusted operating income margin<sup>1</sup> on sales by 2027
- Cash conversion<sup>1</sup> to exceed 50% by 2027

## Upcoming investor events

- 25 October 2024: Q3 2024 sales update (Virtual)
- 19 - 20 November 2024: Capital Market Event (Rotterdam & Antwerp)
- 11 February 2025: Full year 2024 results (Geneva)
- 26 March 2025: Annual General Meeting of Shareholders (Geneva)
- 24 April 2025: Q1 2025 sales update (Virtual)
- 25 July 2025: Half year 2025 results (Virtual)

## Conference call

A live webcast for analysts and investors will be held on 24 July at 10:00am CET.

Details of the webcast can be found below:

<https://event.choruscall.com/mediaframe/webcast.html?webcastid=kK02AJWv>

A recording of the webcast will be available later in the day.

## Investor and media contacts

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<sup>1</sup> Refer to alternative performance measures of this report.



Environmental Testing Laboratory, USA

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# Business line performance

## Testing & Inspection: Industries & Environment



(CHF million)	June 2024	June 2023
<b>Sales</b>	<b>1 124</b>	<b>1 076</b>
Total change	4.5%	
<b>of which organic<sup>1</sup></b>	<b>10.9%</b>	
of which scope	-1.2%	
of which FX	-5.2%	
Adjusted operating income <sup>1</sup>	133	110
<b>Adjusted operating income margin<sup>1</sup></b>	<b>11.8%</b>	<b>10.2%</b>

Industries & Environment delivered an organic growth of 10.9% and an adjusted operating income margin of 11.8%. This excellent performance was driven by all regions and end markets:

- Double-digit organic growth in Environment was driven by regulations and PFAS testing in North America and Europe
- Advisory delivered double-digit organic growth notably thanks to sustainable construction projects in Latin America
- Strong organic growth in Safety was led by risk assessment and industrial hygiene services in Europe and Latin America

## Testing & Inspection: Natural Resources



(CHF million)	June 2024	June 2023
<b>Sales</b>	<b>799</b>	<b>789</b>
Total change	1.3%	
<b>of which organic<sup>1</sup></b>	<b>8.6%</b>	
of which scope	-	
of which FX	-7.3%	
Adjusted operating income <sup>1</sup>	111	113
<b>Adjusted operating income margin<sup>1</sup></b>	<b>13.9%</b>	<b>14.3%</b>

Natural Resources delivered an organic growth of 8.6% and an adjusted operating income margin of 13.9%. It benefited from strong momentum for services that support the energy transition:

- New projects in critical minerals and battery metals in North America supported double-digit organic growth in Metallurgy
- High single-digit organic growth in Lab Testing was led by strong analytical services in North America, Europe and Latin America
- High single-digit organic growth in Trade & Inspection was driven by project wins across all commodities and regions, with particularly strong activity in Minerals recorded in Asia Pacific and North America

<sup>1</sup> Refer to alternative performance measures of this report.

## Testing & Inspection: Connectivity & Products



(CHF million)	June 2024	June 2023
<b>Sales</b>	<b>623</b>	<b>631</b>
Total change	-1.3%	
<b>of which organic<sup>1</sup></b>	<b>6.9%</b>	
of which scope	-1.7%	
of which FX	-6.5%	
Adjusted operating income <sup>1</sup>	126	130
<b>Adjusted operating income margin<sup>1</sup></b>	<b>20.2%</b>	<b>20.6%</b>

Connectivity & Products delivered an organic growth of 6.9% and an adjusted operating income margin of 20.2%:

- High single-digit organic growth in Softlines was mainly driven by new opportunities in sustainability in Europe and Asia Pacific
- Hardlines delivered high single-digit organic growth, led by toy safety and lower inventory levels in hardgoods
- Connectivity posted high single-digit organic growth, with solid performance in product safety and cybersecurity in Asia Pacific

## Testing & Inspection: Health & Nutrition



(CHF million)	June 2024	June 2023
<b>Sales</b>	<b>423</b>	<b>431</b>
Total change	-1.9%	
<b>of which organic<sup>1</sup></b>	<b>1.7%</b>	
of which scope	0.9%	
of which FX	-4.5%	
Adjusted operating income <sup>1</sup>	33	41
<b>Adjusted operating income margin<sup>1</sup></b>	<b>7.8%</b>	<b>9.5%</b>

Health & Nutrition delivered an organic growth of 1.7% and an adjusted operating income margin of 7.8%:

- High single-digit organic growth in Food was supported by project wins, regulations and network expansion
- Cosmetics achieved modest organic growth, with double-digit organic growth in Asia Pacific offset by softness in Europe
- Market conditions in Health Science remained challenging

<sup>1</sup> Refer to alternative performance measures of this report.

## Certification: Business Assurance



(CHF million)	June 2024	June 2023
<b>Sales</b>	<b>366</b>	<b>357</b>
Total change	2.5%	
<b>of which organic<sup>1</sup></b>	<b>7.8%</b>	
of which scope	–	
of which FX	–5.3%	
Adjusted operating income <sup>1</sup>	68	68
<b>Adjusted operating income margin<sup>1</sup></b>	<b>18.6%</b>	<b>19.0%</b>

Business Assurance delivered an organic growth of 7.8% and an adjusted operating income margin of 18.6%:

- Double-digit organic growth in Certification was supported by strong activity in strategic segments such as Medical Devices, Digital Trust and Food Assurance globally
- Double-digit organic growth in Sustainability was driven by ESG assurance services and social audits
- Organic growth in Consulting was impacted by a high basis of comparison

<sup>1</sup> Refer to alternative performance measures of this report.

# Interim condensed consolidated financial statements

## Condensed consolidated income statement

For the period ended 30 June 2024 (unaudited)

(CHF million)	Notes	June 2024	June 2023
<b>Sales</b>	4	<b>3 335</b>	<b>3 284</b>
Salaries and wages		-1 705	-1 674
Subcontractors' expenses		-202	-195
Depreciation, amortization and impairment		-240	-247
Other operating expenses		-773	-745
<b>Operating income (EBIT)</b>	4	<b>415</b>	<b>423</b>
Financial income		18	7
Financial expenses		-49	-39
Share of profit of associates and joint ventures		2	1
<b>Profit before taxes</b>		<b>386</b>	<b>392</b>
Taxes	6	-99	-101
<b>Profit for the period</b>		<b>287</b>	<b>291</b>
<i>Profit attributable to:</i>			
Equity holders of SGS SA		267	272
Non-controlling interests		20	19
<b>Basic earnings per share (in CHF)</b>	8	<b>1.44</b>	<b>1.47</b>
<b>Diluted earnings per share (in CHF)</b>	8	<b>1.43</b>	<b>1.47</b>

## Condensed consolidated statement of comprehensive income

For the period ended 30 June 2024 (unaudited)

(CHF million)	Notes	June 2024	June 2023
Actuarial gains on defined benefit plans	14	20	9
Income tax on actuarial gains		-2	-1
<b>Items that will not be subsequently reclassified to income statement</b>		<b>18</b>	<b>8</b>
Exchange differences		74	-95
<b>Items that may be subsequently reclassified to income statement</b>		<b>74</b>	<b>-95</b>
<b>Other comprehensive income/(loss) for the period</b>		<b>92</b>	<b>-87</b>
Profit for the period		287	291
<b>Total comprehensive income for the period</b>		<b>379</b>	<b>204</b>
<i>Attributable to:</i>			
Equity holders of SGS SA		356	190
Non-controlling interests		23	14

## Condensed consolidated statement of financial position

For the period ended 30 June 2024

(CHF million)	Notes	June 2024 (unaudited)	December 2023 (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		864	823
Right-of-use assets		559	506
Goodwill	9	1 719	1 636
Other intangible assets		266	275
Investments in joint ventures, associates and other companies		18	16
Deferred tax assets		217	185
Other non-current assets		222	191
<b>Total non-current assets</b>		<b>3 865</b>	<b>3 632</b>
<b>Current assets</b>			
Inventories		56	57
Unbilled sales and work in progress		281	223
Trade receivables		988	940
Other receivables and prepayments		304	213
Current tax assets		115	127
Cash and cash equivalents		1 288	1 569
<b>Total current assets</b>		<b>3 032</b>	<b>3 129</b>
<b>Total assets</b>		<b>6 897</b>	<b>6 761</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital		8	7
Reserves		866	723
Treasury shares		-276	-271
<b>Equity attributable to equity holders of SGS SA</b>		<b>598</b>	<b>459</b>
Non-controlling interests		91	69
<b>Total equity</b>		<b>689</b>	<b>528</b>
<b>Non-current liabilities</b>			
Loans and other financial liabilities	13	3 069	3 040
Lease liabilities		420	384
Deferred tax liabilities		76	73
Defined benefit obligations		69	66
Provisions		102	91
<b>Total non-current liabilities</b>		<b>3 736</b>	<b>3 654</b>
<b>Current liabilities</b>			
Trade and other payables		667	634
Contract liabilities		246	221
Current tax liabilities		177	176
Loans and other financial liabilities	13	664	841
Lease liabilities		157	143
Provisions		53	41
Other creditors and accruals		508	523
<b>Total current liabilities</b>		<b>2 472</b>	<b>2 579</b>
<b>Total liabilities</b>		<b>6 208</b>	<b>6 233</b>
<b>Total equity and liabilities</b>		<b>6 897</b>	<b>6 761</b>



## Condensed consolidated statement of changes in equity

For the period ended 30 June 2024 (unaudited)

(CHF million)	Share capital	Treasury shares	Capital reserve	Cumulative translation adjustments	Cumulative (losses)/gains on defined benefit plans net of tax	Retained earnings and Group reserves	Attributable to:		
							Equity holders of SGS SA	Non-controlling interests	Total equity
<b>Balance at 1 January 2023</b>	<b>7</b>	<b>-279</b>	<b>144</b>	<b>-1 485</b>	<b>-205</b>	<b>2 500</b>	<b>682</b>	<b>81</b>	<b>763</b>
Profit for the period	–	–	–	–	–	272	272	19	291
Other comprehensive income for the period	–	–	–	-90	8	–	-82	-5	-87
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-90</b>	<b>8</b>	<b>272</b>	<b>190</b>	<b>14</b>	<b>204</b>
Dividends paid	–	–	–	–	–	-590	-590	-4	-594
Share-based payments	–	–	11	–	–	–	11	–	11
Movement in non-controlling interests	–	–	–	–	–	-11	-11	1	-10
Movement on treasury shares	–	8	-4	–	–	–	4	–	4
<b>Balance at 30 June 2023</b>	<b>7</b>	<b>-271</b>	<b>151</b>	<b>-1 575</b>	<b>-197</b>	<b>2 171</b>	<b>286</b>	<b>92</b>	<b>378</b>
<b>Balance at 1 January 2024</b>	<b>7</b>	<b>-271</b>	<b>164</b>	<b>-1 716</b>	<b>-163</b>	<b>2 438</b>	<b>459</b>	<b>69</b>	<b>528</b>
Profit for the period	–	–	–	–	–	267	267	20	287
Other comprehensive income for the period	–	–	–	71	18	–	89	3	92
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>71</b>	<b>18</b>	<b>267</b>	<b>356</b>	<b>23</b>	<b>379</b>
Dividends paid <sup>1</sup>	1	–	–	–	–	-207	-206	-3	-209
Share-based payments	–	–	8	–	–	–	8	–	8
Movement in non-controlling interests	–	–	–	–	–	-2	-2	2	–
Movement on treasury shares	–	-5	-33	–	–	21	-17	–	-17
<b>Balance at 30 June 2024</b>	<b>8</b>	<b>-276</b>	<b>139</b>	<b>-1 645</b>	<b>-145</b>	<b>2 517</b>	<b>598</b>	<b>91</b>	<b>689</b>

1. On 22 April 2024, SGS announced that 64.87% of the dividend for the financial year 2023 was elected to be paid in the form of new SGS shares, while the remaining 35.13% was to be paid out in cash. On 25 April 2024, the 2023 dividend, totaling CHF 590 million, was distributed as follows:

- CHF 207 million in cash

- CHF 383 million in new shares. 4 964 934 new SGS shares were created, generating an increase of share capital of CHF 0.2 million, as disclosed in note 7.

## Condensed consolidated cash flow statement

For the period ended 30 June 2024 (unaudited)

(CHF million)	Notes	June 2024	June 2023
Profit for the period		287	291
Non-cash and non-operating items		397	399
(Increase) in working capital		-170	-197
Taxes paid		-117	-124
<b>Cash flow from operating activities</b>		<b>397</b>	<b>369</b>
Purchase of property, plant and equipment and other intangible assets		-136	-143
Disposal of property, plant and equipment and other intangible assets		8	3
Acquisition of businesses	10	-29	-8
Cash paid on other non-current assets		-2	-
Proceeds received from investments in joint ventures, associates and other companies		1	-
Interest received		16	9
<b>Cash flow used by investing activities</b>		<b>-142</b>	<b>-139</b>
Dividends paid to equity holders of SGS SA		-207	-590
Dividends paid to non-controlling interests		-3	-4
Transaction with non-controlling interests		-	-12
Cash paid on treasury shares		-20	-10
Payment of corporate bonds		-250	-325
Interest paid		-42	-33
Payment of lease liabilities		-88	-90
Proceeds from borrowings		60	332
Payment of borrowings		-1	-29
<b>Cash flow used by financing activities</b>		<b>-551</b>	<b>-761</b>
Currency translation		15	-39
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>-281</b>	<b>-570</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>1 569</b>	<b>1 623</b>
(Decrease)/increase in cash and cash equivalents		-281	-570
<b>Cash and cash equivalents at end of the period</b>		<b>1 288</b>	<b>1 053</b>

## Notes to the interim condensed consolidated financial statements

### 1. Activities of the Group

SGS SA and its subsidiaries (the "Group") operate around the world under the name SGS. The head office of the Group is located in Geneva, Switzerland. SGS is the global leader in testing, inspection and certification (TIC) services supporting international trade in agriculture, minerals, petroleum and consumer products. It also provides these services to governments, international institutions and customers engaged in the industrial, environmental and life sciences sectors.

### 2. Basis of preparation and significant events

#### Basis of preparation

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and should be read in conjunction with the consolidated financial statements of the Group for the year-end 31 December 2023 that were prepared in compliance with the IFRS Accounting Standards.

Recent geopolitical events continue to impact the economy and financial markets. Many industries are facing challenges, including supply-chain disruption, inflation, deteriorating credit and liquidity concerns. Consequently, these 2024 interim condensed consolidated financial statements were prepared with particular attention to (i) the impairment of non-current assets, (ii) the appropriateness of the allowances for trade receivables, unbilled sales and work in progress, as well as (iii) the level of provision for risks.

#### Operating segments

In line with Strategy 2027 – 'Accelerating growth, building trust', the Group has redefined its operating segments in 2024, with Testing & Inspection and Business Assurance results being presented separately. This change reflects the way the Group chief operating decision maker (i.e. the Executive Committee) now reviews the operating results and allocates resources.

The previously reported 2023 segment disclosures have been restated to reflect this change and are disclosed in note 4 and 5.

#### Scrip dividend

The company's Annual General Meeting held on 26 March 2024 had offered its shareholders the possibility to receive the 2023 dividend in cash or in new SGS shares.

Final terms were announced on 22 April 2024:

- The scrip dividend take-up rate was 64.87% with the remaining 35.13% to be paid out in cash
- The reference share price was of CHF 82.00 and discount rate was 6% leading to a distribution value of CHF 77.08
- 4 964 934 new shares were created

The delivery of the new shares and the payment of the total CHF 207 million cash dividend took place on 25 April 2024.

### 3. Changes to the Group's accounting policies

The accounting policies used in the preparation and presentation of the interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements of the Group.

Several new standards, amendments and interpretations were adopted effective 1 January 2024 but have no material impact on the Group's interim condensed consolidated financial statements.

### 4. Analysis of operating income

(CHF million)	June 2024	June 2023
<b>Adjusted operating income<sup>1</sup></b>	<b>471</b>	<b>462</b>
Amortization and impairment of acquired intangibles	-15	-19
Restructuring costs	-34	-11
Transaction and integration costs	-1	-4
Other non-recurring items	-6	-5
<b>Operating income</b>	<b>415</b>	<b>423</b>

#### 4.1 Information by operating segment

##### June 2024

(CHF million)	Sales	Adjusted operating income <sup>1</sup>	Amortization and impairment of acquired intangibles	Restructuring costs	Transaction and integration costs	Other non-recurring items	Operating income by business
Testing & Inspection	2 969	403	-13	-32	-1	-6	351
Business Assurance	366	68	-2	-2	-	-	64
<b>Total</b>	<b>3 335</b>	<b>471</b>	<b>-15</b>	<b>-34</b>	<b>-1</b>	<b>-6</b>	<b>415</b>

<sup>1</sup> Refer to alternative performance measures of this report.

**June 2023 restated**

(CHF million)	Sales	Adjusted operating income <sup>1</sup>	Amortization and impairment of acquired intangibles	Restructuring costs	Transaction and integration costs	Other non-recurring items	Operating income by business
Testing & Inspection	2 927	394	-17	-10	-4	-5	358
Business Assurance	357	68	-2	-1	-	-	65
<b>Total</b>	<b>3 284</b>	<b>462</b>	<b>-19</b>	<b>-11</b>	<b>-4</b>	<b>-5</b>	<b>423</b>

**June 2023 published**

(CHF million)	Sales	Adjusted operating income <sup>1</sup>	Amortization and impairment of acquired intangibles	Restructuring costs	Transaction and integration costs	Other non-recurring items	Operating income by business
Industries & Environment	1 076	110	-10	-3	-1	-5	91
Natural Resources	789	113	-	-5	-	-	108
Connectivity & Products	631	130	-2	-1	-1	-	126
Health & Nutrition	431	41	-5	-1	-2	-	33
Business Assurance	357	68	-2	-1	-	-	65
<b>Total</b>	<b>3 284</b>	<b>462</b>	<b>-19</b>	<b>-11</b>	<b>-4</b>	<b>-5</b>	<b>423</b>

The Group reports its operations by operating segment, according to the nature of the services provided. All segment sales reported above are from external customers. The adjusted operating income<sup>1</sup> represents the profit earned by each segment. This is the main measure reported to the chief operating decision maker (i.e. the Executive Committee) for the purposes of resource allocation and assessment of segmental performance.

**4.2 Information by business line**

Services delivered by the Group across its two operating segments continue to be organized by business lines, reflecting their end markets.

The operating segment Testing & Inspection includes the following business lines:

- Industries & Environment (I&E): end markets covered include Field Services and Inspection, Technical Assessment and Advisory, Industrial and Public Health & Safety, Environmental Testing and Public Mandates
- Natural Resources (NR): end markets covered include Trade and Inspection of minerals, oil and gas and agricultural commodities, Laboratory Testing, Metallurgy and Consulting and Market Intelligence
- Connectivity & Products (C&P): end markets covered include Electrical and Electronic goods, Softlines, Hardlines and Trade Facilitation
- Health & Nutrition (H&N): end markets covered include Food, Crop Science, Health Science and Cosmetics & Hygiene

The operating segment Business Assurance is one business line, whose end markets covered include Management System Certification, Customized Audits, Consulting and Academy.

(CHF million)	June 2024			June 2023		
	Sales	Adjusted operating income <sup>1</sup>	Adjusted operating income margin <sup>1</sup>	Sales	Adjusted operating income <sup>1</sup>	Adjusted operating income margin <sup>1</sup>
Industries & Environment	1 124	133	11.8%	1 076	110	10.2%
Natural Resources	799	111	13.9%	789	113	14.3%
Connectivity & Products	623	126	20.2%	631	130	20.6%
Health & Nutrition	423	33	7.8%	431	41	9.5%
<b>Total Testing &amp; Inspection</b>	<b>2 969</b>	<b>403</b>	<b>13.6%</b>	<b>2 927</b>	<b>394</b>	<b>13.5%</b>
<b>Business Assurance</b>	<b>366</b>	<b>68</b>	<b>18.6%</b>	<b>357</b>	<b>68</b>	<b>19.0%</b>
<b>Total</b>	<b>3 335</b>	<b>471</b>	<b>14.1%</b>	<b>3 284</b>	<b>462</b>	<b>14.1%</b>

<sup>1</sup> Refer to alternative performance measures of this report.

### 4.3 Sales to external customers by geographical area

(CHF million)	June 2024	%	June 2023	%
Asia Pacific	1 134	34.0	1 130	34.4
Europe	1 105	33.1	1 084	33.0
North America	402	12.1	404	12.3
Eastern Europe, Middle East & Africa	396	11.9	388	11.8
Latin America	298	8.9	278	8.5
<b>Total</b>	<b>3 335</b>	<b>100.0</b>	<b>3 284</b>	<b>100.0</b>

### 5. Revenue from contracts with customers

(CHF million)	June 2024		June 2023 restated	
	Services transferred at a point in time	Services transferred over time	Services transferred at a point in time	Services transferred over time
Testing & Inspection	80%	20%	80%	20%
Business Assurance	89%	11%	89%	11%
<b>Total</b>	<b>81%</b>	<b>19%</b>	<b>81%</b>	<b>19%</b>

(CHF million)	June 2023 published	
	Services transferred at a point in time	Services transferred over time
Industries & Environment	71%	29%
Natural Resources	84%	16%
Connectivity & Products	86%	14%
Health & Nutrition	84%	16%
Business Assurance	89%	11%
<b>Total</b>	<b>81%</b>	<b>19%</b>

### 6. Taxes

(CHF million)	June 2024	June 2023
Current taxes	127	125
Deferred tax (credit) relating to the origination and reversal of temporary differences	-28	-24
<b>Total</b>	<b>99</b>	<b>101</b>

(CHF million)	June 2024	June 2023
Profit before taxes	386	392
<b>Tax at statutory rates applicable to the profits earned in the country concerned</b>	<b>64</b>	<b>66</b>
Tax effect of non-deductible or non-taxable items	9	9
Tax effect on losses not currently treated as being recoverable in future years	3	2
Non-creditable foreign withholding taxes	23	22
Minimum taxes	2	3
Prior period adjustments	-4	-2
Other	2	1
<b>Tax charge</b>	<b>99</b>	<b>101</b>

#### Pillar Two

In line with the assessment carried out in 2023, Pillar Two legislation has no material impact on the Group tax charge. At 30 June 2024, current tax expense included less than CHF 1 million of top-up tax.

In accordance with IAS 12 requirements, the Group applied the mandatory exception from accounting for deferred tax arising from Pillar Two.

## 7. Share capital and treasury shares

On 25 April 2024, 4 964 934 new SGS shares were issued through a capital increase for the scrip dividend. As at 30 June 2024, SGS SA has a share capital of CHF 7 693 629 (December 2023: CHF 7 495 032) fully paid. All shares, other than own shares, participate equally in the dividends declared by the Company and have equal voting rights.

	Shares in circulation	Treasury shares	Total shares issued	Total share capital (CHF million)
<b>Balance at 1 January 2023</b>	<b>7 369 054</b>	<b>125 978</b>	<b>7 495 032</b>	<b>7</b>
Treasury shares released into circulation	1 964	-1 964	-	-
<b>Balance at 12 April 2023 before share split</b>	<b>7 371 018</b>	<b>124 014</b>	<b>7 495 032</b>	<b>7</b>
Share split 25-1	176 904 432	2 976 336	179 880 768	-
<b>Balance at 12 April 2023 after share split</b>	<b>184 275 450</b>	<b>3 100 350</b>	<b>187 375 800</b>	<b>7</b>
Treasury shares released into circulation	35 665	-35 665	-	-
<b>Balance at 31 December 2023</b>	<b>184 311 115</b>	<b>3 064 685</b>	<b>187 375 800</b>	<b>7</b>
Treasury shares released into circulation	177 346	-177 346	-	-
Treasury shares purchased for equity compensation plans	-244 981	244 981	-	-
New shares issued	4 964 934	-	4 964 934	1
<b>Balance at 30 June 2024</b>	<b>189 208 414</b>	<b>3 132 320</b>	<b>192 340 734</b>	<b>8</b>

## 8. Earnings Per Share

	June 2024	June 2023
Profit attributable to equity holders of SGS SA (CHF million)	267	272
Weighted average number of shares (million)	186	184
<b>Basic earnings per share (CHF)</b>	<b>1.44</b>	<b>1.47</b>

	June 2024	June 2023
Profit attributable to equity holders of SGS SA (CHF million)	267	272
Diluted weighted average number of shares (million)	187	185
<b>Diluted earnings per share (CHF)</b>	<b>1.43</b>	<b>1.47</b>

## 9. Goodwill

(CHF million)	June 2024	June 2023
<b>Cost</b>		
<b>At 1 January</b>	<b>1 636</b>	<b>1 755</b>
Additions	18	8
Exchange differences	65	-18
<b>At end of the period</b>	<b>1 719</b>	<b>1 745</b>

As part of the redefinition of its operating segments described in note 2, the Group is still in the process of determining the level at which goodwill will be monitored. Final decision is foreseen in the second half of 2024. Goodwill will then be tested for impairment both at previous levels and new levels of monitoring. This change is considered as a change in accounting estimate and therefore will not impact prior years. As at 30 June 2024, there were no impairment indicators identified.

## 10. Acquisitions

In H1 2024, the Group acquired 100% of ArcLight Wireless Inc., a world-class leader in systems engineering, network services, technical outsourcing and field testing for the wireless industry in the United States (effective 1 May 2024).

	Date	Region	Business line	FTE
ArcLight Wireless Inc.	1 May 2024	North America	Connectivity & Products	75

This acquisition had no material impact on the Group interim condensed consolidated financial statements.

In compliance with IFRS 3, fair value on acquisition remains provisional until the final valuations of acquired assets and liabilities are completed, for a period of 12 months following the date of the acquisition, during which the Group can finalize the purchase price allocation. The Group incurred transaction-related costs of CHF 1 million (June 2023: CHF 4 million) related to external legal fees and due diligence expenses. These expenses are reported within other operating expenses in the interim condensed consolidated income statement.

## 11. Credit risk management

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. It arises principally from the Group's commercial activities. Trade receivables, unbilled sales and work in progress are subject to a policy of active risk management which focuses on the assessment of country risk, credit limits and approval procedures. Due to its large geographic base and number of customers, the Group is not exposed to material concentrations of credit risk on its trade receivables, unbilled sales and work in progress.

As at 30 June 2024, unbilled sales and work in progress amounted to CHF 281 million (December 2023: CHF 223 million) which is net of an allowance for expected credit losses of CHF 38 million (December 2023: CHF 20 million).

Set out below is the information regarding the credit risk exposure on the Group's trade receivables using a provision matrix based on aging of trade receivables as of invoice date at 30 June 2024:

(CHF million)	Expected credit loss range	Gross carrying amount	Expected credit loss
0 - 90 days	0%-5%	915	3
91 - 120 days	10%-25%	45	9
121 - 180 days	20%-50%	38	13
181 - 240 days	35%-75%	23	13
241 - 300 days	50%-75%	15	11
301 - 360 days	75%-100%	11	10
> 360 days	100%	87	87
<b>Total</b>		<b>1 134</b>	<b>146</b>

Set out below is the information regarding the credit risk exposure on the Group's trade receivables using a provision matrix based on aging of trade receivables as of invoice date at 31 December 2023:

(CHF million)	Expected credit loss range	Gross carrying amount	Expected credit loss
0 - 90 days	0%-5%	866	3
91 - 120 days	10%-25%	46	9
121 - 180 days	20%-50%	39	14
181 - 240 days	35%-75%	20	11
241 - 300 days	50%-75%	14	9
301 - 360 days	75%-100%	9	8
> 360 days	100%	84	84
<b>Total</b>		<b>1 078</b>	<b>138</b>

## 12. Fair value measurement recognized in the balance sheet

There was no transfer between fair value level categories during the period. Derivative assets (June 2024: CHF 11 million; December 2023: CHF 17 million) qualify as Level 2 fair value measurement category. Derivative assets consist of foreign currency forward contracts that are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contract.

The corporate bonds qualify as fair value Level 1, which amounts to CHF 2 997 million (December 2023: CHF 3 205 million).

Other financial liabilities include CHF 24 million qualifying as fair value Level 3 (December 2023: CHF 24 million), which represents the estimated present value of the redemption amount to acquire the remaining non-controlling interests of acquisitions if the put/call option is exercised.

Subsequent changes in the valuation of the redemption amount to acquire the remaining non-controlling interests of acquisitions if the put/call option is exercised shall be recognized directly in equity attributable to owners, including the unwinding of the discount.

The remaining other financial liabilities qualify as Level 2, determined in accordance with generally accepted pricing models.

## 13. Loans and other financial liabilities

(CHF million)	June 2024	December 2023
Bank loans and commercial paper	623	558
Corporate bonds	3 044	3 269
Put option on acquisition	24	24
Other financial liabilities	27	22
Derivatives	15	8
<b>Total</b>	<b>3 733</b>	<b>3 881</b>
Current	664	841
Non-current	3 069	3 040

### Liquidity risk management

In H1 2024, the Group reimbursed one bond maturing in February 2024, for a total amount of CHF 250 million.

## 14. Defined benefit obligations

SGS remeasured the defined benefit plans in Switzerland, the USA, and the UK as at 30 June 2024. The impact on the net pension position for the first six months of 2024 was an actuarial gain of CHF 20 million recognized in other comprehensive income. In addition, a plan curtailment in Switzerland and a lump sum in the USA resulted in a net gain of CHF 4 million, recognized in the condensed consolidated income statement.

## 15. Subsequent events

### Acquisitions

On 10 July, SGS announced a definitive agreement to acquire Institut d'Expertise Clinique, a leading cosmetics Clinical Research Organization active in the field of advanced clinical testing solutions, headquartered in Lyon, France. This acquisition further strengthens the Group's global position in cosmetics and hygiene testing, bringing innovative capabilities and strong scientific expertise as well as complementary geographic footprint and service offering.

On 18 July, SGS announced a definitive agreement to acquire Gossamer, a world-class provider of cybersecurity evaluation, testing and consulting services for connected devices. It is a leader in the assessment of product conformance to Common Criteria, the international set of standards for IT security certification. Founded in 2012 and headquartered in Maryland, USA, Gossamer employs 30 highly specialized employees and generates high growth. The acquisition is expected to close on 31 July 2024.

On the same day, SGS also announced a definitive agreement to acquire AQM and Cromanal, two key players in the Colombian pharmaceutical testing industry. The companies hold key accreditations and offer microbiology, physico-chemical, liquid and gas chromatography services in raw materials and finished products, as well as stability studies and validations. Founded in 1995 and 2006 respectively, AQM and Cromanal are headquartered in Bogota, Colombia and employ 140 employees in total. The acquisitions are subject to antitrust approval.

The financial effects of the above transactions have not been brought to account at 30 June 2024 and will be included in our second-half consolidated financial statements.

### Disposal - Crop science operations

In December 2023, SGS signed an agreement to divest its crop science operations to Eurofins Scientific. Despite both parties' efforts, not all closing conditions were satisfied by the agreed long stop date. Consequently, SGS decided to make use of its right to terminate the agreement. This termination has no effect on the Group consolidated financial statements.



## 16. Approval of interim condensed consolidated financial statements and subsequent events

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on 23 July 2024.

## 17. Exchange rates

The main currencies for the Group were translated into Swiss Francs at the following exchange rates:

			Statement of financial position period-end rates		Income statement period average rates	
			June 2024	December 2023	June 2024	June 2023
Australia	AUD	100	59.63	57.38	58.55	61.69
Canada	CAD	100	65.58	63.53	65.46	67.65
Chile	CLP	100	0.09	0.10	0.09	0.11
China	CNY	100	12.38	11.83	12.32	13.18
Eurozone	EUR	100	96.24	93.02	96.13	98.56
Korea	KRW	100	0.07	0.06	0.07	0.07
United Kingdom	GBP	100	113.72	107.16	112.47	112.41
Russia	RUB	100	1.05	0.94	0.98	1.19
Taiwan	TWD	100	2.77	2.74	2.79	2.98
USA	USD	100	89.97	84.11	88.90	91.20

# Alternative performance measures

## Appendix to the 2024 half year results

For the period ended 30 June 2024

### Glossary

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The following document presents and defines the Group's alternative performance measures (APMs), not defined by IFRS which are used to evaluate financial and operational performance. Where relevant, a reconciliation to the information included in the Group IFRS consolidated financial statements is presented. Management deems these performance measures as a useful source of information when taking decisions and managing the operations. These alternative performance measures are disclosed in the integrated report, the half year report, the quarter reports and other external communications to investors, and are available following this link:

[www.sgs.com/en/investors/reports](http://www.sgs.com/en/investors/reports)

### Constant currency

The constant currency calculation is used in order to assess the period over period evolution of financial indicators without the currency impact. SGS calculates constant currency measures by translating the current year numbers at prior year average exchange rates (except for currencies with a devaluation of above 50% between the two comparable periods, for which the current year average rate is applied to the prior year baseline).

### Organic sales growth

Organic sales growth is used by management to evaluate the evolution of existing operations, excluding the changes in scope (impacts of business acquisitions and divestments) and currency fluctuations. This provides a 'like-for-like' comparison with the previous period in constant scope and constant currency, enabling deeper understanding of the business dynamics which contribute to the evolution of sales from one period to another.

- Scope: the results from acquisitions are excluded for the 12 months following the date of a business combination, while results generated by a divested unit are excluded for the 12 months prior to the divestiture
- Currency fluctuations: sales at constant currency are calculated by translating current year numbers at prior year average exchange rates (except for currencies with a devaluation of above 50% between the two comparable periods, for which the current year average rate is applied to the prior year baseline)

Organic sales are then divided by the prior period sales to derive the organic growth percentage.

A numerical reconciliation of this APM is included below:

(CHF million)

Sales June 2023	3 284	
<b>Growth in value and in %</b>		
<b>Organic</b>	<b>264</b>	<b>8.0%</b>
<b>Scope</b>	<b>-20</b>	<b>-0.6%</b>
Acquisitions	5	0.2%
Disposals	-25	-0.8%
Sales June 2024 at constant currency	3 528	
<b>Currency impact</b>	<b>-193</b>	<b>-5.8%</b>
<b>Sales June 2024</b>	<b>3 335</b>	<b>1.6%</b>

## Adjusted operating income

The adjusted operating income is provided to assess the underlying financial and operational performance of the Group by business line excluding the influence of items not directly attributable to operational performance. Adjusted operating income represents the operating income excluding:

- Amortization and impairment expenses on intangibles arising as a result of acquisitions
- Impairment expenses on goodwill
- Restructuring costs including impairment charges arising from the execution of restructuring plans
- Gains and losses from business disposals
- Acquisition- and divestment-related expenses including integration costs
- Other non-recurring items may include non-operational items such as certain regulatory, compliance and legal costs and certain asset write-downs/impairments

(CHF million)	June 2024	June 2023
<b>Operating income</b>	<b>415</b>	<b>423</b>
Amortization and impairment of acquired intangibles	15	19
Restructuring costs	34	11
Transaction and integration costs	1	4
Other non-recurring items	6	5
<b>Adjusted operating income</b>	<b>471</b>	<b>462</b>

## Adjusted operating income margin

The adjusted operating income margin is the adjusted operating income as a percentage of sales.

(CHF million)	June 2024	June 2023
Adjusted operating income	471	462
Sales	3 335	3 284
<b>Adjusted operating income margin</b>	<b>14.1%</b>	<b>14.1%</b>

## Earnings before interest, tax, depreciation and amortization (EBITDA)

EBITDA is an important performance measure as it depicts the underlying performance of the Group before tax and excluding non-cash charges of depreciation and amortization. It is a measure commonly used by the investment community.

EBITDA is defined as operating income before depreciation, amortization and impairment. It includes restructuring costs.

(CHF million)	June 2024	June 2023
<b>Operating income</b>	<b>415</b>	<b>423</b>
Depreciation, amortization and impairment	240	247
<b>EBITDA</b>	<b>655</b>	<b>670</b>

## Adjusted profit attributable to shareholders

Adjusted profit attributable to equity holders of SGS SA is the profit attributable to equity holders excluding:

- Amortization and impairment expenses on intangibles arising as a result of acquisitions
- Impairment expenses on goodwill
- Restructuring costs, which consist of termination costs as well as impairment charges arising from the implementation of restructuring plans
- Gains and losses from sale of businesses
- Acquisition- and divestment-related expenses including integration costs
- Other non-recurring items may include non-operational items such as certain regulatory, compliance and legal costs and certain asset write-downs/impairments
- The tax effect of all the elements mentioned above
- The non-controlling interests' effect of all the elements mentioned above except for the impairment of goodwill

(CHF million)	June 2024	June 2023
<b>Profit attributable to equity holder of SGS SA</b>	<b>267</b>	<b>272</b>
Amortization and impairment of acquired intangibles	15	19
Restructuring costs	34	11
Transaction and integration costs	1	4
Other non-recurring items	6	5
Tax impact	-11	-8
Portion attributable to non-controlling interests	-1	-1
<b>Adjusted profit attributable to equity holders of SGS SA</b>	<b>311</b>	<b>302</b>

## Adjusted basic earnings per share (adjusted basic EPS)

While basic EPS reflects the earnings from operations for each share of SGS SA, adjusted basic EPS is the 'adjusted profit attributable to equity holders' (see above) divided by the average number of shares outstanding during the reporting period.

(CHF million)	June 2024	June 2023
<b>Adjusted profit attributable to equity holders of SGS SA</b>	<b>311</b>	<b>302</b>
Weighted average number of shares (million)	186	184
<b>Adjusted basic earnings per share (CHF)</b>	<b>1.67</b>	<b>1.64</b>

## Adjusted diluted earnings per share (adjusted diluted EPS)

While basic EPS reflects the earnings from operations for each share of SGS SA, adjusted diluted EPS is the 'adjusted profit attributable to equity holders' (see above) divided by the diluted weighted average number of shares outstanding during the reporting period.

(CHF million)	June 2024	June 2023
<b>Adjusted profit attributable to equity holders of SGS SA</b>	<b>311</b>	<b>302</b>
Diluted weighted average number of shares (million)	187	185
<b>Adjusted diluted earnings per share (CHF)</b>	<b>1.67</b>	<b>1.63</b>

## Profit attributable to shareholders before restructuring costs

Profit attributable to equity holders of SGS SA before restructuring costs is the profit attributable to equity holders excluding:

- Restructuring costs, which consist of termination costs as well as impairment charges arising from the implementation of restructuring plans
- The tax effect of the elements mentioned above
- The non-controlling interests' effect of the elements mentioned above

(CHF million)	June 2024	June 2023
<b>Profit attributable to equity holder of SGS SA</b>	<b>267</b>	<b>272</b>
Restructuring costs	34	11
Tax impact	-6	-3
Portion attributable to non-controlling interests	-1	-
<b>Profit attributable to equity holders of SGS SA before restructuring costs</b>	<b>294</b>	<b>280</b>

## Basic earnings per share before restructuring costs

While basic EPS reflects the earnings from operations for each share of SGS SA, basic EPS before restructuring costs is the 'profit attributable to equity holders before restructuring costs' (see above) divided by the average number of shares outstanding during the reporting period.

(CHF million)	June 2024	June 2023
<b>Profit attributable to equity holders of SGS SA before restructuring costs</b>	<b>294</b>	<b>280</b>
Weighted average number of shares (million)	186	184
<b>Basic earnings per share before restructuring costs (CHF)</b>	<b>1.58</b>	<b>1.53</b>

## Diluted earnings per share before restructuring costs

While basic EPS reflects the earnings from operations for each share of SGS SA, diluted EPS before restructuring costs is the 'profit attributable to equity holders before restructuring costs' (see above) divided by the diluted weighted average number of shares outstanding during the reporting period.

(CHF million)	June 2024	June 2023
<b>Profit attributable to equity holders of SGS SA before restructuring costs</b>	<b>294</b>	<b>280</b>
Diluted weighted average number of shares (million)	187	185
<b>Diluted earnings per share before restructuring costs (CHF)</b>	<b>1.57</b>	<b>1.52</b>

## Free cash flow

The free cash flow is deemed an important measure by management as it demonstrates the ability to generate cash after the investment in assets necessary to support the existing operating activities. In 2023, management embedded financial interests paid and financial interests received in the free cash flow calculation. It includes the cash effects of restructuring costs, and is calculated as follows based on amounts disclosed in the condensed consolidated cash flow statement.

(CHF million)	June 2024	June 2023
<b>Cash flow from operating activities</b>	<b>397</b>	<b>369</b>
Purchase of property, plant and equipment and other intangible assets	-136	-143
Disposal of property, plant and equipment and other intangible assets	8	3
Lease payments	-88	-90
Interests paid	-42	-33
Interests received	16	9
<b>Free cash flow</b>	<b>155</b>	<b>115</b>

## Cash conversion

Cash conversion ratio provides management with a measurement of the Group's ability to convert operational results in cash. The ratio is calculated by comparing the free cash flow to the EBITDA (operating income before depreciation, amortization and impairment) minus lease payments.

## Net debt

Net debt represents the net level of financial debt contracted by SGS with external parties. In 2023, management included lease liabilities in the calculation.

Amounts can be found in the condensed consolidated statement of financial position and the computation is as follows:

(CHF million)	June 2024	December 2023	June 2023 restated
<b>Cash and marketable securities</b>	<b>1 288</b>	<b>1 569</b>	<b>1 053</b>
Cash and cash equivalents	1 288	1 569	1 053
<b>Loans and other financial liabilities</b>	<b>4 310</b>	<b>4 408</b>	<b>4 394</b>
Non-current loans and other financial liabilities	3 069	3 040	2 582
Current loans and other financial liabilities	664	841	1 243
Non-current lease liabilities	420	384	413
Current lease liabilities	157	143	156
<b>Net debt</b>	<b>3 022</b>	<b>2 839</b>	<b>3 341</b>

# Shareholder Information

## Upcoming investor events

<b>25 October 2024</b>	Q3 2024 sales update
<b>19 - 20 November 2024</b>	Capital Market Event
<b>11 February 2025</b>	Full-year 2024 results
<b>26 March 2025</b>	Annual General Meeting of Shareholders
<b>24 April 2025</b>	Q1 2025 sales update
<b>25 July 2025</b>	Half year 2025 results

## Stock listing information

<b>Stock exchange trading</b>	SIX Swiss Exchange
<b>Stock exchange listing</b>	SGSN
<b>Common stock symbols</b>	Bloomberg: Registered Share: SGSN.SW Reuters: Registered Share: SGSN.S Telekurs: Registered Share: SGSN ISIN: Registered Share: CH0002497458 Swiss security number: 249745

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