

SECURING GROWTH IN THE SHORT AND LONG TERM IN A CHALLENGING SITUATION



Ingo Steinkrüger, Chief Executive Officer.

Dear shareholders, valued customers, employees and business partners,

After an initially good start to the first quarter, we continued to build on our strengths despite increasing challenges in the second quarter.

Interroll recorded a significant increase in revenue to CHF 310.9 million (+14.3% year-on-year, +18.5% in local currency). Order intake fell significantly to CHF 304.4 million (–27.8% year-on-year, –24.8% in local currency) due to the postponement of major projects; however, Interroll still has a high order backlog from the previous year. Despite this temporary development, order intake is significantly above the level of the pre-pandemic year 2019.

With a good start to the 2022 financial year, Interroll had initially assumed a further recovery trend in the markets following the COVID-19 pandemic and an increasingly improved availability of materials. However, in the second quarter of 2022, the situation in the supply chains deteriorated once again, partly in connection with the strict COVID-19 lockdowns in China. Interroll continues to counter this with an experienced task force that is able to achieve good solutions. In this context and with the war in Ukraine, Interroll also noted significantly more project postponements by customers and end users in the second quarter of 2022. This is due to their compromised supply chains, postponements in installation or short-term adjustments in investment activities. It should be emphasized that, with a very high order backlog, project cancellations for Interroll have only been recorded to a very limited extent to date.

Due to the difficulty in assessing the time horizon for a normalization of the situation, Interroll is currently refraining from issuing an outlook for the 2022 financial year. In the medium term, however, we believe that all fundamental trends for global demand for material flow solutions remain intact. In particular, a growing shortage of labor as well as sharply rising logistics costs are likely to drive demand for automation solutions. With our leading technology platform and capacities, Interroll is excellently positioned for future growth.

For example, the new plant in Suzhou, China, with capacities for all product groups will go into full operation in the third quarter of 2022. In addition, we will expand the Hückelhoven-Baal site in Germany in order to manufacture new solutions for the food sector there from the beginning of 2023.

The results in the first half of 2022 were negatively affected by further raw material price increases. Once again, increasing problems in the supply chains had a negative impact on results in the second quarter. These manifested themselves in limited material availability, which led to increased inventory levels and inefficiencies and thus reduced productivity overall. The price increases implemented in the second half of 2021 and the first half of 2022 will have a positive effect with a time lag due to the continuing high order backlog.

Earnings before interest, taxes, depreciation and amortization (EBITDA) were lower at CHF 52.4 million (previous year: CHF 56.3 million). The EBITDA margin fell to 16.9% (previous year: 20.7%). Earnings before interest and taxes (EBIT) reached CHF 40.8 million (–9.2% below the previous year's figure of CHF 45.0 million).

Net profit was almost maintained at CHF 33.1 million (previous year: CHF 33.4 million). The net profit margin reached 10.6% (previous year: 12.2%). Gross investments amounted to CHF 12.4 million (previous year: CHF 32.0 million). Free cash flow decreased to CHF -7.2 million (previous year: CHF -5.0 million).

In the first half of the year, we further extended our leading position in terms of material flow: With the new Light Conveyor Platform (LCP), Interroll expanded its offering with a platform-based material flow solution that significantly increases the productivity of manufacturing processes in particular. With the market launch of new platform technologies that meet high hygienic requirements, Interroll expanded its existing product range of conveyor solutions for other industries such as the food industry in May 2022. Based on the benefits offered by our globally successful technology platforms, the new Modular Hygienic Platform (MHP) now also makes available flexibly applicable modular solutions based on the principles of hygienic product design. This makes it possible to significantly improve food safety and shelf life – while at the same time optimizing energy and operational efficiency.

Strong positioning

We continued our truck roadshow in Europe in 2022 under the new motto, “Imagine the Way,” and have further deepened our relationship with our customers at the trade fairs that are starting up again. For example, an intensified partnership was agreed with the system integrator viastore at LogiMAT at the end of May in Stuttgart, Germany.

In addition, our Rolling On Interroll (ROI) partner network expanded with new members in the first half of the year, offering numerous opportunities for our partners to exchange ideas and get involved in the innovation process.

Interroll is strongly positioned on social issues where logistics and material handling can make a positive contribution. For example, Interroll has published studies and white papers on the topics of energy efficiency and micro-hubs and intensified its cooperation with associations.

Material flow, an important factor in the economy of the future

By 2050, the world's population will grow to around 10 billion people. Supplying people and the economy with the necessary goods and food is a key challenge for the future. Logistics plays a decisive role in opti-



Paul Zumbühl, Chairman of the Board of Directors.

mizing the necessary processes: Only with well-thought-out concepts and technologies will it be possible to manage the increasing complexity and rising volume in the supply chains in a demand-oriented and sustainable manner. Our Food Conveyor Platform, newly launched in May 2022, exemplifies this. This applies in particular to our industry, intralogistics: It will receive a great deal of social significance and attention in terms of speed, increased efficiency, networking and individualization, but also in terms of resource conservation, environmental friendliness and food safety. We are facing up to this responsibility. It is important to us to make this contribution even more sustainable in the future, and in March 2023 we will publish a sustainability report that will meet the standards of the Global Reporting Initiative. This report will focus on the three topics of environment, social and governance (together referred to as ESG). With new management systems, we are also ensuring internal transparency in order to improve continuously and comprehensively in this area. We made significant progress in this area in the first half of 2022.

Sant'Antonino, August 2, 2022

Paul Zumbühl
Chairman of the
Board of Directors

Ingo Steinkrüger
Chief Executive Officer