

1 INTERIM FINANCIAL STATEMENTS OF INTERROLL GROUP

1.1 Consolidated statement of financial position

in CHF thousands	30.06.2022	in %	31.12.2021	in %
ASSETS				
Property, plant and equipment	185,049		187,336	
Intangible assets	26,185		25,521	
Financial assets	585		734	
Deferred tax assets	9,401		8,776	
Total non-current assets	221,220	37.4	222,367	41.3
Inventories	161,737		129,412	
Current tax assets	3,551		3,587	
Trade and other accounts receivable	137,163		114,682	
Cash and cash equivalents	67,531		68,496	
Total current assets	369,982	62.6	316,177	58.7
Total assets	591,202	100.0	538,544	100.0
EQUITY AND LIABILITIES				
Share capital	854		854	
Share premium	9,676		8,904	
Reserve for own shares	-74,056		-78,208	
Translation reserve	-86,027		-80,595	
Retained earnings	504,083		494,473	
Total equity	354,530	60.0	345,428	64.1
Financial liabilities	6,736		5,042	
Deferred tax liabilities	1,687		1,780	
Pension liabilities	3,968		6,606	
Provisions	10,479		10,064	
Total non-current liabilities	22,870	3.9	23,492	4.4
Financial liabilities	46,597		17,360	
Current tax liabilities	18,496		18,950	
Trade and other accounts payable	84,423		85,254	
Advances received from customers	64,286		48,060	
Total current liabilities	213,802	36.1	169,624	31.5
Total liabilities	236,672	40.0	193,116	35.9
Total liabilities and equity	591,202	100.0	538,544	100.0

1.2 Consolidated income statement

in CHF thousands	Jan.–Jun. 2022	in %	Jan.–Jun. 2021	in %	Variance	in %
Sales	310,895	100.0	272,036	100.0	38,859	14.3
Material expenses	-152,328	-49.0	-114,439	-42.1		
Personnel expenses	-85,398	-27.5	-77,453	-28.5		
Increase/(decrease) in work in progress, finished products and own goods capitalized	20,234	6.5	11,483	4.2		
Other operating expenses	-43,149	-13.9	-37,782	-13.9		
Other operating income	2,168	0.7	2,434	0.9		
Operating result before depreciation and amortization (EBITDA)	52,422	16.9	56,279	20.7	-3,857	-6.9
Depreciation	-10,041	-3.3	-9,983	-3.7		
Amortization	-1,555	-0.5	-1,309	-0.5		
Operating result (EBIT)	40,826	13.1	44,987	16.5	-4,161	-9.2
Financing expenses	-191	-0.1	-414	-0.2		
Financing income	1,499	0.5	243	0.1		
Financing result	1,308	0.4	-171	-0.1	1,479	-864.9
Result before income taxes	42,134	13.5	44,816	16.4	-2,682	-6.0
Income tax expense	-9,064	-2.9	-11,440	-4.2		
Result	33,070	10.6	33,376	12.2	-306	-0.9
Result attributable to:						
- non-controlling interests	-	-	-	-		
- owners of Interroll Holding AG	33,070	10.6	33,376	12.2	-306	-0.9
Values per share (in CHF)						
Non-diluted earnings (result) per share	40.31		40.61		-0.30	-0.7
Diluted earnings (result) per share	40.31		40.61		-0.30	-0.7

1.3 Consolidated statement of comprehensive income

in CHF thousands	Jan.–Jun. 2022	Jan.–Jun. 2021
Result	33,070	33,376
Other income		
Items that will not be reclassified to income statement		
– Remeasurements of pension liabilities	2,449	588
– Income tax	-508	-122
Total items that will not be reclassified to income statement	1,941	466
Items that in the future may be reclassified subsequently to income statement		
– Translation reserve	-5,432	10,722
Total items that in the future may be reclassified subsequently to income statement	-5,432	10,722
Other income	-3,491	11,188
Comprehensive income	29,579	44,564
Result attributable to:		
– non-controlling interests	–	–
– owners of Interroll Holding AG	29,579	44,564

1.4 Consolidated statement of cash flows

in CHF thousands	Jan.–Jun. 2022	Jan.–Jun. 2021
Result	33,070	33,376
Depreciation, amortization and impairment	11,596	11,292
Loss/(gain) on disposal of tangible and intangible assets	-417	-1,060
Financing result	-1,308	171
Income taxes	9,064	11,440
Changes in inventories	-32,450	-46,371
Changes in trade and other accounts receivable	-23,095	-17,367
Changes in trade and other accounts payable, advances	16,130	41,732
Changes in provisions, net	497	2,337
Income taxes paid	-10,650	-11,889
Personnel expenses on share-based payments	583	850
Other non-cash expenses/(income)	-1,801	785
Cash flow from operating activities	1,219	25,296
Acquisition of property, plant and equipment	-10,209	-29,621
Acquisition of intangible assets	-2,184	-2,334
Acquisition of financial assets	-46	-25
Proceeds from disposal of property, plant and equipment and intangible assets	3,412	1,371
Settlement of loans receivable	179	21
Interests received	456	242
Cash flow from investing activities	-8,392	-30,334
Free cash flow	-7,173	-5,038
Dividends	-25,401	-22,267
Acquisition of own shares	-	-22,501
Disposal of own shares	4,341	-
Proceeds from financial liabilities	30,190	21,373
Repayment of financial liabilities	-1,828	-1,708
Interests paid	-180	-121
Cash flow from financing activities	7,122	-25,224
Translation adjustment on cash and cash equivalents	-914	3,655
Changes in cash and cash equivalent	-965	-26,607
Cash and cash equivalent at January 1	68,496	98,312
Cash and cash equivalent at June 30	67,531	71,705

1.5 Consolidated statement of changes in equity

in CHF thousands	Share capital	Share premium	Reserve for own shares	Translation reserve	Retained earnings	Total equity
Balance at January 1, 2021	854	8,660	-56,352	-74,009	432,837	311,990
Result		0			33,376	33,376
Other comprehensive income, net of taxes				10,722	466	11,188
Comprehensive income				10,722	33,842	44,564
Share-based payments		217	632			849
Purchase of own shares incl. tax effects			-22,501			-22,501
Dividends					-22,267	-22,267
Balance at June 30, 2021	854	8,877	-78,221	-63,287	444,412	312,635
Balance at December 31, 2021	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
Comprehensive income				-5,432	35,011	29,579
Share-based payments		185	398			583
Disposal of own shares		587	3,754			4,341
Dividends					-25,401	-25,401
Balance at June 30, 2022	854	9,676	-74,056	-86,027	504,083	354,530

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, 2022 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 2021. The interim statements were approved by the Board of Directors on July 27, 2022.

The accounting standards used for these interim financial statements are identical to those published and described in the Annual Report 2021.

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 (year-end rates)		
	Jan.–Jun. 2022	Jan.–Jun. 2021	Change in %	30.06.2022	31.12.2021	Change in %
1 EUR	1.025	1.097	-6.6	0.996	1.033	-3.6
1 USD	0.945	0.912	3.6	0.959	0.912	5.1
1 CNY	0.146	0.141	3.0	0.143	0.144	-0.7

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, 2023, 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

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 -0.7 million at June 30, 2022 (December 31, 2021: CHF -0.1 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 information**Sales by geographical markets**

Sales by geographical market are presented as follows:

in CHF thousands	Jan.–Jun. 2022	in %	Jan.–Jun. 2021	in %
Germany	45,709	14.7	31,500	11.6
Other Europe, Middle East, Africa	136,379	43.9	130,698	48.0
Total Europe, Middle East, Africa	182,088	58.6	162,198	59.6
USA	85,452	27.5	61,613	22.6
Other Americas	16,184	5.2	12,924	4.8
Total Americas	101,636	32.7	74,537	27.4
China	13'419	4.3	18'206	6.7
Other Asia incl. Australia	13'752	4.4	17'094	6.3
Total Asia-Pacific	27,171	8.7	35,300	13.0
Total Group	310,895	100.0	272,036	100.0

Material sales with specific customers

Sales have been realized with more than 19,000 active customers. No customer accounts for sales of more than 4% 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. 2022	in %	Jan.–Jun. 2021	in %
Rollers	70,944	22.8	63,855	23.5
Drives	110,222	35.5	93,168	34.2
Conveyors & Sorters	96,821	31.1	88,117	32.4
Pallet Handling	32,908	10.6	26,896	9.9
Total Group	310,895	100.0	272,036	100.0

2.3 Notes to the consolidated statement of financial position

Consolidated statement of financial position

Total assets increased by CHF 52.7 million compared to year-end 2021. Inventories increased by 32.3 million as a result of input for received orders and an increase of the safety stock. Accounts receivable increased as well by CHF 22.5 million. Trade and other accounts payables decreased by CHF 0.8 million to CHF 84.4 million. Net working capital increased by CHF 39.8 million to CHF 135.2 million.

Investments/capital expenditures

A total of CHF 12.4 million in gross capital expenditures were invested in various production facilities, however mainly in Suzhou, China. Total non-current assets reached CHF 221.2 million by June 30, 2022. 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 decreased by CHF 31.9 million compared to year-end 2021 and reached CHF 14.2 million by June 30, 2022.

Total credit lines available at the end of the reporting period amount to CHF 67.9 million (year-end 2021: CHF 68.1 million). Thereof used credit lines amount to CHF 46.5 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

Despite dividend payment, the equity position increased by CHF 9.1 million to CHF 354.5 million compared to the end of 2021. The equity ratio at the end of the interim period corresponds to 60.0% (year-end 2021: 64.1%). In May 2022, a dividend of CHF 31.00 per share was paid as agreed during the Annual General Meeting (previous year: CHF 27.0 per share).

2.4 Notes to the consolidated income statement

Sales

Sales in the reporting currency increased organically by 14.3% to CHF 310.9 million compared to the same period last year. In local currencies, the increase is 18.5%.

Earnings before interest and taxes (EBIT)

EBITDA decreased by 6.9% to CHF 52.4 million (previous year: CHF 56.3 million). The EBITDA margin was at 16.9% (previous year: 20.7%).

The EBIT decreased by 9.2% and reached CHF 40.8 million (previous year: CHF 45.0 million) in the reporting period. The EBIT margin reached 13.1% (previous year: 16.5%).

Financing result

The net financial gain of CHF 1.3 million includes, apart from net financial interest income of CHF 0.2 million, mainly realized and unrealized foreign exchange gains. 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 0.2 million (previous year: tax expenses of CHF 0.2 million).

Result

The result decreased by 0.9% to CHF 33.1 million (previous year: CHF 33.4 million). The result margin reached 10.6% (previous year: 12.2%).

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

Cash flow from operating activities amounts to CHF 1.2 million (previous year: CHF 25.3 million).

Cash flow from investing activities

Total investments of CHF 12.4 million (previous year: CHF 32.0 million) mainly include the finishing of the new plant in Suzhou in China. In the previous year, investments mainly included the new construction in Mosbach, Germany, and the new plant in Suzhou in China.

Cash flow from financing activities

In the first half of 2022, dividends totalling CHF 25.4 million were paid out (previous year: CHF 22.3 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 2021.

Assignment of shares

Shares assigned to members of the management in the amount of CHF 0.4 million (previous year: CHF 0.6 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, 2022. 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.