

1 INTERIM FINANCIAL STATEMENTS OF INTERROLL GROUP

1.1 Consolidated statement of financial position

in CHF thousands	30.06.2023	in %	31.12.2022	in %
ASSETS				
Property, plant and equipment	184,367		184,228	
Intangible assets	28,711		26,634	
Financial assets	893		902	
Deferred tax assets	10,814		9,454	
Total non-current assets	224,785	40.8	221,218	40.5
Inventories	98,953		107,357	
Current tax assets	2,124		1,836	
Trade and other accounts receivable	108,147		136,140	
Cash and cash equivalents	116,877		79,305	
Total current assets	326,101	59.2	324,638	59.5
Total assets	550,886	100.0	545,856	100.0
EQUITY AND LIABILITIES				
Share capital	854		854	
Share premium	11,711		9,673	
Reserve for own shares	-67,277		-74,029	
Translation reserve	-103,965		-96,248	
Retained earnings	549,120		553,943	
Total equity	390,443	70.9	394,193	72.2
Financial liabilities	7,675		8,218	
Deferred tax liabilities	3,618		3,867	
Pension liabilities	4,838		4,087	
Provisions	9,922		10,448	
Total non-current liabilities	26,053	4.7	26,620	4.9
Financial liabilities	120		259	
Current tax liabilities	20,389		23,167	
Trade and other accounts payable	50,648		40,323	
Advances received from customers	63,233		61,294	
Total current liabilities	134,390	24.4	125,043	22.9
Total liabilities	160,443	29.1	151,663	27.8
Total liabilities and equity	550,886	100.0	545,856	100.0

1.2 Consolidated income statement

in CHF thousands	Jan.–Jun. 2023	in %	Jan.–Jun. 2022	in %	Variance	in %
Sales	256,246	100.0	310,895	100	-54,649	-17.6%
Material expenses	-98,830	-38.6	-152,328	-49.0		
Increase / (decrease) in work in progress, finished products and own goods capitalized	2,637	1.0	20,234	6.5		
Personnel expenses	-79,466	-31.0	-85,398	-27.5		
Other operating expenses	-42,323	-16.5	-43,149	-13.9		
Other operating income	1,631	0.6	2,168	0.7		
Operating result before depreciation and amortization (EBITDA)	39,896	15.6	52,422	16.9	-12,526	-23.9%
Depreciation	-9,541	-3.7	-10,041	-3.3		
Amortization	-1,612	-0.6	-1,555	-0.5		
Operating result (EBIT)	28,743	11.2	40,826	13.1	-12,083	-29.6%
Finance expenses	-134	-0.1	-191	-0.1		
Finance income	-336	-0.1	1,499	0.5		
Finance result, net	-470	-0.2	1,308	0.4	-1,778	-135.9%
Result before income taxes	28,273	11.0	42,134	13.5	-13,861	-32.9%
Income tax expense	-6,240	-2.4	-9,064	-2.9		
Result	22,033	8.6	33,070	10.6	-11,037	-33.4%
Result attributable to:						
- non-controlling interests	-	-	-	-		
- owners of Interroll Holding AG	22,033	8.6	33,070	10.6	-11,037	-33.4%
Values per share (in CHF)						
Non-diluted earnings (result) per share	26.78		40.31		-13.53	-33.6%
Diluted earnings (result) per share	26.78		40.31		-13.53	-33.6%

1.3 Consolidated statement of comprehensive income

in CHF thousands	Jan.–Jun. 2023	Jan.–Jun. 2022
Result	22,033	33,070
Other comprehensive income		
Items that will not be reclassified to income statement		
– Remeasurements of pension liabilities	–726	2,449
– Income tax	150	–508
Total items that will not be reclassified to income statement	–576	1,941
Items that in the future may be reclassified subsequently to income statement		
– Currency translation differences	–7,717	–5,432
Total items that in the future may be reclassified subsequently to income statement	–7,717	–5,432
Other income	–8,293	–3,491
Comprehensive income	13,740	29,579
Result attributable to:		
– non-controlling interests	–	–
– owners of Interroll Holding AG	13,740	29,579

1.4 Consolidated statement of cash flows

in CHF thousands	Jan.–Jun. 2023	Jan.–Jun. 2022
Result	22,033	33,070
Depreciation, amortization and impairment	11,153	11,596
Loss/(gain) on disposal of tangible and intangible assets	-146	-417
Financing result	470	-1,308
Income taxes	6,240	9,064
Changes in inventories	6,379	-32,450
Changes in trade and other accounts receivable	24,825	-23,095
Changes in trade and other accounts payable, advances	15,050	16,130
Changes in provisions, net	476	497
Income taxes paid	-10,128	-10,650
Personnel expenses on share-based payments	605	583
Other non-cash expenses/(income)	-1,744	-1,801
Cash flow from operating activities	75,213	1,219
Acquisition of property, plant and equipment	-12,586	-10,209
Acquisition of intangible assets	-3,976	-2,184
Acquisition of financial assets	-26	-46
Proceeds from disposal of property, plant and equipment and intangible assets	360	3,412
Settlement of loans receivable	1	179
Interests received	1,035	456
Cash flow from investing activities	-15,192	-8,392
Free cash flow	60,021	-7,173
Dividends	-26,280	-25,401
Disposal of own shares	8,186	4,341
Proceeds from financial liabilities	-	30,190
Repayment of financial liabilities	-582	-1,828
Interests paid	-150	-180
Cash flow from financing activities	-18,826	7,122
Translation adjustment on cash and cash equivalents	-3,623	-914
Changes in cash and cash equivalents	37,572	-965
Cash and cash equivalents at January 1	79,305	68,496
Cash and cash equivalents at June 30	116,877	67,531

1.5 Consolidated statement of changes in equity

in CHF thousands	Share capital	Share premium	Reserve for treasury shares	Translation reserve	Retained earnings	Total equity
Balance at January 1, 2022	854	8,904	-78,208	-80,595	494,473	345,428
Result					33,070	33,070
Other comprehensive income, net of taxes				-5,432	1,941	-3,491
Total comprehensive income				-5,432	35,011	29,579
Share-based payments		185	398			583
Sale of treasury shares incl. tax effects		587	3,754			4,341
Dividend payment, net					-25,401	-25,401
Balance at June 30, 2022	854	9,676	-74,056	-86,027	504,083	354,530
Balance at December 31, 2022	854	9,673	-74,029	-96,248	553,943	394,193
Result					22,033	22,033
Other comprehensive income, net of taxes				-7,717	-576	-8,293
Total comprehensive income				-7,717	21,457	13,740
Share-based payments		146	459			605
Sale of treasury shares incl. tax effects		2,397	6,293			8,185
Dividend payment, net					-26,280	-26,280
Balance at June 30, 2023	854	11,711	-67,277	-100,965	549,120	390,443

2 NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Basis of the consolidated financial statements

Convention of preparation

The condensed, unaudited consolidated interim financial statements as of June 30, 2023 have been prepared in accordance with IAS 34 (“Interim Financial Reporting”) and are based on the uniform financial statements of Interroll Holding AG and its subsidiaries (“the Group”). These interim statements reflect an update of previously published information. Therefore, they should always be read in conjunction with the Annual Report 2022. The interim statements were approved by the Board of Directors on July 26, 2023.

The accounting standards used for these interim financial statements are identical to those published and described in the Annual Report 2022.

Foreign currency translation

The following key exchange rates were used for the translation of financial statements denominated in foreign currencies:

	Income statement (average rates)			Balance sheet (half year-end rates)		
	Jan.–Jun. 2023	Jan.–Jun. 2022	Change in %	30.06.2023	31.12.2022	Change in %
1 EUR	0.988	1.025	-3.5	0.979	0.985	-1.7
1 USD	0.914	0.945	-3.2	0.901	0.923	-6.1
1 CNY	0.131	0.146	-9.9	0.124	0.134	-13.4

New or amended IAS/IFRS standards and interpretations

The IASB has issued new and revised standards and interpretations, which will not be applied until January 1, 2024, or later and were not applied early in these consolidated financial statements. The effects were generally considered immaterial.

Critical accounting estimates and judgements

The preparation of the consolidated interim financial statements requires management to make estimates, assumptions and judgements for the determination of income, expenses, assets, liabilities and for the disclosure of contingent liabilities. Such estimates, which are based on management’s best knowledge and belief at the reporting date, may deviate from actual circumstances. In such a case, they will be modified as appropriate in the period in which the circumstances change.

Segment reporting

The Interroll Group consists of one single business unit. The complete product range is sold in all markets through the respective regional sales organization. The customer groups of OEMs, system integrators and end users are provided with tailor-made product offerings and differentiated consulting levels. The Interroll manufacturing units focus on the production of specific product ranges. Assembly units receive semi-finished products from the manufacturing units and assemble a wide product range to serve their local markets. The Innovation Projects and Development Center (IPDC), which is centrally located, develops new application technologies and new products for all product groups. Centers of Excellence, which focus on specific product groups, concentrate on the development of their assigned product portfolio.

Group Management and the whole Interroll management structure are organized by function (Overall Management, Products & Technology, Global Sales & Solutions, Global Lifetime Service, Marketing and Finance). The Board of Directors bases its financial management of the Group on both the sales generated in the product groups and geographical markets as well as on the consolidated financial statements. Group Management additionally assesses the achievement of financial and qualitative targets of all legal entities.

Financial instruments

The Interroll Group has only financial instruments classified as hierarchy 2 in line with IFRS 13. These financial instruments include only foreign currency forward contracts and cash flow hedges. The valuation in hierarchy 2 is based on factors, which cannot be tracked to actively listed prices on public markets. Instead, they can be monitored directly (as a price) or indirectly (as a derivative of the price). The amount of the financial instruments classified as hierarchy 2 is CHF –0.2 million at June 30, 2023 (December 31, 2022: CHF 1.3 million).

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their current amounts.

2.2 Segment reporting**Sales by geographical markets**

Sales by geographical market are presented as follows:

in CHF thousands	Jan.–Jun. 2023	in %	Jan.–Jun. 2022	in %
Germany	29,377	11.5	45,709	14.7
Other Europe, Middle East, Africa	110,868	43.2	136,379	43.9
Total Europe, Middle East, Africa	140,245	54.7	182,088	58.6
USA	62,526	24.4	85,452	27.5
Other Americas	13,819	5.4	16,184	5.2
Total Americas	76,345	29.8	101,636	32.7
China	9,324	3.6	13,419	4.3
Other Asia incl. Australia	30,332	11.8	13,752	4.4
Total Asia-Pacific	39,656	15.5	27,171	8.7
Total Group	256,246	100.0	310,895	100.0

Material sales with specific customers

Sales have been realized with more than 18,000 active customers. No customer accounts for sales of more than 5% of Group sales.

Sales by product group

Sales realized in the first half year by product group are presented as follows:

in CHF thousands	Jan.–Jun. 2023	in %	Jan.–Jun. 2022	in %
Rollers	54,400	21.2	70,944	22.8
Drives	88,818	34.7	110,222	35.5
Conveyors & Sorters	94,349	36.8	96,821	31.1
Pallet Handling	18,680	7.3	32,908	10.6
Total Group	256,246	100.0	310,895	100.0

2.3 Notes to the consolidated statement of financial position

Consolidated statement of financial position

Total assets increased by CHF 5.0 million compared to year-end 2022. Inventories decreased by 8.4 million as a result of improved supply chains and inventory reduction. Accounts receivable decreased as well by CHF 28.0 million. Trade and other accounts payables increased by CHF 1.9 million to CHF 63.2 million. Net working capital decreased by CHF 61.5 million to CHF 73.7 million.

Investments/capital expenditures

A total of CHF 17.1 million in gross capital expenditures were invested in various production facilities. Total non-current assets reached CHF 224.8 million by June 30, 2023. Capital expenditures into intangible assets are mainly for the further development of the SAP ERP system.

In line with IAS 36, goodwill and other intangible assets are subject to an annual impairment test. These tests are normally performed in the second half of the year. Currently, there is no indication of impairment.

Net financial assets

Net financial assets at the end of the reporting period increased by CHF 38.3 million compared to year-end 2022 and reached CHF 109.1 million by June 30, 2023.

Total credit lines available at the end of the reporting period amount to CHF 65.7 million (year-end 2022: CHF 67.4 million). From these credit lines, CHF 40.0 million are committed until end of March 2024.

Debt covenants have always been complied with during the reported interim period as well as during the previous-year period.

Equity

The equity position decreased by CHF 3.8 million to CHF 390.4 million compared to the end of 2022. The equity ratio at the end of the interim period corresponds to 70.9% (year-end 2022: 72.2%). In May 2023, a dividend of CHF 32.00 per share was paid as agreed during the Annual General Meeting (previous year: CHF 31.00 per share).

2.4 Notes to the consolidated income statement

Sales

Sales in the reporting currency decreased organically by -17.6% to CHF 256.2 million compared to the same period last year. In local currencies, the decrease is -13.5%.

Earnings before interest and taxes (EBIT)

EBITDA decreased by 23.9% to CHF 39.9 million (previous year: CHF 52.4 million). The EBITDA margin was at 15.6% (previous year: 16.9%).

The EBIT decreased by 29.7% and reached CHF 28.7 million (previous year: CHF 40.8 million) in the reporting period. The EBIT margin reached 11.2% (previous year: 13.1%).

Financing result

The net financial loss of CHF -0.5 million includes, apart from net financial interest expense of CHF -0.1 million, mainly realized and unrealized foreign exchange losses. Due to its decentralized structure, the Interroll Group is generally not very highly exposed to currency fluctuations.

Income tax

Income tax expense is recognized based upon the best estimates of the weighted average annual income tax rate for the full financial year. The tax rate presented in the interim report generally contains tax recoveries /adjustment charges from previous years. It is also influenced by a differentiated assessment of future realizable losses carried forward. In the period under review, tax credits resulting from previous periods amounted to CHF 0.5 million (previous year: tax expenses of CHF 0.2 million).

Result

The result decreased by 33.4% to CHF 22.0 million (previous year: CHF 33.1 million). The result margin reached 8.6% (previous year: 10.6%).

2.5 Notes to the consolidated statement of cash flows**Cash flow from operating activities**

Cash flow from operating activities amounts to CHF 75.2 million (previous year: CHF 1.2 million).

Cash flow from investing activities

Total investments of CHF 17.1 million (previous year: CHF 12.4 million) were invested in various production facilities. In the previous year, investments mainly included the new plant in Suzhou in China.

Cash flow from financing activities

In the first half of 2023, dividends totalling CHF 26.3 million were paid out (previous year: CHF 25.4 million).

2.6 Notes to the consolidated statement of changes in equity**Share capital**

The shareholders' capital of CHF 854,000 is unchanged compared to year-end 2022.

Assignment of shares

Shares assigned to members of the management in the amount of CHF 0.5 million (previous year: CHF 0.4 million) were expensed.

3 FURTHER DISCLOSURES AND INFORMATION**Events after the balance sheet date, seasonality**

The Group did not identify any events after the closing date of the interim statements that would have a material effect on the presentation of its financial position as at June 30, 2023. There are no other facts which require disclosure according to IAS 34.

The industry in which the Group operates does not have significant seasonal variations. However, changes in the economical environment could have an impact on the short-term profitability.

Contingent liabilities

No significant contingent liabilities were incurred in the reporting period.