

When you need
to be sure



First quarter 2025
sales update



SGS First Quarter 2025 Sales Update

Record Q1 sales of CHF 1 681 million, up 6.6%

Ad hoc announcement pursuant to article 53 LR
Geneva, 24 April 2025

- Strong organic¹ sales growth of 5.6%
- Accelerating growth in Sustainability and Digital Trust
- Eight bolt-on acquisitions year-to-date and strong pipeline
- Successful scrip dividend, with 63.3% take-up rate
- Outlook confirmed

Géraldine Picaud, Chief Executive Officer, commented:

"We are proud to deliver record Q1 sales of CHF 1 681 million on the back of a strong performance in Sustainability and Digital Trust. As part of our growth strategy, we have completed eight successful bolt-on acquisitions to date. We remain focused on executing Strategy 27 in a disrupted economic environment. We will take action to sustain our market leadership and profitability in light of currency volatility and trade tariffs. I want to express my heartfelt thanks to the talented SGS teams for their hard work and dedication."

Sales review

Group sales

(CHF million)	Q1 2024	Q1 2025
Sales	1 577	1 681
Total change		6.6%
of which organic¹		5.6%
of which scope		1.3%
of which FX		-0.3%

Group sales by division

	Organic ¹ growth (%)	Sales (CHF million)
Europe	1.9%	491
Asia Pacific	6.1%	475
North America	3.9%	200
Latin America	15.7%	148
Eastern Europe, Middle East & Africa	10.4%	188
Testing & Inspection	5.8%	1 502
Business Assurance	3.5%	179
Total Group	5.6%	1 681

1 Please refer to Alternative Performance Measures in the Appendix

Q1 2025 sales review

Group sales reached a record CHF 1 681 million in Q1 2025, benefiting from a strong organic¹ sales growth of 5.6%. Following the relaunch of M&A activity, net scope effect turned positive at 1.3%, the currency effect amounted to -0.3%, leading to a reported growth of 6.6%.

In Testing & Inspection organic¹ sales growth of 5.8% was supported by Health & Nutrition and Connectivity & Products. Business Assurance delivered 3.5% organic¹ sales growth.

Since the implementation of IMPACT NOW, Sustainability services made a strong contribution to growth, with major contracts signed across its four pillars: Climate, Circularity, Nature, and ESG Assurance. IMPACT NOW consolidates SGS's sustainability offerings, providing tailored solutions to assist clients in achieving their specific sustainability goals.

Digital Trust also contributed significantly to growth in the first quarter, especially through advancements in AI management certification and cybersecurity services. Notably, all Brightsight laboratories in Europe earned the EU Cybersecurity Certification accreditation at the highest security assurance level. This significant milestone positions Brightsight as the best option when it comes to connecting cybersecurity regulations in Europe, the USA, and Asia.

Mergers & Acquisitions activity

The Group made eight bolt-on acquisitions since the beginning of the year to accelerate growth and profitability in key markets, especially in North America and Europe. They represent combined sales of approximately CHF 60 million on an annual basis.

Four acquisitions were already announced during the first quarter of 2025: Aster Global Environmental Solutions and RTI Laboratories in the United States, Stella Operazioni Doganali in Italy and IMO in Australia.

Today, SGS is pleased to announce the acquisition of four additional companies in high-growth, attractive segments:

- Carpedia International specializes in process and change management, focusing on delivering measurable, sustainable improvements in performance and profitability for mid-market and large enterprises across various industries.
- HidroMares Oceanografia is a key player in the field of environmental monitoring and maritime solutions, leveraging advanced technology to improve the safety, efficiency, and sustainability of port and offshore operations.
- AWIA Umwelt GmbH specializes in environmental protection and remediation, offering innovative services in the fields of waste management, soil remediation, air quality monitoring, and water treatment.
- Streamline Control is a leading company specializing in operational technology and digital transformation, particularly in the areas of Industrial Internet of Things and data analytics.

Acquisitions

	Closing date	Location	Business line	FTE
Aster Global	January 2025	USA	Business Assurance	25
Stella Operazioni Doganali	January 2025	Italy	Connectivity & Products	30
RTI Laboratories	February 2025	USA	Industries & Environment	30
Carpedia International	March 2025	Canada	Business Assurance	100
HidroMares Oceanografia	April 2025	Brazil	Industries & Environment	64
IMO Group	April 2025	Australia	Natural Resources	40
AWIA Umwelt GmbH	April 2025	Germany	Industries & Environment	38
Streamline Control	May 2025 (expected)	Canada	Industries & Environment	60

Additionally, SGS closed the divestment of small non-core businesses including SICTA (Automobile technical inspections in Ivory Coast).

¹ Please refer to Alternative Performance Measures in the Appendix

Successful scrip dividend

The company's Annual General Meeting held on 26 March 2025 offered its shareholders the possibility to receive the 2024 dividend in cash or in new SGS shares.

As announced on 17 April 2025, 63.30% of the dividend for the financial year 2024 was elected to be paid in the form of new SGS shares, with the remaining 36.70% to be paid out in cash. The delivery of the new shares and the payment of the total CHF 222 million cash dividend is planned to take place on 24 April 2025.

This represents a clear endorsement of Strategy 27 and allows SGS to reward the loyalty of its shareholders while redirecting close to CHF 400 million of cash towards high-impact growth opportunities.

Outlook 2025

Despite the currency volatility and the trade tariffs implemented so far, we confirm the Group's targets for 2025:

- 5% to 7% organic¹ sales growth
- 1% to 2% bolt-on contribution to annual sales growth
- At least 30 basis points improvement in adjusted operating income¹ margin on sales, in reported terms
- Strong free cash flow¹ generation

Conference call

A live webcast for analysts and investors will be held on 24 April 2025 at 10:00am CET.

Details of the webcast can be found below:

<https://event.choruscall.com/mediaframe/webcast.html?webcastid=4PaZmGRa>

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

¹ Please refer to Alternative Performance Measures in the Appendix

First quarter 2025 sales by end-market

Testing & Inspection: Industries & Environment



(CHF million)	Q1 2024	Q1 2025
Sales²	515	546
Total change		6.0%
of which organic¹		5.1%
of which scope		1.7%
of which FX		-0.8%

Industries & Environment delivered solid organic growth of 5.1%, led by Environment and Safety:

- **Environment** continued to benefit from double-digit organic growth in PFAS testing, partly offset by soft start in routine testing
- High single-digit organic growth in **Safety** services was supported by increased demand in the Americas and Asia Pacific
- **Projects & Advisory** grew moderately, as new wins in EEMEA were partly offset by end of projects in Latin America
- **Industrial Testing** benefited from high single-digit organic growth in construction materials, partly offset by the completion of some low-margin contracts

Testing & Inspection: Natural Resources



(CHF million)	Q1 2024	Q1 2025
Sales²	395	406
Total change		2.8%
of which organic¹		3.8%
of which scope		-0.3%
of which FX		-0.7%

Natural Resources delivered resilient organic growth of 3.8%:

- **Minerals** delivered mid-single-digit organic growth, with strong trade services partially offset by project delays in North America
- Testing in **critical raw materials and metals** for battery testing continued to benefit from strong demand
- **Oil, Gas and Chemicals** grew moderately on the back of lower trading volumes related to current economic uncertainties
- **Agriculture** was stable, as recovery in agriculture input solutions was offset by softness in trade services due to the poor crop season in Europe

1 Please refer to Alternative Performance Measures in the Appendix

2 Minor reclassifications of Q1 2024 sales have been performed to be fully comparable with current business line allocation, please refer to the Appendix.

Testing & Inspection: Connectivity & Products



(CHF million)	Q1 2024	Q1 2025
Sales²	305	332
Total change		8.9%
<i>of which organic¹</i>		6.9%
<i>of which scope</i>		1.6%
<i>of which FX</i>		0.4%

Connectivity & Products delivered strong organic growth of 6.9%, driven by Sustainability and Digital Trust:

- The acceleration in **Connectivity** was driven by strong organic growth and solid performance of recently acquired businesses in North America
- High single-digit organic growth in **Softlines** was fueled by continued strong demand for Sustainability services
- High single-digit organic growth in **Hardlines** was supported by strong demand from automotive and home improvement retailers
- Mid-single-digit organic growth in **Government services** was driven by product conformity assessment and customs services

Testing & Inspection: Health & Nutrition



(CHF million)	Q1 2024	Q1 2025
Sales²	192	218
Total change		13.5%
<i>of which organic¹</i>		10.4%
<i>of which scope</i>		2.6%
<i>of which FX</i>		0.5%

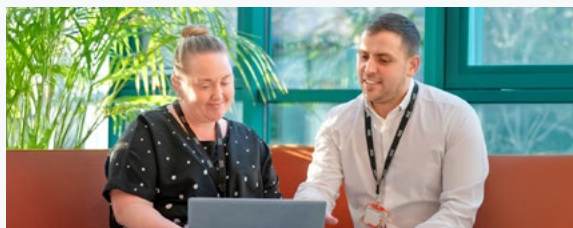
Health & Nutrition delivered double-digit organic growth of 10.4%, driven by all segments:

- Double-digit organic growth in **Food** was mainly driven by emerging contaminants testing, advisory and compliance
- In particular, **Nutraceutical and Dietary supplement** certification reported strong growth
- **Pharma** delivered high single-digit organic growth, as a result of strong activity in drug development and recovery in clinical research
- Excellent organic growth in **Cosmetics & Personal Care** was supported by all regions

¹ Please refer to Alternative Performance Measures in the Appendix

² Minor reclassifications of Q1 2024 sales have been performed to be fully comparable with current business line allocation, please refer to the Appendix.

Certification: **Business Assurance**



(CHF million)	Q1 2024	Q1 2025
Sales	170	179
Total change		5.3%
<i>of which organic¹</i>		3.5%
<i>of which scope</i>		1.8%
<i>of which FX</i>		0.0%

Organic growth in **Business Assurance** was supported by ESG:

- **Certification** achieved mid-single-digit organic growth in Certification, in a post-recertification year for Quality, Health, Safety, and Environment (QHSE). Growth was supported by medical devices and Digital Trust
- Double-digit organic growth in **ESG** was driven by non-financial reporting assurance, social audits and greenhouse gas emissions verification
- **Consulting** remained soft, with several projects delays in North America in the supply chain segment
- **Recent acquisitions** made a strong contribution to growth

¹ Please refer to Alternative Performance Measures in the Appendix

Appendix

Alternative Performance Measures

For the period ended 31 March 2025

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 our 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:

<https://www.sgs.com/en/investors/reports>

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 Q1 2024	1 577	
Growth in value and in %		
Organic	88	5.6%
Scope	21	1.3%
Acquisitions	22	1.4%
Disposals	-1	-0.1%
Sales Q1 2025 at constant currency	1 686	6.9%
Currency impact	-5	-0.3%
Sales Q1 2025	1 681	6.6%

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).

Adjusted operating income

The adjusted operating income is provided to assess the underlying financial and operational performance of the Group 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, e.g. non-operational items such as certain regulatory, compliance and legal costs and certain asset write-downs/impairments

Free cash flow

The free cash flow is deemed an important measure by management as it shows the ability to generate cash after the investment in assets necessary to support the existing operating activities.

The Group defines free cash flow as:

Net cash flow from operating activities,

Less net purchase of property, plant and equipment and of other intangible assets, Less lease payments,

Less interests paid, net of interests received.

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.

2024 sales by quarter

Minor reclassifications of 2024 sales have been performed to be fully comparable with current business line allocation.

Comparable with 2025 business allocation

(CHF million)	Q1	Q2	Q3	Q4	2024
Industries & Environment	515	586	545	568	2 214
Natural Resources	395	424	413	422	1 654
Connectivity & Products	305	341	339	344	1 329
Health & Nutrition	192	211	211	222	836
Business Assurance	170	196	191	204	761
Total	1 577	1 758	1 699	1 760	6 794

Published in 2024

(CHF million)	Q1	Q2	Q3	Q4	2024
Industries & Environment	526	598	557	580	2 261
Natural Resources	386	413	403	410	1 612
Connectivity & Products	294	329	327	332	1 282
Health & Nutrition	201	222	221	234	878
Business Assurance	170	196	191	204	761
Total	1 577	1 758	1 699	1 760	6 794

About SGS

SGS is the world's leading Testing, Inspection and Certification company. We operate a network of over 2,500 laboratories and business facilities across 115 countries, supported by a team of 99,500 dedicated professionals. With over 145 years of service excellence, we combine the precision and accuracy that define Swiss companies to help organizations achieve the highest standards of quality, compliance and sustainability.

Our brand promise – *when you need to be sure* – underscores our commitment to trust, integrity and reliability, enabling businesses to thrive with confidence. We proudly deliver our expert services through the SGS name and trusted specialized brands, including Brightsight, Bluesign, Maine Pointe and Nutrasource.

SGS is publicly traded on the SIX Swiss Exchange under the ticker symbol SGSN (ISIN CH1256740924, Reuters SGSN.S, Bloomberg SGSN:SW).

Shareholder Information

Upcoming investor events

25 July 2025	Half year 2025 results
23 October 2025	Q3 2025 sales update
11 February 2026	Full year 2025 results
26 March 2026	Annual General Meeting
23 April 2026	Q1 2026 sales update

Stock listing information

Stock exchange trading	SIX Swiss Exchange
Stock exchange listing	SGSN
Common stock symbols	Bloomberg: Registered Share: SGSN.SW Reuters: Registered Share: SGSN.S Telekurs: Registered Share: SGSN ISIN: Registered Share: CH1256740924 Swiss security number: 249745

Investor and media contacts

Ariel Bauer Head of Communications, Investor Relations and Sustainability Tel: +41 79 863 49 23 Email: sgs.investor.relations@sgs.com	Livia Baratta Director, Investor Relations Tel: +41 79 586 48 53
--	---

Headquarters information

SGS SA
1 place des Alpes
P.O. Box 2152
CH – 1211 Geneva 1
www.sgs.com

Disclaimer

This material is provided for information purposes only and is not intended to confer any legal rights to you.

This document does not constitute an invitation to invest in SGS shares. Any decisions you make in reliance on this information are solely your responsibility.

Because these statements involve risks and uncertainties that are beyond control or estimation of SGS, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. These statements speak only as of the date of this document.

Except as required by any applicable law or regulation, SGS expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in SGS Group's expectations with regard thereto or any change in events or conditions on which any such statements are based.

When you need to be sure

SGS Headquarters
1 Place des Alpes
P.O. Box 2152
1211 Geneva 1
Switzerland

sgs.com

