

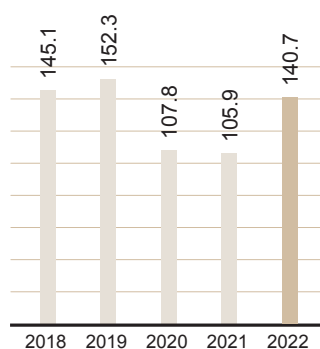
Letter to Shareholders



At a glance – 1st half of 2022

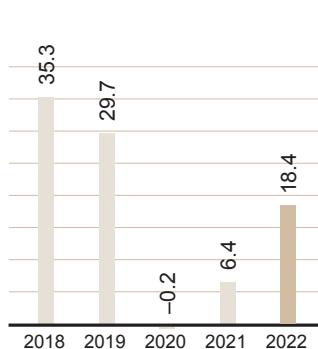
Advertising revenue

CHF m



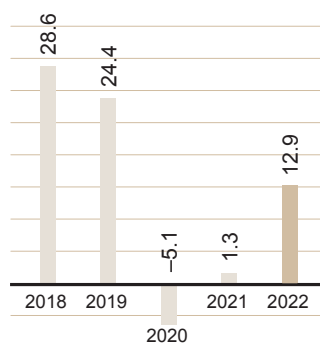
EBITDA

CHF m



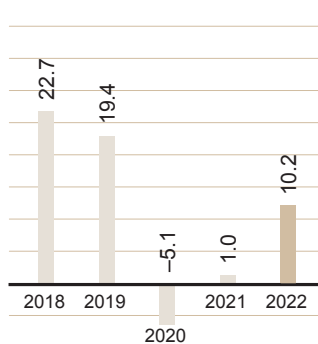
EBIT

CHF m



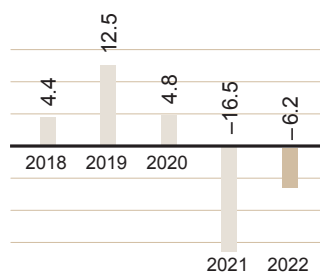
Consolidated net income

CHF m



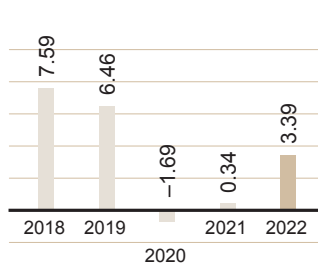
Cash flow from operating activities

CHF m



Earnings per share

CHF m



Upturn in mobility leads to robust sales performance.

Timely implementation of strategic projects with a focus on digitalization, data and programmatics.

Significant increase in net profit and solid financial situation.

In brief

- Advertising revenue: CHF 140.7 million +32.9% (Switzerland +35.9%, International –8.4%)
- EBITDA: CHF 18.4 million
- EBIT: CHF 12.9 million
- Consolidated net income: CHF 10.2 million
- Free cash flow: CHF –6.6 million

Financial highlights

in 1 000 CHF	1st half of 2022	1st half of 2021	Change
Advertising revenue	140 732	105 931	32.9%
– Switzerland	134 122	98 719	35.9%
– International	6 610	7 212	–8.4%
Operating income	143 214	107 110	33.7%
EBITDA	18 409	6 376	188.8%
– in % of operating income	12.9%	6.0 %	
EBIT	12 948	1 325	877.0%
– in % of operating income	9.0%	1.2 %	
Consolidated net income	10 168	1 032	884.9%
– in % of operating income	7.1%	1.0 %	
Cash flow from operating activities	–6 225	–16 521	–62.3%
Free cash flow¹	–6 638	–14 069	–52.8%
Investments in property, plant, and equipment	1 919	3 330	–42.4%
– advertising panel	1 273	1 543	–17.5%
– other investments	646	1 787	–63.9%
Earnings per share, in CHF	3.39	0.34	897.1%

EBITDA: Earnings before interest, taxes, depreciation of property, plant, and equipment, and amortization of intangible assets

EBIT: Earnings before interest and taxes

¹ Cash flow from operating activities (operating cash flow) CHFt –6 225 (previous year: CHFt –16 521) less cash flow from investing activities CHFt –413 (previous year: CHFt 2 452), (see page 9 Consolidated statement of cash flows)

Dear Shareholder

General business development

In the first half of 2022, we were able to report strong revenue performance, overall. The lifting of most COVID-19 measures led to a noticeable upturn in mobility behavior and, as a result, our advertising revenues, too. This positive development was expected but was then impacted by the events relating to the Russian war against Ukraine and its far-reaching consequences for the global economy. Despite the restraint shown by various advertising clients in this context and a marked short-term approach to the planning and execution of advertising campaigns, a considerable increase in revenues was achieved compared to the previous year.

In view of the ongoing challenging geopolitical and macroeconomic environment and the associated limited visibility, APG|SGA continued to consistently implement measures to further optimize non-revenue-related operating costs. Strategic projects focusing on digitalization, data and programmatic are simultaneously being implemented as planned.

APG|SGA Group

In the first half of 2022, the APG|SGA Group achieved advertising revenues totaling CHF 140.7 million, thus achieving revenue growth of 32.9%. Real estate revenue was CHF 1.0 million, 9.4% above the same period in the previous year. In total, other operating income came to CHF 1.5 million for the six months under review (previous year: 0.3 million). Gains from the sale of obsolete property, plant and equipment were recorded under other operating income. Overall, this resulted in operating income of CHF 143.2 million in the first half of 2022, representing an increase of 33.7%.

Fees and commissions represented 58.8% of operating income in the reporting period, slightly below the level of 60.7% for the same period in the previous year. Personnel expenses increased by 9.6% in the reporting period. This increase is due to the short-time working compensation in the equivalent period in the previous year, which had a positive impact on personnel expenses. Operating and administrative costs increased by 21.1% in the first half of 2022. This increase is attributable to the higher order volume, increased energy costs and additional costs in the area of digitalization and digital expansion of performance. The operating result increased significantly compared to the same period in the previous year, reaching CHF 18.4 million of EBITDA (previous year: CHF 6.4 million) and CHF 12.9 million of EBIT (previous year: CHF 1.3 million).

The consolidated net income for the first half of 2022 amounted to CHF 10.2 million (previous year: CHF 1.0 million).

Cash flow

In the first half of 2022, cash flow from operating activities of CHF –6.2 million was recorded (previous year: CHF –16.5 million). In comparison to the equivalent period in the previous year, this increase is due to the significant improvements in net income. Overall, net working capital are CHF 1.3 million lower compared to the same period in the previous year.

Cash flow from operating activities is subject to seasonal fluctuations and is always lower in the first half of the year than the second. After net cash used in investing activities of CHF 0.4 million was taken into account, this resulted in a free cash flow of CHF –6.6 million (previous year: CHF –14.1 million).

Balance sheet

In the first half of 2022, the balance sheet total decreased by CHF 40.4 million to CHF 175.2 million. While non-current assets decreased by only CHF 4.3 million, current assets decreased by CHF 36.1 million. As at June 30, 2022, cash and cash equivalents amounted to CHF 33.0 million. The reduction is primarily due to the dividend payout. Equity amounted to CHF 78.5 million, representing an equity ratio of 44.8%. Current liabilities fell by CHF 17.1 million. Trade accounts payable increased by CHF 9.5 million while accrued liabilities and deferred income fell by CHF 26.1 million.

Swiss market

For the first half of 2022, advertising revenues stood at CHF 134.1 million, 35.9% above the previous year.

While advertising investments from sectors such as retail, telecommunications and arts and cultural events developed positively in the first half of 2022, advertising spend from the automotive sector in particular is still at a below-average level due to ongoing supply bottlenecks.

Revenues generated by our digital advertising media developed positively. This is due, on the one hand, to the fact that APG|SGA is providing advertisers with a growing digital portfolio and, on the other hand, to the fact that clients and their agencies appreciate the ability to flexibly book and broadcast “Digital Out of Home” at short notice. Conversely, we recorded an ongoing drop in traffic in the field of transport advertising and the promotional space business compared to pre-pandemic levels, resulting in lower advertising revenues.

APG|SGA continues to invest consistently in digital expansion and in making its products even more flexible. In the first half of the year, new “ePanels” were installed in Aarau, Bern and Geneva Cornavin railway station, and 10 new “XXL eBoards” were also put into operation in cooperation with Zurich Airport. There are well over 1,000 digital outdoor advertising products at APG|SGA that can be booked more diversely than ever before and that, thanks to flexible and programmatic broadcasting options, enable both national and local advertisers to enjoy customized solutions.

Serbian market

The international operations of APG|SGA consist of its Serbian subsidiary Alma Quattro d.o.o., which contributed 4.7% to group revenues in the reporting period. Advertising revenues decreased by 2.8% in local currency (by 8.4% in CHF) terms in the first half of 2022, compared to the very strong performance seen during the same period in the previous year. Geopolitical uncertainties and issues with global supply chains also impacted sales in Serbia.

Alma Quattro has an impressive service portfolio that is constantly being expanded. With a strong market position and efficient local organization, Alma Quattro has made a positive contribution to the company's overall success.

Organization

At the APG|SGA AG General Meeting on April 28, 2022, all members standing for re-election were confirmed for a further year. Thus, the Board of Directors continues to comprise Dr. Daniel Hofer (Chairman), Xavier Le Clef (Vice-Chairman), Dr. Maya Bundt, Jolanda Grob, Stéphane Prigent and Markus Scheidegger. Jolanda Grob (Chair) and Markus Scheidegger were elected once again to the Board of Directors' Remuneration Committee.

APG|SGA's 2021 Sustainability Report was published in May and paints a positive picture for APG|SGA, overall. The report contains detailed information on the status of the measures and targets implemented and shows annual developments within the framework of the Corporate Responsibility Strategy. APG|SGA is well on track to meet its ambitious medium-term targets of net-zero emissions by 2035. In line with the 1.5°C climate target, a future-proof photovoltaic system will also be installed at the Zurich site.

Within the framework of the EU Whistleblowing Directive, all APG|SGA employees have been given the opportunity to anonymously report violations of values and rules and of the Anti-Bribery and Corruption Guidelines to a newly established external whistleblowing reporting office within the framework of a professional whistleblowing system.

Outlook

The prospects for Out of Home media and APG|SGA in the second half of the year will largely depend on subsequent developments in the economic and geopolitical situation as well as on public health policies. Even in these times of low visibility and diverse challenges, APG|SGA will continue to pursue its operational and strategic projects in a goal-oriented manner in order to consistently expand its dominance as market and innovation leader in analog and digital Out of Home media.

We remain confident that, given the right conditions, Out of Home media can deliver compelling growth potential and further enhance its strong position in advertisers' media mix.

As the leading Out of Home media company in Switzerland, APG|SGA is working intensively on a first-class digital and analog portfolio of products that encompasses all communication spaces so it can reach all the desired target groups in Switzerland, both now and in the future, at an optimized price-performance ratio. In doing so, it is not only a valued partner for local and national advertisers and their agencies: it also provides cities, municipalities, transportation companies and private property owners with high-quality, sustainable services and reliable sources of revenue – which are especially important in these uncertain times.

We would like to take this opportunity to thank all our employees who are achieving extraordinary things under the current circumstances; they are passionately committed to outdoor advertising and APG|SGA, and demonstrate this with a great deal of professional competence.

On behalf of the Board of Directors and the Management Board, we would also like to extend our warmest gratitude to our shareholders, advertising customers, concession issuers and other market partners who have supported APG|SGA in these challenging and uncertain times and, in doing so, expressed their trust in the company.



Dr. Daniel Hofer
Chairman of the Board



Markus Ehrle
Chief Executive Officer

Consolidated balance sheet

Assets

in 1 000 CHF	30.06.2022	31.12.2021
Buildings and land	26 764	27 412
Advertising panel	20 515	22 353
Other property, plant, and equipment	3 464	3 870
Property, plant, and equipment	50 743	53 635
Deferred tax assets	1 737	1 708
Other financial investments	6 437	6 622
Financial investments	8 174	8 330
Goodwill	10 695	11 024
Contractual advertising rights	13 035	13 956
Intangible fixed assets	23 730	24 980
Non-current assets	82 647	86 945
Inventories	4 275	4 478
Trade accounts receivable	35 485	37 712
Other accounts receivable	8 824	9 166
Deferred expenses and accrued income	10 901	4 870
Cash and cash equivalents	33 032	72 362
Current assets	92 517	128 588
Total	175 164	215 533

Shareholders' equity and liabilities

in 1 000 CHF	30.06.2022	31.12.2021
Share capital	7 800	7 800
Capital reserves, premiums	13 060	13 060
Treasury shares	-498	-918
Translation differences	-3 995	-3 169
Retained earnings	62 169	84 954
Shareholders' equity	78 536	101 727
Other non-current liabilities	357	370
Provisions	5 981	6 070
Deferred tax liabilities	2 769	2 733
Non-current liabilities	9 107	9 173
Trade accounts payable	13 985	4 532
Taxes payable	2 600	3 202
Other accounts payable	30 711	30 483
Accrued liabilities and deferred income	39 762	65 909
Provisions	463	507
Current liabilities	87 521	104 633
Liabilities	96 628	113 806
Total	175 164	215 533

Consolidated income statement

in 1 000 CHF	1st half of 2022	1st half of 2021	Change
Advertising revenue	140 732	105 931	32.9%
Real estate revenue	963	880	9.4%
Other operating income	1 519	299	407.5%
Operating income	143 214	107 110	33.7%
Fees and commissions	-84 277	-64 988	29.7%
Personnel expenses	-26 341	-24 029	9.6%
Operating and administrative costs	-14 187	-11 717	21.1%
Operating result before depreciation and amortization (EBITDA)	18 409	6 376	188.8%
Depreciation of tangible assets	-4 599	-4 366	5.4%
Amortization of intangible assets	-533	-510	4.6%
Amortization of goodwill	-329	-175	88.0%
Operating result (EBIT)	12 948	1 325	877.0%
Financial result	-254	76	
Ordinary result before income tax	12 694	1 401	806.0%
Income tax	-2 526	-369	585.1%
Consolidated net income	10 168	1 032	884.9%
Basic and diluted earnings per share, in CHF	3.39	0.34	897.1%

Consolidated statement of changes in equity

in 1 000 CHF	Share capital	Capital reserves, premiums	Treasury shares	Translation differences	Retained earnings	Shareholders' equity
as at January 1, 2021	7 800	12 938	-1 491	-2 128	72 291	89 410
Consolidated net income					1 032	1 032
Translation differences				310		310
Purchase of treasury shares			-2			-2
Sale of treasury shares		101	481			582
Equity transaction costs		-1				-1
as at June 30, 2021	7 800	13 038	-1 012	-1 818	73 323	91 331
as at January 1, 2022	7 800	13 060	-918	-3 169	84 954	101 727
Consolidated net income					10 168	10 168
Translation differences				-826		-826
Distributions					-32 953	-32 953
Purchase of treasury shares			-185			-185
Sale of treasury shares		1	605			606
Equity transaction costs		-1				-1
as at June 30, 2022	7 800	13 060	-498	-3 995	62 169	78 536

Consolidated statement of cash flows

in 1 000 CHF	1st half of 2022	1st half of 2021
Consolidated net income	10 168	1 032
Depreciation and amortization	5 461	5 051
Changes in provisions	-70	-709
Changes in deferred taxes	25	229
Financial result with no cash impact	121	-84
Gain from sale of non-current assets	-1 519	-299
Change in inventories	187	-422
Change in accounts receivable	2 382	-9 657
Change in deferred expenses and accrued income	-6 061	-4 261
Change in accounts payable and taxes payable	9 188	1 597
Change in accrued liabilities and deferred income	-26 107	-8 998
Cash flow from operating activities	-6 225	-16 521
Capital expenditures in property, plant, and equipment	-1 919	-3 330
Capital expenditures in intangible assets	-52	-586
Sale of property, plant, and equipment	1 558	351
Sale of intangible assets		17
Sale of other financial investments		6 000
Net cash used in investing activities	-413	2 452
Purchase of treasury shares	-186	-2
Sale of treasury shares	606	597
Repayment of current financial liabilities		-301
Dividends to APG SGA SA shareholders	-32 953	
Net cash used in financing activities	-32 533	294
Currency translation effect on cash and cash equivalents	-159	41
Change in cash and cash equivalents	-39 330	-13 734
Cash and cash equivalents as at January 1	72 362	66 587
Cash and cash equivalents as at June 30	33 032	52 853

Explanation of financial terms

EBIT

Earnings before interest and taxes

EBITDA

Earnings before interest, taxes, depreciation of property, plant and equipment, and amortization of intangible assets

Equity ratio

Shareholders' equity in % of balance sheet total

Free cash flow

Cash flow from operations minus cash flow from investments

Notes to the consolidated financial statements

Reporting principles of APG|SGA SA

This interim financial report includes the unaudited semi-annual financial statements for the reporting period ended on June 30, 2022. The consolidated semi-annual financial statements were prepared in compliance with interim financial statement requirements as per Swiss GAAP ARR 31 *Complementary Recommendation for Listed Companies*, which permits condensed reporting and disclosures in comparison to the annual financial statements, and with the listing rules of the SIX Swiss Exchange.

APG|SGA does not report any segment earnings in its financial reports, because its direct competitors in Switzerland and in Serbia also do not publish any segment earnings. Disclosing them would put APG|SGA at a significant competitive disadvantage due to the low level of diversification abroad.

Aside from seasonal effects, the sharp decrease in accrued liabilities and deferred income from CHF 65.9 million to CHF 39.8 million was also caused by delayed payments of concessions because of contract negotiations owing to COVID-19.

The preparation of the consolidated financial statements requires that management makes estimates and assumptions that influence the disclosed assets, liabilities, contingent assets and liabilities on the closing date as well as income and expenditure for the reporting period. The actual results may deviate from these estimates.

Our business is influenced by seasonal effects.

Changes in the scope of consolidation and minority interests

In the first half of 2022, the scope of consolidation compared with the prior-year period was not changed.

In the first half of the previous year, the scope of consolidation compared with the same period in 2020 was also not changed.

Change in shareholders' equity

On April 28, 2022, the General Meeting passed a resolution to distribute a gross dividend of CHF 11.00 per share for financial year 2021. No dividend was paid on the shares held in treasury.

Events after the closing date

These financial statements were approved by the Board of Directors on July 26, 2022.

Agenda and publications

Announcement of annual results 2022 and publication of the annual report

Wednesday, March 15, 2023

General Meeting

Thursday, April 27, 2023

Announcement of semi-annual results 2023

Friday, July 28, 2023

Publications: Annual Report and Financial Report

The Annual Report and the Financial Report are available online at www.apgsga.ch/report. To order the print publications, please complete the form at www.apgsga.ch/order-reporting.

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APG|SGA AG is Switzerland's leading Out of Home media company. Listed on the SIX Swiss Exchange, APG|SGA covers all aspects of outdoor advertising: on streets and squares, in railway stations, at airports, in shopping centers, in the mountains as well as in and on means of transport – from poster campaigns with the widest coverage and large formats to state-of-the-art digital advertising spaces, special advertising formats, promotions and mobile advertising. When communicating with customers, the authorities and the advertising industry, APG|SGA represents sustainability and innovation, aiming to inspire people with the very best communication solutions in public spaces.