

WE CONTINUE TO FOCUS ON OUR LONG-TERM GROWTH

Dear shareholders, valued customers, employees and business partners,

Interroll began the first half year cautiously optimistic but added that this development is dependent on the further development of the global economy. After a particularly challenging second half year in 2022, we saw our pipeline for opportunities growing and we started with a strong order intake. With the end of the lockdowns in China, a significant improvement in the business was expected and part of the cautiously optimistic outlook in March. On top of that, we estimated that our customers' destocking would come to an end latest end of the first quarter and that we would see higher product sales starting from there. However, the postponement of projects from our customers' pipeline significantly led to the fact that the destocking continued and only ended by end of the second quarter, so that we were not able to gain momentum on the product sale and on the project business in Europe and Asia-Pacific. The momentum in the United States, especially for the project business, developed in contrary better than anticipated.

Due to the fact that we have installed the principle of "breathing production facilities" and took a very close look on our cost fitness, we were able to limit the impact on the earnings before interest, taxes, depreciation and amortization (EBITDA).

We also successfully managed the supply chain and cost development of purchased goods. Combined with the stable price development of our products, Interroll achieved a solid result under the given circumstances.

Interroll was able to generate an order intake of CHF 301.9 million (−0.8% year-on-year, +4.3% in local currency) for the first half year 2023. The sales amounted to CHF 256.2 million (−17.6% year-on-year, −13.5% in local currency).

Earnings before interest, taxes, depreciation and amortization (EBITDA) were lower at CHF 39.9 million (previous year: CHF 52.4 million). The EBITDA margin fell to 15.6% (previous year: 16.9%). Earnings before interest and taxes (EBIT) reached CHF 28.7 million (29.7%



Ingo Steinkrüger, Chief Executive Officer

below the previous year's figure of CHF 40.8 million). The EBIT margin fell to 11.2% (previous year: 13.1%).

The result of CHF 22.0 million (previous year: CHF 33.1 million) was negatively impacted by the financial result and a slightly higher tax rate compared to the previous year. The result margin reached 8.6% (previous year: 10.6%). Gross investments amounted to CHF 17.1 million (previous year: CHF 12.4 million). Free cash flow increased to CHF 60.0 million (previous year: CHF −7.2 million).

We have a strong position

The ever-growing market of online shopping has created an increasing demand for transporting and sorting high volumes of goods. The global estimate indicates a processed number of parcels for material handling of 159 billion in 2021 and a potential growth to 256 billion in 2027. Therefore, we extended our product portfolio and launched our high-performance conveyor platform (HPP) this year at the LogiMAT. With this platform, we give customers and end users the ability to source the entire range for high-speed conveying including high-speed sorting out of one hand, based on our customer promise: Quality, Speed and Simplicity. On top of that, we introduced the Multibelt Switch (MBS). This sorting device combines conveying and sorting in a very innovative way and is capable of sorting between 3,000 and 10,000 units per hour. It bridges the gap between a divert application and a cross belt sorter application.

During the first half year, we leveraged our collaboration with viastore – a leading international supplier of turnkey intralogistics systems for industry, e-commerce, warehouse and material flow management software.



Paul Zumbühl, Chairman

This partnership enables viastore to offer a wide range of material handling solutions, with our support as a global provider of sustainable conveyor technology.

Launched in 2015, our Rolling on Interroll (ROI) program continued to gain ground in the first half of 2023. This global network now has 130 members. We are highly committed to helping these passionate business partners around the world to connect, grow and find ways together to resolve the material handling challenges of today – and tomorrow. Our main commitment is to bring value to the global material handling industry. At our ROI events, this year in Heilbronn, Germany, and Valencia, Spain, we welcomed over 35 partners – to exchange ideas and market perspectives, including discussions of innovations and business models, in the context of our fast-changing world. Additionally, we also connected our Rolling on Interroll Advisory Board with all our global managing directors at our global management meeting to give direct customer feedback to our management team.

For the first time, Interroll has published a sustainability report. Here, we raise the awareness of the importance of fostering sustainability across the Environment, Social and Government (ESG) spheres. Moving forward, we will focus on four key pillars of our impact areas: “Securing long-term success” – representing the pillar Economics, “Protecting the climate and the environment” – representing the pillar Environment, “Focus on our employees” – representing the pillar Social, and “Ensuring good corporate management,” representing the pillar Governance. We are also emphasizing on how energy efficiency can be achieved with our solutions and how the savings will help our customers – and reduce CO₂ emissions.

Additionally, our Center of Excellence Technopolymers in Sant’Antonino, Switzerland, was awarded the EcoVadis Platinum Medal 2023 and ISO 9001, ISO 14001 and ISO 45001 certifications this year. We are pleased to now be among the top 1% of all rated companies worldwide in the production of polymer injection molded products.

Looking further into the future, Interroll will bridge the gap between static and mobile conveying solutions by introducing the first AMR (Autonomous Mobile Robots) Top Module, already tested by two major players in robotics this year. Our modular solution enables material handling of lightweight goods with the integration of an AMR. The conveyor module on the AMR has been developed based on our extensive conveyor experience. The interface module is the connecting element ensuring reliable level of safety and precision between the AMR Top Module and the receiving/shipping conveyors. It will be easy to handle and simple to integrate and it will have the highest quality standards and a short delivery time.

Outlook

Regarding the markets, we currently see positive developments within our Americas region. In Europe, we are currently experiencing that our customers’ Interroll product stocks are running low and the reordering process seems to be gradually resuming. In Asia-Pacific, we expect moderate growth.

Interroll is strongly positioned and well prepared to benefit from its capacities and technologies at any given moment in time when the market rebounds.

In the medium term, 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. The focus lies on offering the right products and optimizing 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. We are facing up to this responsibility with our leading technology platform and capacities, Interroll is excellently positioned for future growth.

Sant’Antonino, August 2, 2023

Paul Zumbühl
Chairman of the
Board of Directors

Ingo Steinkrüger
Chief Executive Officer