

ORIOR

EXCELLENCE IN FOOD



2020 **ORIOR Group**

HALF YEAR REPORT

ORIOR – Excellence in Food

ORIOR is an internationally active Swiss food and beverage group that combines craftsmanship with a pioneering spirit and thrives on entrepreneurship and strong values. The delightful world of ORIOR consists of well-established companies and brands with leadership positions in growing niche markets in Switzerland and abroad.

ORIOR's goal is to steadily create value for all stakeholders. Market intimacy, strong partnerships, and a lean, agile group structure and the intradisciplinary ORIOR Champion Model provide the framework from which ORIOR is shaping and driving the market landscape with innovative products, concepts and services. Motivated employees who take pride in their work and who assume responsibility for themselves and for what they do are the key for creating the extraordinary.

We are striving for uniqueness and offer best quality in order to surprise our consumers time and again with enjoyable food moments. Our ambition is nothing less than **Excellence in Food**.

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Dear Shareholders

We are pleased to present you a good first half of 2020 against the backdrop of Covid-19 – thanks to its broader operational footprint, flexible and agile structure, and market centricity as well as its good business development during the first two-and-a-half months of the fiscal year. Business was materially impacted by government guidelines and restrictions and the ensuing measures ORIOR implemented to protect the health of its employees and maintain its supply capabilities. The consequent changes in ORIOR's product and channel mix led to a surge in the retail business and a near-standstill in business at travel catering specialist Casualfood as well as sharp declines in other areas of the food service business.

ORIOR Group generated revenues of CHF 287.4 million in the first half of 2020, which corresponds to an increase of 2.8% from the prior-year period. Organic revenues increased 0.2%, which is notable considering the difficult situation. Organic growth was driven by the ORIOR Refinement and ORIOR International segments. Sharply higher demand in the retail sector due to changes in consumption needs as a result of government policy responses to the pandemic was the key factor for their growth. In addition, business with food service customers after the easing of lockdown restrictions in May was better than expected, albeit still at low levels. On the whole, the significant declines in food service revenues (restaurants, wholesale, take-away, event catering, canteens, schools, children's lunch services) were more than offset by the organic growth. Acquisitions had a positive effect of 4.0% on Group revenues, which reflects the purchase of the second tranche of Casualfood shares in the autumn of 2019 and the consequent full consolidation of the subsidiary. Currency translation had a negative effect of –1.4% on Group revenues.

EBITDA declined by CHF 4.9 million to CHF 23.5 million and the resulting EBITDA margin stood at 8.2%. This contraction is attributed on the one hand to non-recurring costs related to the many measures taken to safeguard the health of ORIOR employees and the company's supply capabilities. The implementation of these measures, ranging from additional safeguards in production areas and break rooms to structural and other changes at points of entry or in locker/changing rooms, entailed considerable – mostly non-recurring – additional costs. They also resulted in temporarily higher absentee rates (vulnerable workers) and slowed down certain operating processes. Public policy responses restricting the right to travel and freedom of movement led to shifts in consumption patterns that impacted both the product and the sales channel mix. There was a general increase in demand from retailers, especially for branded and core products in the refinement, fresh pasta and veggie categories and for Biotta juices. Promotional activities and certain product lines were temporarily scaled back or halted. Meanwhile sales of ready meals declined, in part because of more homeoffice working and consumers had more time to cook their own meals. On the other hand, restaurants and other food establishments were forced to close during the lockdown and that led to the production stoppage of entire product groups. Thanks to its flexible and agile structure, ORIOR managed to realign its production activities in response to the changes in the product mix as well as the surge in demand from food retailers within a very short period of time, which, however, entailed additional costs during this phase of transition. The relatively lower-margin Refinement segment showed very good organic growth during this extraordinary crisis, while sales at the generally higher-margin Convenience segment declined due to the aforementioned changes in consumption needs and the sudden plunge in the food service business. These changes in the product and channel mix had an impact on the Group's profitability as well. Moreover, the near standstill at Casualfood, integrated into ORIOR Group as of the autumn of 2019, had an additional and material impact on all key figures of the income statement.

Quickly initiated cost-cutting measures, temporary measures such as short-time work, and the one-time insurance benefits received were unable to completely offset the above-mentioned negative factors. Operating profit (EBIT) was additionally impacted by acquisition-related depreciation. First-half EBIT amounted to CHF 10.0 million, a decline of CHF 7.4 million compared to the prior-year period. Net profit declined by CHF 5.7 million to CHF 8.3 million, which also reflects the absence of the positive non-recurring income tax effects from the prior-year period.

Operating cash flow for the period under review amounted to CHF 9.6 million (H1 2019: CHF 20.8 million). This contraction reflects the lower earnings and insured benefits that will not be paid out until July 2020. The cash conversion ratio of 40.9% for the period was therefore also well below the multi-year average (H1 2019: 73.3%).

ORIOR Convenience segment

The Convenience segment, which consists of the Fredag, Le Patron, Pastinella and Biotta competence centres, reported revenues of CHF 95.2 million, which represents a decline of –3.9% from the prior-year period. All four competence centres began the year on a positive note and the outlook for the months to follow was promising. That abruptly changed with the restrictions and guidelines issued by government officials in response to the coronavirus outbreak, which led to significant declines in food service sales as well as shifts in consumption patterns as people had more time to cook. Fredag and Le Patron, the two competence centres that generate a large share of their total revenues in the food service business, were materially impacted by these developments. Fredag nevertheless experienced good growth in the retail channel and its business with customers in the restaurant industry was better than expected as restrictions were eased, whereas Le Patron's revenues from ready meals plunged due to the shifts in consumption needs, in addition to the absence of event-related catering revenues and the slow resumption of business with canteens and schools late in the reporting period. Pastinella and Biotta juices generated very good revenues – thanks in part to their low exposure to the food service business. Ultimately, the additional revenues with the retail industry were unable to completely offset the significant drop in this segment's revenues from food service and ready-made products.

As for raw materials, the segment was challenged by high prices for Swiss poultry and the tight supply of special raw materials (e.g. organically grown raw materials) – partly attributable to the increase in demand from retailers.

ORIOR Refinement segment

The ORIOR Refinement segment with the Rapelli, Albert Spiess and Möfag competence centres achieved very good organic growth of 3.7% to CHF 131.9 million in the first half of 2020, to which all three competence centres contributed. The key driver was sharply higher demand in the retail and discounter channels, even though promotional activities and product lines were occasionally scaled back at short notice. The very good performance of branded and core product groups and general trends distinguished by a preference for regional and organic products – which have gained even more momentum because of the coronavirus – could more than offset these reductions in promotional activities and product lines. Thanks to their strong regional appeal and "terroir specialities", Rapelli and Albert Spiess additionally profited from the greater numbers of Swiss who vacationed or made short trips in Switzerland. Möfag generates a much smaller share of its over-all revenues with food service customers and demand for its products from discounters was also sharply higher, so it likewise performed very well in the first half.

As for raw materials, the expected high prices in view of the significantly higher levels of demand – especially for organic and regional products – were pushed even higher by the tight supply of Swiss raw materials.

ORIOR International segment

The ORIOR International segment with the Culinor and Casualfood competence centres, Biotta's sister company Gesa, and Spiess Europe, a distribution platform, increased its revenues to CHF 74.8 million compared to CHF 67.3 million in the prior-year period. This growth of +11.1% consists of an acquisition effect of +16.6% from the acquisition of Casualfood as of the autumn of 2019, good organic growth of +0.3% considering the extraordinary situation, and a clearly negative currency effect of –5.8%. The reporting period started off very well; afterwards, the rapid global outbreak of the coronavirus and subsequent lockdowns with an almost complete standstill of the airline industry hit Casualfood, a company specialising in travel catering, hard. Almost all of its sales outlets had to be closed. Rail and air traffic has slowly resumed since June 2020 and Casualfood's points of sale are also gradually being reopened. In the Benelux food service and retail markets, the situation was similar to that in Switzerland. The Culinor Food Group, ORIOR's specialist for freshly prepared meals and meal components, generated strong growth with home delivery solutions and specialty products for the retail channel developed in collaboration with

renowned chefs. At the same time, food service revenues in the Benelux (including schools and system gastronomy) plunged, and sales of ready meals declined due to the restrictions imposed on freedom of movement and travel and the ensuing shift in consumption patterns (employees working from home, more time to cook). Gesa, Biotta's sister company specialised in organic vegetable juices for the B2B market, and Spiess Europe delivered very good results for the period under review.

On the commodity front, there were no changes or notable extraordinary effects.

Key Group initiatives

The presentation of the ORIOR 2025 strategy has been postponed due to the extraordinary situation in the wake of the corona pandemic. The ongoing strategy process is being interactively developed with the Top50, key executives and specialists from throughout ORIOR Group, and approved in stages by the Board of Directors, which is closely involved in the process. The ORIOR 2025 strategy will be presented to investors on 9 November 2020. It will also cover the increasingly important issue of sustainability and the somewhat broader ESG issues (Environmental, Social and Governance). Both are the focus of key Group initiatives that are being vigorously pursued. The current focus is on firmly anchoring sustainability issues in the company's planning and implementation processes as well as in the daily operations and the general mindsets of its employees. Talent management, clean label, energy strategy and packaging optimisation are other projects that we are working on. ORIOR intends to provide a detailed overview concerning ESG when it publishes its 2020 annual report. A key element of management strategy as well as the ORIOR 2025 strategy is "New Normal," a key strategic initiative that was launched in the spring of 2020. Besides taking measures to sustain if not improve the company's operating performance levels and cost-efficiency, we are also conducting a detailed analysis of our financial and organisational structures under this initiative and will make the necessary changes to ensure their future-readiness and create fresh momentum for sustainable growth beyond today's horizons.

Thank you

This crisis is broad and challenging. The society we live in, the economy and the entire world have been affected in unprecedented ways and this crisis will challenge us for some time to come. Daniel Lutz, CEO of ORIOR Group: "I thank all ORIOR employees for the remarkable achievements and for ensuring compliance with all the emergency orders and measures that were imposed during this extraordinary time. The general operating environment and working conditions were and are anything but normal. This has required perseverance, strength, and identification. So far, we have mastered this crisis well. You have earned my admiration and respect."

Outlook

Considering the volatile situation surrounding the coronavirus, it is very difficult to give reliable outlook for the 2020 fiscal year. Based on our realistic expectations, we anticipate a good course of business in the second half of the year are good under the given circumstances. Assuming the general situation with respect to the corona pandemic is stable, the extraordinary effects the pandemic has had on our business activities should continue to subside. The food service business should continue to recover, given the travel restrictions that are still in place and the resulting greater number of domestic tourists in Switzerland's holiday regions. Nevertheless, the situation is still far from normal. We expect a substantial recovery in many channels of the food service business by the end of the year, but hardly any improvement in other areas of the food service industry, event catering for example. In view of the extraordinary situation facing the world today, the travel industry is likely to recover at a much slower pace. Casualfood, thanks to its agile and flexible business model specialising in small and micro outlets as well as mobile food vending stands, is ideally positioned to benefit from the resumption of travel activity. From today's perspective, we expect Casualfood to have at least half of its outlets up and running again by the end of 2020. The retail business is expected to be a strong performer in the second half too, but growth is likely to level off somewhat. On the product front, we expect the trends towards organic and regional products to continue and that sales of ready-made meals will remain sluggish in the second half (as employees continue to work from home). We are working on specifically

defined measures and initiatives to improve the company's efficiency and cost base. At the same time, the costs incurred to protect our employees and ensure our supply capability, factoring out the non-recurring expenses, will be lower. Despite the ongoing situation with the coronavirus, we expect operating profitability (EBITDA margin) to rise above the level of 8.2% reported for the first half of the year. Looking beyond the current year, we are very optimistic regarding 2021 and expect good growth rates and a further improvement in the EBITDA margin.



Rolf U. Sutter
Chairman of the Board of Directors



Daniel Lutz
CEO ORIOR Group

ORIOR Group locations

ORIOR Switzerland



Rapelli SA, Stabio
Ticino charcuterie specialties



Albert Spiess, Schiers
Graubünden specialties



Möfag, Zuzwil
Fürstentümer specialties



Fredag, Root
Poultry / meat specialties, vegetarian



Le Patron, Böckten
Pâtés and terrines, ready meals



Pastinella, Oberentfelden
Fresh, filled and unfilled pasta



Biotta, Tägerwilen
Organic vegetable and fruit juices

ORIOR International



Culinor Food Group, Destelbergen (BE)
Ready meals and meal components



Vaco's Kitchen, Olen (BE)
Chef meals and meal components



Gesa, Neuenstadt-Stein (DE)
Organic vegetable juices



Casualfood, Frankfurt am Main (DE)
To-Go food islands



ORIOR / Spiess Europe, Haguenau (FR)
Picking, packing and delivery



Facts & figures

Number of employees (FTE): approx. 2 000

Headquarters: Zurich, Switzerland

Year founded: 1992

Products: premium food and beverages

Production sites: ORIOR operates 9 competence centres with 17 sites and approx. 60 To-Go food islands in various regions of Switzerland, in Belgium and in Germany.

January to June 2020

- Revenues increased 2.8% to CHF 287.4 million; +0.2% organic, +4.0% acquisition-driven and –1.4% currency translation effect
- Food service revenues sharply lower; travel catering specialist Casualfood shut down almost completely during the lockdown.
- Business with food retailers and discounters with significant overperformance.
- Corona-related shifts in product and sales channel mix and non-recurring costs pressure profitability. EBITDA declined by CHF 4.9 million to CHF 23.5 million; EBITDA margin 8.2%.
- Net profit declined by CHF 5.7 million to CHF 8.3 million, additionally attributed to acquisition-related depreciation and positive income tax effects from the prior-year period.
- Outlook for the second half of 2020: Retail business should remain strong, stepwise recovery in food service, clear improvement in Group operating profit (EBITDA margin) compared to the first half of 2020.

Key figures

| in CHF thousand | Jan – Jun 2020 | Jan – Jun 2019 | Δ in kCHF | Δ in % |
|--|----------------|----------------|------------------|---------------|
| Net sales | 287 414 | 279 640 | +7 774 | +2.8% |
| EBITDA | 23 474 | 28 419 | –4 945 | –17.4% |
| <i>as % of net sales</i> | 8.2% | 10.2% | | |
| EBIT | 10 031 | 17 423 | –7 392 | –42.4% |
| <i>as % of net sales</i> | 3.5% | 6.2% | | |
| Profit for the period | 8 310 | 13 967 | –5 657 | –40.5% |
| <i>as % of net sales</i> | 2.9% | 5.0% | | |
| Cash flow from operating activities | 9 602 | 20 827 | –11 225 | –53.9% |
| <i>Cash conversion</i> | 40.9% | 73.3% | | |
| Net debt / EBITDA ratio | 2.87x | 2.45x | | |
| Equity ratio | 19.3 % | 23.2 % | | |
| ROCE | 11.4 % | 13.8 % | | |
| Earnings per share in CHF | 1.28 | 2.15 | | |
| Dividend per share in CHF | 2.32 | 2.24 | | |
| Market capitalisation at 30.06. | 507 713 | 537 694 | –29 980 | –5.6% |
| Avg. number of employees (FTE) | 2 050 | 1 601 | +449 | +28.0% |

Consolidated Income Statement

| in CHF thousand | Note | Jan - Jun 2020 | Jan - Jun 2019 | Δ in kCHF | Δ in % |
|---|------|-------------------|-------------------|------------------|---------------|
| Net sales from goods and services | ■ 5 | 287 414 | 279 640 | +7 774 | +2.8% |
| Raw materials/goods and services purchased | | -160 319 | -157 421 | -2 897 | |
| Changes in inventories | | -1 583 | 1 848 | -3 431 | |
| Gross profit | | 125 512 | 124 067 | +1 445 | +1.2% |
| <i>as % of net sales</i> | | 43.7% | 44.4% | | |
| Personnel expense | | -64 372 | -58 894 | -5 479 | |
| Other operating income | ■ 8 | 4 732 | 377 | +4 354 | |
| Other operating expense | | -42 397 | -37 131 | -5 266 | |
| EBITDA | | | | | |
| Earnings before interest, taxes, depreciation and amortisation | | 23 474 | 28 419 | -4 945 | -17.4% |
| <i>as % of net sales</i> | | 8.2% | 10.2% | | |
| Depreciation - tangible assets | | -9 507 | -8 673 | -834 | |
| Amortisation - intangible assets | | -3 936 | -2 324 | -1 612 | |
| EBIT | | | | | |
| Earnings before interest and taxes | | 10 031 | 17 423 | -7 392 | -42.4% |
| <i>as % of net sales</i> | | 3.5% | 6.2% | | |
| Result of associated organisations and joint ventures | | 0 | 308 | -308 | |
| Financial income | ■ 2 | 567 | 708 | -141 | |
| Financial expense | | -1 911 | -2 315 | +404 | |
| Profit before taxes | | 8 687 | 16 124 | -7 437 | -46.1% |
| <i>as % of net sales</i> | | 3.0% | 5.8% | | |
| Income tax expense | ■ 7 | -1 891 | -2 157 | +266 | |
| Profit for the period incl. non-controlling interests | | 6 797 | 13 967 | -7 171 | -51.3% |
| <i>as % of net sales</i> | | 2.4% | 5.0% | | |
| Non-controlling interests | | 1 514 | 0 | +1 514 | |
| Profit for the period | | 8 310 | 13 967 | -5 657 | -40.5% |
| <i>as % net sales</i> | | 2.9% | 5.0% | | |
| Earnings per share in CHF | | 1.28 | 2.15 | | |
| Weighted $\bar{\varnothing}$ number of shares outstanding in '000 | | 6 512 | 6 500 | | |

Consolidated Balance Sheet

| in CHF thousand | Note | 30.06.2020 | in % | 31.12.2019 | in % |
|--|------|----------------|--------|----------------|--------|
| Cash and cash equivalents | | 22 696 | | 19 442 | |
| Current financial assets | | 504 | | 504 | |
| Trade accounts receivable | | 56 054 | | 68 817 | |
| Other current receivables | | 11 042 | | 4 411 | |
| Inventories and work in progress | | 92 748 | | 94 723 | |
| Prepaid expenses/accrued income | | 6 160 | | 2 947 | |
| Current assets | | 189 205 | 48.0% | 190 845 | 47.2% |
| Property, plant and equipment | | 128 238 | | 133 013 | |
| Intangible assets | | 74 577 | | 78 887 | |
| Financial assets | | 1 952 | | 1 556 | |
| Non-current assets | | 204 767 | 52.0% | 213 456 | 52.8% |
| Total assets | | 393 972 | 100.0% | 404 301 | 100.0% |
| Current financial liabilities | | 8 412 | | 6 921 | |
| Trade accounts payable | | 60 477 | | 76 151 | |
| Other current payables | | 12 694 | | 9 107 | |
| Accrued liabilities | | 22 144 | | 21 430 | |
| Current portion of provisions | | 1 306 | | 1 332 | |
| Current liabilities | | 105 033 | 26.7% | 114 942 | 28.4% |
| Non-current financial liabilities | | 175 218 | | 163 263 | |
| Provisions | | 4 330 | | 4 363 | |
| Deferred tax liabilities | | 33 179 | | 35 280 | |
| Non-current liabilities | | 212 727 | 54.0% | 202 906 | 50.2% |
| Total liabilities | | 317 760 | 80.7% | 317 848 | 78.6% |
| Share capital | | 26 070 | | 26 070 | |
| Additional paid-in capital | | 19 091 | | 26 642 | |
| Treasury shares | | -673 | | -122 | |
| Retained earnings | | 25 207 | | 25 671 | |
| Equity before non-controlling interests | | 69 695 | 17.7% | 78 261 | 19.4% |
| Non-controlling interests | | 6 517 | | 8 192 | |
| Equity after non-controlling interests | | 76 212 | 19.3% | 86 453 | 21.4% |
| Total liabilities and equity | | 393 972 | 100.0% | 404 301 | 100.0% |

Consolidated Statement of Equity

| in CHF thousand | Note | Share capital | Additional paid-in capital | Treasury shares | Retained profits | Foreign currency translation | Total Retained earnings | Equity before non-controlling interests | Non-controlling interests | Equity after non-controlling interests |
|----------------------------------|------|---------------|----------------------------|-----------------|------------------|------------------------------|-------------------------|---|---------------------------|--|
| Balance as at 01.01.2019 | | 26 070 | 41 045 | -843 | 21 626 | 1 829 | 23 455 | 89 727 | 0 | 89 727 |
| Profit for the period | | 0 | 0 | 0 | 13 967 | 0 | 13 967 | 13 967 | 0 | 13 967 |
| Foreign currency translation | | 0 | 0 | 0 | 0 | -807 | -807 | -807 | 0 | -807 |
| Dividends | ■ 6 | 0 | -14 550 | 0 | 0 | 0 | 0 | -14 550 | 0 | -14 550 |
| Share-based payments | | 0 | 0 | 0 | 78 | 0 | 78 | 78 | 0 | 78 |
| Movement in treasury shares | | 0 | 20 | -199 | 0 | 0 | 0 | -180 | 0 | -180 |
| Balance as at 30.06.2019 | | 26 070 | 26 514 | -1 042 | 35 671 | 1 022 | 36 693 | 88 235 | 0 | 88 235 |
| Balance as at 01.01.2020 | | 26 070 | 26 642 | -122 | 25 432 | 239 | 25 671 | 78 261 | 8 192 | 86 453 |
| Profit for the period | | 0 | 0 | 0 | 8 310 | 0 | 8 310 | 8 310 | -1 514 | 6 797 |
| Foreign currency translation | | 0 | 0 | 0 | 0 | -1 216 | -1 216 | -1 216 | -162 | -1 378 |
| Change in scope of consolidation | ■ 2 | 0 | 0 | 0 | -92 | 0 | -92 | -92 | 0 | -92 |
| Dividends | ■ 6 | 0 | -7 550 | 0 | -7 550 | 0 | -7 550 | -15 100 | 0 | -15 100 |
| Share-based payments | | 0 | 0 | 0 | 85 | 0 | 85 | 85 | 0 | 85 |
| Movement in treasury shares | | 0 | 0 | -551 | 0 | 0 | 0 | -551 | 0 | -551 |
| Balance as at 30.06.2020 | | 26 070 | 19 091 | -673 | 26 184 | -977 | 25 207 | 69 695 | 6 517 | 76 212 |

Consolidated Cash Flow Statement

| in CHF thousand | Note | Jan - Jun 2020 | Jan - Jun 2019 |
|---|------|----------------|----------------|
| Profit for the period | | 8 310 | 13 967 |
| Non-controlling interests | | -1 514 | 0 |
| Income tax expense | ■ 7 | 1 891 | 2 157 |
| Depreciation/amortisation | | 13 443 | 10 996 |
| Share-based payments | | 85 | 78 |
| Result of associated organisations and joint ventures | | 0 | -308 |
| Other non liquidity-related transactions | ■ 2 | -214 | 0 |
| Change in value adjustments and provisions | | -355 | -531 |
| Gain from disposal of fixed assets | | -37 | -33 |
| Interest income / Dividend income | | -31 | -13 |
| Interest expense | | 1 120 | 1 047 |
| Change in trade accounts receivable | | 12 287 | 16 543 |
| Change in other current receivables | | -6 245 | 331 |
| Change in inventories and work in progress | | 2 070 | -2 641 |
| Change in trade accounts payable | | -15 177 | -8 293 |
| Change in other current payables | | -910 | -1 481 |
| Change in prepaid expenses | | -3 687 | -4 079 |
| Change in accrued liabilities | | 861 | -2 803 |
| Interest paid | | -656 | -649 |
| Taxes paid | | -1 639 | -3 461 |
| Cash flow from operating activities | | 9 602 | 20 827 |
| Purchase of property, plant and equipment | | -5 680 | -6 052 |
| Proceeds from sale of property, plant and equipment | | 80 | 53 |
| Purchase of intangible assets | | -962 | -292 |
| Purchase of investment in associated organisations and joint ventures | | 0 | -1 576 |
| Establishment of associated organisations and joint ventures | ■ 2 | -206 | 0 |
| Grant of loan | | -190 | -1 340 |
| Interest received / Dividends received | | 33 | 1 043 |
| Cash flow from investing activities | | -6 925 | -8 165 |
| Increase in financial liabilities | | 45 810 | 24 458 |
| Repayment of financial liabilities | | -32 237 | -27 457 |
| Repayment of finance lease liabilities | | -30 | -6 |
| Dividends | ■ 6 | -12 458 | -14 550 |
| Sale of treasury shares | | 0 | 3 404 |
| Purchase of treasury shares | | -551 | -3 584 |
| Cash flow from financing activities | | 534 | -17 734 |
| Net increase (+) / decrease (-) in cash and cash equivalents | | 3 211 | -5 073 |
| Foreign exchange differences on cash and cash equivalents | | 43 | -94 |
| Cash and cash equivalents as at 01.01. | | 19 442 | 35 533 |
| Cash and cash equivalents as at 30.06. | | 22 696 | 30 366 |

Notes to the Interim Consolidated Financial Statements

1 Basis of presentation

This interim report comprises the consolidated financial statements of ORIOR AG and its subsidiaries for the interim period ended 30 June 2020. The interim consolidated financial statements have been prepared in accordance with the entire Swiss GAAP FER (Accounting and Reporting Recommendations). The accounting principles also comply with the provisions of the listing rules of the SIX Swiss Exchange and with Swiss company law.

The interim consolidated financial statements 2020 were prepared in compliance with Swiss GAAP FER 31 – Complementary recommendation for listed companies and should be read in conjunction with the annual financial statements 2019 as the interim consolidated financial statements do not contain all disclosures required in the year-end financial statements.

The Board of Directors approved the interim consolidated report on 18 August 2020.

In preparing the interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities as well as the reported contingent liabilities at the close of the interim reporting period. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the interim financial statements, deviate from the actual circumstances, the estimates and assumptions for the period in which the circumstances change will be modified as appropriate.

Related to the coronavirus an impairment test was conducted for the intangible assets of Casualfood as of the first half year. The result shows that no impairment is necessary.

The figures shown in the interim consolidated financial statements are rounded up or down. The actual calculations are made with greater precision, so small rounding differences can appear.

2 Change in scope of consolidation

In the reporting period

During the reporting period Orior Deutschland GmbH in Liq. with registered office in Frankfurt was liquidated and is no longer in the scope of consolidation. A liquidation surplus of kCHF 92 was realized. At the time of the liquidation the cumulated translation differences amounted to kCHF 122, which were recycled through financial income.

On 22 January 2020 the establishment of the joint venture "Smartseller" with duty free retail and distribution company Gebr. Heinemann SE & Co. KG was announced. The joint venture was founded on 01 June 2020 and will start operating in the second half of 2020. The investment of kCHF 206 are payments for share capital and other deposits from Casualfood GmbH to Smartseller GmbH & Co. KG. This company will be recognized as associated organisation and joint venture and accounted for using the equity method.

In the prior year period

There were no changes in the scope of consolidation during the prior year period.

3 Segment information

For management purposes, the Group is structured along product categories into the three following operating segments:

- ORIOR Convenience and its competence centres Fredag, Pastinella, Le Patron and Biotta operate five processing facilities in the German-speaking part of Switzerland. Besides fresh convenience products such as ready-made meals, patés and terrines, fresh pasta, vegetarian and vegan specialities as well as cooked poultry and meat products, the Convenience segment also produces all-natural organic vegetable and fruit juices. Its products are mainly sold through retail, food service channels and specialised retailers in Switzerland. The Convenience segment consists of four operating segments. These operating segments have been aggregated because their long-term financial performance is similar. The type of product and the way these products are made as well as the client groups are also similar, and in some cases identical.
- ORIOR Refinement and its three competence centres Rapelli, Albert Spiess and Möfag operate five processing and refining facilities in the cantons of Grisons, Ticino and St. Gallen. The segment is characterised by a clear focus on refined and processed meat products and produces traditional premium meat products from Bündnerfleisch and ham to salami and Mostbröckli. The products are mainly sold through retail and food service channels in Switzerland. The Refinement segment includes three main operating segments. These operating segments have been aggregated because their long-term financial performance is similar. The type of product and the way these products are made as well as the client groups are also similar, and in some cases identical.
- ORIOR International consists of the two operating competence centres Culinor Food Group and Casualfood, the operating activities of Biotta's sister company Gesa, and Spiess Europe, a platform for the final slicing, packaging and distribution of the Group's products. The Culinor Food Group centre of competence has five sites in Belgium where it produces high-quality ready-made meals and meal components, most of which are supplied to retailers and food services companies. Gesa is based in Germany and specialises in producing organic vegetable juices for the food and beverage industry. Casualfood operates approximately 60 small food to go islands at hightraffic locations in airports.

Net sales by segment

| in CHF thousand | Jan - Jun 2020 | Jan - Jun 2019 |
|----------------------------|----------------|----------------|
| ORIOR Convenience | 95 222 | 99 047 |
| ORIOR Refinement | 131 874 | 127 229 |
| ORIOR International | 74 776 | 67 288 |
| Intercompany eliminations | -14 459 | -13 924 |
| Net sales | 287 414 | 279 640 |

ORIOR foregoes reporting detailed segment results due to the following reason (Swiss GAAP FER 31): There are only a few major players on the sourcing and sales sides of the market in which ORIOR Group operates but there are many food and beverage producers. ORIOR Group is one of the few companies in its industry that publishes financial statements. The publication of detailed segment results created significant problems for ORIOR Group in recent years.

4 Seasonality of operations

Due to its broad product portfolio and high degree of product diversification, the ORIOR Group experiences a generally stable course of business with little seasonal variation. The only exception is the increase in revenues in the month of December, which is attributable to greater demand in the run-up to Christmas and New Year's Eve.

5 Net sales

The measures imposed by government officials to contain the coronavirus pandemic, including widespread travel restrictions, and the ensuing shifts in consumer needs led to in some cases sharp declines in revenues from food service channels and Casualfood. The surge in demand from retail customers and the good performance of the export business compensated these declines.

Net sales by country group

| in CHF thousand | 2020 | in % total | 2019 | in % total | Δ in % Local Currency |
|----------------------|----------------|---------------|----------------|---------------|-----------------------|
| Switzerland | 208 696 | 72.6% | 211 511 | 75.6% | -1.3% |
| BeNeLux ¹ | 44 723 | 15.6% | 50 708 | 18.1% | -6.4% |
| Germany | 13 709 | 4.8% | 2 583 | 0.9% | 436.5% |
| Others | 20 286 | 7.1% | 14 838 | 5.3% | 43.2% |
| Total | 287 414 | 100.0% | 279 640 | 100.0% | |

¹ Belgium, Netherlands, Luxembourg

The allocation to country groups is based on the domicile of the customers.

The significant increase in net sales in Germany is due to the Casualfood acquisition. Good export business is driving the net sales in the country group Others.

Net sales by customer

| in CHF thousand | 2020 | in % total | 2019 | in % total | Δ in % Local Currency |
|-----------------|----------------|---------------|----------------|---------------|-----------------------|
| #1 Customer | 80 612 | 28.0% | 76 259 | 27.3% | 5.7% |
| #2 Customer | 33 135 | 11.5% | 30 638 | 11.0% | 8.2% |
| #3 Customer | 16 565 | 5.8% | 17 496 | 6.3% | 0.5% |
| #4 Customer | 12 776 | 4.4% | 15 962 | 5.7% | -15.0% |
| #5 Customer | 12 262 | 4.3% | 10 991 | 3.9% | 11.6% |
| Others | 132 064 | 45.9% | 128 295 | 45.9% | 4.7% |
| Total | 287 414 | 100.0% | 279 640 | 100.0% | |

6 Dividends

The dividend for 2019 was paid in June 2020 in conformity with the decision taken at the Annual General Meeting on 04 June 2020. Shareholders approved the proposed dividend of CHF 2.32 per share, resulting in a total dividend of kCHF 15 100 (2019: kCHF 14 550). 50% of the dividend is paid out of retained earnings (subject to withholding tax) and 50% is paid out of the contribution reserve (exempt from withholding tax). The payment of the withholding tax in the amount of kCHF 2 643 was outstanding as of 30 June 2020.

7 Income taxes

The major components of income tax expense are:

| in CHF thousand | Jan - Jun 2020 | Jan - Jun 2019 |
|-----------------------------|----------------|----------------|
| Current income taxes | -3 493 | -2 146 |
| Movements of deferred taxes | 1 603 | -11 |
| Total | -1 891 | -2 157 |

During the prior year period tax-loss carryforwards were offset against profits. This resulted in lower income taxes in the previous year. The positive movements of deferred taxes can be partly attributed to amortisations of intangibles resulting from the Casualfood acquisition.

8 Income from insurance payment

The ORIOR group is covered by a property and business interruption insurance which covers epidemic risks. The insurance coverage for these epidemic risks amounts to up to kCHF 4 400. The claim for the entire coverage of kCHF 4 400 was completed in the first half of 2020 and is recognized in the consolidated income statement in the other operating income. The corresponding payment took place at the beginning of July, thus after the reporting period.

9 Events after the balance sheet date

There were no significant events after the balance sheet date of 30 June 2020.

Share information

| | |
|-------------------------------|--|
| Listing | SIX Swiss Exchange |
| Security number | 11167736 |
| ISIN code | CH0111677362 |
| Ticker symbol | ORON |
| LEI (Legal Entity Identifier) | 50670020I84ZA17K9522 |
| Shares entitled to dividend | All, except for treasury shares. |
| Voting rights | All registered shares have full voting rights. |

Major shareholders

According to notifications received, as of 15 August 2020 the following shareholders each own more than 3% of ORIOR AG's share capital:

| Shareholder | Number of shares | % | Source |
|---|------------------|--------------------|-------------------------|
| UBS Fund Management (Switzerland) AG (CH) | 684 978 | 10.51 ¹ | Notification 20.11.2018 |
| Swisscanto Fondsleitung AG (CH) | 353 965 | 5.431 | Notification 15.11.2018 |
| Credit Suisse Funds AG (CH) | 345 903 | 5.31 | Notification 15.11.2018 |
| Schroders Plc (GB) | 288 856 | 4.875 ² | Notification 05.02.2015 |

¹ Includes RoPas (CH) Institutional Fund – Equities Switzerland, which holds an interest of 6.29%.

² Corresponds to the information in the disclosure notification dated 5 February 2015 and is consequently based on the total outstanding share capital of ORIOR AG at that time.

Market information / key data

| | | 30.06.2020 | 30.06.2019 |
|---|----------------|------------|------------|
| Share price on 30.06. | in CHF | 77.90 | 82.50 |
| Year high (July – June) | in CHF | 94.70 | 87.00 |
| Year low (July – June) | in CHF | 71.00 | 74.00 |
| Market capitalisation on 30.06. | in CHF million | 507.7 | 537.7 |
| Earnings per share | in CHF | 1.28 | 2.15 |
| Operating cash flow per share | in CHF | 1.47 | 3.20 |
| Equity per share | in CHF | 11.70 | 13.58 |
| Weighted Ø number of shares outstanding | in '000 | 6 512 | 6 500 |

The "per share" benchmark figures are calculated on the basis of the weighted average number of shares outstanding.

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Key dates

| | |
|---------------|--|
| 10 March 2021 | Publication full year results and annual report 2020 |
| 26 April 2021 | 11th Annual General Meeting |

Note to performance measures

ORIOR uses alternative performance measures in this Half Year Report which are not defined by Swiss GAAP FER. These alternative performance measures provide useful and relevant information regarding the operative and financial performance of the Group. The document "Alternative Performance Measures Half Year 2020", which is available on <https://orior.ch/en/financial-reports>, defines these alternative performance measures.

Disclaimer

This Half Year Report may contain forward-looking statements based on the currently held beliefs and assumptions of the management of ORIOR AG, which it believes are reasonable. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance, or achievements of ORIOR AG, or industry results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements.

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