

AD HOC ANNOUNCEMENT pursuant to Art. 53 LR

Moutier, March 6, 2023, 7.00 a.m.

Tornos Group's 2022 Annual Report:

Tornos continues to improve its performance

- **Significant sales gains in medical and dental technology and in watchmaking industry**
- **Marked increase in demand for SwissNano machines produced in Switzerland**
- **Improved profitability (excluding special effects)**
- **Record order backlog**

After a very successful financial year in 2021, the Tornos Group carried the momentum forward and confirmed its good results in 2022. Despite the still very challenging environment with frequent disruptions in the global supply chain and cost increases, Tornos was able to further enhance net sales and – if the special effects are excluded – also profitability. The Group is starting the 2023 financial year with a record high order backlog, a good cost structure, a product portfolio that is excellently tailored to customer needs, and broad diversification in various industries and geographical markets.

Overall, Tornos generated order intake of CHF 194.1 million (previous year: CHF 204.6 million, -5.1%) and net sales of CHF 181.4 million (previous year: CHF 171.5 million, +5.8%) in fiscal year 2022. EBIT²⁾ decreased from CHF 20.6 million to CHF 16.4 million, which is attributable to special effects. Excluding the write-back of value adjustment provisions in the amount of CHF 4.8 million, EBIT²⁾ for the financial year 2022 would come to CHF 11.6 million (2021: CHF 10.1 million, excluding the write-back of value adjustment provisions in the amount of CHF 9.8 million and excluding the book gain from a property sale of CHF 0.7 million). As a result of the changed market conditions and the usability of its inventory, the Tornos Group has introduced a refined method for value adjustment provisions that takes even better account of the specific circumstances at Tornos. This method is described in detail in the Annual Report 2022 on page 43 (note 2.9 Inventories) and page 50 (note 4.1 Inventory obsolescence).

The EBIT margin for the Tornos Group for the 2022 financial year is 9.1%. Excluding the effect of the write-back of provisions, it amounts to 6.4% (previous year: 5.9%, excluding special effects).

(CHF 1 000)	2022	2021
EBIT ²⁾ (margin)	16 441 (9.1%)	20 581 (12.0%)
EBIT adjusted ²⁾ (margin)	11 631 (6.4%)	10 131 (5.9%)

Further increase in orders for medical and dental technology

In the 2022 financial year, the Tornos Group remained very successful in its largest sales market, medical and dental technology. Here, it increased its order intake from CHF 40.1 million to CHF 41.0 million (+2.2%). Tornos made significant gains in the watchmaking

industry, with orders received rising from CHF 13.9 million to CHF 21.4 million (+53.5%). At CHF 6.3 million, Tornos also won many more orders from the aerospace industry in 2022 (2021: CHF 1.0 million). At CHF 18.4 million, orders from the automotive industry weighed significantly less in the balance than in previous years. At CHF 68.4 million, the order backlog at the end of 2022 is again significantly higher than the corresponding figure for the previous year (end of 2021: CHF 59.3 million).

Significant rise in sales at SwissNano

The SwissNano Swiss-type automatic lathe, produced in Switzerland, again had considerably more customers in all sales markets in 2022 than in the previous year. Demand for machines produced by Tornos in the Taiwan region also rose sharply. Due to the local coronavirus restrictions, which were again significantly tightened, production of Tornos machines in China was at times severely limited during the year under review.

Service and spare parts business expanded further

Tornos' service and spare parts business continued to perform well, with sales in this area rising by 7.3% compared with 2021. The DECO 10 Plus offer, whereby Tornos customers could have their older DECO 10 machines upgraded to the latest technology, made a major contribution to this pleasing development. Tornos also buys older systems back and – after fully reconditioning them – puts them back on the market in the spirit of a circular economy.

Infrastructure projects

The Tornos Group completed or pressed ahead with a number of infrastructure projects in 2022, including in São Paulo (Brazil), where Tornos opened a 300 square-meter Customer Center, and in Kały Wrocławskie (Poland), where the Group brought a new production plant into operation. Here, it primarily overhauls and modernizes older DECO 10 systems. There are currently around 40 qualified employees working for Tornos in Poland. Some of them are active worldwide in order to ensure an efficient, high-quality global customer service.

In the Taiwan region, the shell for a new production hall was completed. The plant is expected to be ready for operation by the end of 2023 and create optimum conditions for the continued successful production of medium- and lower-priced Tornos machines in the Taiwan region.

Turning sustainable

Responsibility towards the environment and people is given high priority at the Tornos Group. In this perspective, Tornos founded the initiative "Turning sustainable" regrouping all of the Group's activities linked to sustainability and environment, social, and governance (ESG) and supporting the ongoing global paradigm change. The program is based on the United Nations Sustainable Development Goals (SDG) and takes into consideration the legal frame introduced in Switzerland. Next year, for the 2023 reporting period, Tornos will publish its first non-financial statements.

Reduction of share capital

At the 2022 Annual General Meeting on April 13, the shareholders of Tornos Holding AG agreed to the reduction of share capital by CHF 49,694,177.50 to CHF 19,877,671.00 by reducing the par value of all registered shares from CHF 3.50 to CHF 1.00.

Distribution to shareholders

At the General Meeting on April 5, 2023, the Board of Directors will propose to the shareholders a tax-exempt distribution of CHF 0.30 per share, to be paid out from capital contribution reserves.

Outlook

In view of its record order backlog, the Tornos Group is very well positioned for 2023. However, it is still difficult to make concrete forecasts due to global economic developments, which are still impossible to estimate. The ongoing war in Ukraine and the coronavirus pandemic in China, which has not yet ended, uncertainty regarding the availability of raw materials and supplier parts, and burgeoning fears of inflation and recession bring with them many uncertainties. However, for Tornos, some of these developments also present opportunities. The trend towards industrial relocation in the US and Europe created by the disruptions in global supply chains is generating new demand for the products of Tornos. With its portfolio, which is excellently aligned to customer needs, its steadily expanding services and its flexible structure, the Tornos Group remains well equipped for a wide variety of scenarios.

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Company profile

Tornos Group is one of the global leaders for the development, production, and distribution of Swiss-type automatic lathes and multispindle machines. The company's history dates back to 1880 and marked the beginning of Swiss-type lathe technology. The company primarily manufactures CNC sliding headstock Swiss-type automatic lathes, multispindle machines, and precision machining centers for complex parts. Tornos is headquartered in Switzerland. A worldwide sales and service network offers unique solutions to customers in the target automotive, medical and dental technology, micromechanics, and electronics industries. The Tornos Group employs around 680 persons (FTE's) in total.

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<https://investors.tornos.com/en>

Further information on Tornos can be found at www.tornos.com

Key figures, 2022 and 2021

Tornos Group				
(CHF 1 000) ¹⁾	2022	2021	Change	Change (%)
Order intake	194 146	204 612	-10 466	-5.1%
Net sales	181 435	171 488	9 947	5.8%
Order backlog	68 393	59 266	9 127	15.4%
EBITDA ²⁾	20 115	24 625	-4 510	-18.3%
<i>as % of net sales</i>	<i>11.1%</i>	<i>14.4%</i>		
EBIT ²⁾	16 441	20 581	-4 140	-20.1%
<i>as % of net sales</i>	<i>9.1%</i>	<i>12.0%</i>		
EBIT adjusted ²⁾	11 631	10 131	1 500	14.8%
<i>as % of net sales</i>	<i>6.4%</i>	<i>5.9%</i>		
Net result	14 444	20 329	-5 885	-28.9%
<i>as % of net sales</i>	<i>8.0%</i>	<i>11.9%</i>		
Cash flow from operating activities	5 164	30 285	-25 121	-82.9%
Cash flow from investing activities	-9 002	474	-9 476	n/a
Free cash flow ²⁾	-3 838	30 759	-34 597	n/a
	31.12.2022	31.12.2021		
Net cash ²⁾	17 630	26 631	-9 001	-33.8%
Total equity	108 359	98 768	9 591	9.7%
<i>as % of balance sheet</i>	<i>65.9%</i>	<i>68.2%</i>		
Total balance sheet	164 355	144 914	19 441	13.4%
Employees (full-time equivalents) ³⁾	681	640	41	6.4%

1) where not otherwise specified

2) Non-GAAP financial measure, see Tornos Annual Report 2022, pages 32 and 33 (<https://investors.tornos.com/en/content/publications>)

3) excluding apprentices

Upcoming publication dates

April 5, 2023 Annual General Meeting, Moutier
 July 26, 2023 2023 Half-Year Report

In addition to historical information, this ad hoc announcement pursuant to Art. 53 LR contains statements about the future which include risks and uncertainties.