

STRENGTH PROVEN AND PREPARED FOR NEW BUSINESS OPPORTUNITIES



Ingo Steinkrüger, Chief Executive Officer

Dear shareholders, valued customers, employees and business partners,

The fiscal year 2022 was unusual and again very challenging. Many external factors influenced our business performance. After an initially good start to the first quarter, the war in Ukraine led to abrupt uncertainty on international markets, a surge in inflation and high energy costs in the following months, particularly in Europe. At the same time, renewed COVID lockdowns in China weighed on the already strained supply chains over the course of the year. Even in this highly volatile environment, Interroll once again confirmed its strength as a technology leader in the global material handling market.

Record results

In fiscal year 2022, sales grew to CHF 664.4 million (+3.8% year-on-year, +8.0% in local currencies).

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased again to CHF 129.3 million (previous year: CHF 122.5 million). The EBITDA margin increased to 19.5% (previous year: 19.1%). Earnings before interest and taxes (EBIT) reached CHF 105.2 million (+5.9% above prior year with CHF 99.3 million). The EBIT margin increased to 15.8% (previous year: 15.5%).

The result increased by 2.7% to CHF 82.8 million (previous year: CHF 80.6 million). The result margin reached 12.5% (previous year: 12.6%).

Order intake in 2022 is CHF 572.6 million (–27.4% year-on-year, –24.3% in local currencies). A comparison with the record order intake in 2021 is however not meaningful. In 2021, on the one hand, there were catch-up effects from postponed projects in the pandemic year 2020 and, on the other hand, some projects were brought forward due to emerging supply chain issues. Likewise, in the product business, customers built up their inventories accordingly in 2021. In addition, the debates on energy shortages, the war in Ukraine and the general uncertainty about the global economy led to many project postponements. The rapid and strong normalization of supply chains with the accompanying reduction in delivery times led to inventory reductions at our customers in the product business.

The fundamental market drivers are intact and we are monitoring further developments in the supply chains. In principle, we are cautiously optimistic, but further economic development harbors uncertainties as global markets have not yet stabilized.

The fact that we were able to achieve this result in turbulent times is primarily due to the expertise and dedicated commitment of our employees. We would like to express our sincere thanks to them.



Paul Zumbühl, Active Chairman

Clear strategy ensures resilience

Our business performance has shown that, particularly in uncertain times, our long-term strategy, our course of strict cost discipline and financial strength and our concept of “breathing” production sites have proven their worth. Our high level of resilience is based on our company’s ability to flexibly adapt to sudden changes and act agilely even in an uncertain environment. We are able to do so especially because we are committed to working – with each other and our business partners – to nurture a form of cooperation typical of medium-sized businesses characterized by flat hierarchies and personal responsibility on the part of our employees. For example, thanks to the work of an experienced international task force, in a short period of time we successfully overcame renewed supply chain disruptions during the year.

The global purchasing team helped to make material supplies even more robust through regionalization and more extensive redundancy. In addition, our sales team succeeded in maintaining and even deepening the trust of our customers, even under significantly more difficult circumstances. Thanks to this performance, the number of customers again increased toward the end of the year – a trend also made possible by the dedicated support at our 16 production sites.

Equipped for further growth

Thanks to our consistent willingness to invest and our own innovative strength, we are very well positioned to take advantage of business opportunities in an environment that is returning to normal. We have a portfolio and production capacity second to none in the market. Today, we are able to serve our customers in many markets even better and faster than in the pre-pandemic period. This supply capability gives our customers a decisive added value in seizing their own business opportunities. They are also supported by our customer-focused local sales organization, which can lead even the most challenging projects to success worldwide with its solution and industry expertise.

In the third quarter of 2022, our new plant in Suzhou, China, with production capacities for almost all product groups, started operations on schedule. The plant will enable us to serve our customers in Asia even better in the future. In Europe, we have further expanded our service organization. It now has more than 100 employees and provides services at the customer’s request relating to spare parts procurement, installation, maintenance and plant optimization and also consulting in the future. For example, we contributed to the modernization of a Triumph warehouse in France, which almost halved the conveyor system’s energy consumption. In 2023, we will establish a corresponding service organization for North America. In addition, we will expand our capacity at the Hückelhoven-Baal site in Germany to manufacture new solutions for the food industry there.

Market trends are intact

The medium- and long-term market trends in automation, energy efficiency and sustainability on which we are focusing are not only intact but will even intensify due to the labor shortage. In addition, our discussions with customers and corresponding market studies show that both the variety of goods shipped and the volume of shipments will continue to increase worldwide. This flow of goods can only be managed – even in the emerging markets where there is yet no shortage of skilled workers and manual work processes are more common – with automated and material-handling systems that are as flexible as possible. At the same time, decentralization of delivery networks is increasingly taking place in the developed markets' distribution networks, with a large number of new distribution centers being created closer to customers – enabling courier, express and parcel (CEP) service providers to achieve higher capacity, faster deliveries and greater sustainability in the logistics process.

The issue of energy efficiency has also become more important to customers and users of our technology platforms, especially in Europe where energy costs have risen dramatically. In this field, we have held a leading position in the international material-handling market for years with the RollerDrive and decen-

tralized drive concepts, which have proven to offer users savings of around 50 percent compared to conventional solutions. In this way, users can meet not only their sustainability targets, but also achieve attractive returns on investment.

Solid balance sheet and cash flow development

Total assets grew to CHF 545.9 million as of December 31, 2022, 1.4% above the previous year 2021 (CHF 538.5 million). Shareholders' equity increased to CHF 394.2 million; the equity ratio was 72.2% (end of 2021: 64.1%). Net financial assets increased by 53.6% to CHF 70.8 million (previous year: CHF 46.1 million).

Operating cash flow increased by 51.0% to CHF 71.4 million (previous year: CHF 47.3 million).

Gross investments amounted to CHF 32.5 million (previous year: CHF 51.1 million). These include, among other things, the completion of the Suzhou plant in China, which went into operation in the third quarter of 2022, as well as ongoing renewal investments in our production facilities, extensions to our SAP system and the lease capitalization under IFRS 16. Due to delays some investments planned for 2022 will not take place until 2023.

As a result of the higher operating cash flow and lower gross capital expenditures, the free cash flow in the reporting year reached CHF 49.2 million (previous year: CHF –0.8 million).

The shareholders participate in the positive business development. A dividend of CHF 32.00 per share will be proposed to the Annual General Meeting on May 12, 2023 (previous year: CHF 31.00 per share).

Innovations that bring tangible benefits to customers

In 2022, we also consistently pursued our innovation program. With the Light Conveyor Platform (LCP), for example, we expanded our offering to include a platform-based material-handling solution that significantly increases the productivity of automated manufacturing processes in particular. We have also expanded our offering with new platform technologies that meet high hygienic requirements and are primarily aimed at dynamic sectors such as the food and pharmaceutical industries. With the new Modular Hygienic

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Platform (MHP), flexible modular solutions based on the principles of hygienic product design of the international European Hygienic Engineering & Design Group (EHEDG) became available on the market for the first time. This makes it possible to significantly improve food safety and shelf life, while at the same time achieving high energy and operational efficiency.

Customer relations and partnerships intensified

In Sinsheim, Germany, Interroll's largest showroom in the Group was opened in 2022 as part of an international customer event. Complete sorting solutions and other technology platforms from Interroll are presented in live operation in an area of around 1,000 square meters. Interested parties and customers can learn more about functions, processes and the interaction of various solutions and use the facility as a forum for professional exchange with experts.

Interroll's Truck Roadshow was continued in 2022 under the new motto "Imagine the Way." New members were also attracted to the Rolling on Interroll (ROI) partner network, which held events and provided opportunities for exchange of information among ROI partners. It also enabled participants to get involved in the innovation and product development process at Interroll.

Partnerships with customers that combine different core competencies for the benefit of users and increase efficiency drive our industry forward to distribute necessary goods to people and businesses even more efficiently and sustainably. The partnership we established with the system integrator viastore in 2022 has led to a true win-win constellation that enables both partners to focus on their own core competencies and their promised added value for customers.

Sustainability report according to international GRI standards

As announced, for the first time we have published a separate sustainability report for the fiscal year 2022 in the areas of Environment, Social and Governance (ESG) based on the international Global Reporting Initiative (GRI) standards. We also assume responsibility in this important area and have set ourselves binding, concrete targets that we want to achieve by 2030. To this end, we have defined various fields of action in which our company can have the strongest impact with appropriate measures. Each of these fields of action are the strategic and substantive responsibility of individual members of Group Management, who work together with local management to achieve the corresponding targets. At Interroll, we focus on concrete measures, whose effectiveness we can actually demonstrate.

Sant'Antonino, March 16, 2023



Paul Zumbühl
Active Chairman



Ingo Steinkrüger
Chief Executive Officer