



Financial Half-Year Statements 2021/22

KLINGELNBERG AG

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Dear Shareholders,

Your company, KLINGELNBERG AG, has undoubtedly experienced the most difficult first half-year in its history. While we were still able to inform our shareholders in an ad-hoc announcement in March and in our annual report in June – not without a certain amount of pride – that KLINGELNBERG had impressively mastered the severe crisis resulting from the economic downturn and the immediately following global burdens caused by the Covid-19 pandemic, one single day changed everything: 14 July 2021. On this day, torrential rain affected several areas in the western part of Germany. Within only a few hours, whole regions were flooded, houses swept away, bridges destroyed, entire villages and towns devastated. Hückeswagen, our company's most important site with around 750 employees, is located in one of the regions that were affected.

Let's not forget: Until that day, KLINGELNBERG was highly confident about the future – and we had every reason to be. The Company and its management had delivered as promised: Emerge stronger from the economic crisis and the subsequent Corona crisis. This was what KLINGELNBERG had achieved. It had once again proven a successful strategy to be diversified across all relevant industries and to be positioned worldwide while competing for orders with a high level of entrepreneurial commitment. Our high technical competence in the field of large high-precision grinding machines has brought us significant order volumes in the dynamically growing wind power market segment, especially in Asia. At the same time, as announced, we benefited disproportionately from the steadily increasing quality requirements for e-mobility solutions. Both our Speed Viper gear grinding machine and our measuring centers won significant reference orders. All this laid the foundation for a promising 2021/22 financial year and an even better 2022/23 financial year.

Then came 14 July – and with it the complete flooding of our Hückeswagen site. Machines packed for delivery and machines under construction for customers were affected. Production machines were underwater, as were large parts of the warehouse. The IT had to be shut down in an emergency as the site's power supply was completely cut off. It was not until two days later that we could re-enter the site and determine the extent of the damage. The damage was enormous.

Then began what makes KLINGELNBERG so unique and so strong: The people in the Company – Board of Directors, Management, Executives, employees – all decided unanimously: We're saving our company! And they began to clean up, repair, and rebuild. Day and night.

On the morning of the following day after the flooding, a specialized company commissioned immediately began to ensure emergency operation, prevent consequential damage to the environment, secure machinery and equipment and protect them from further damage. The site's IT was brought back online. At the same time, the members of the Executive Committee

and Management held extensive discussions with banks, insurers, customers, and suppliers to create acceptance for unavoidable delivery delays on the one hand, and on the other hand to motivate suppliers to initially give preference to KLINGELNBERG to further reduce possible effects on business operations. The outcomes of these discussions were extremely positive. Not least because of the long-standing solid business relations based on mutual fairness, KLINGELNBERG experienced far-reaching support and solidarity from its customers and partners.

To strengthen liquidity, Credit Suisse is providing bridge financing in the amount of EUR 20 million, half of which is guaranteed by the Klingelberg family. In addition, the members of the Executive Committee and Management voluntarily waived significant components of their compensation, as did the members of the Board of Directors. Talks have been initiated with the collective bargaining partner to negotiate a temporary in-house collective agreement to make up for the damage caused as quickly as possible.

Two weeks after the disaster, on 04 August 2021, KLINGELNBERG informed its shareholders that an existential threat to the Company had been averted. As things stand at present, KLINGELNBERG continues to expect a total cost of around EUR 55 million to EUR 65 million from property damage and interruption of operations. Of this amount, around EUR 15 million – around 25 percent – will be covered by insurance, leaving the Company with a remaining loss of around EUR 40 million to EUR 50 million. The KLINGELNBERG Group had expected a clearly positive result for the 2021/22 financial year. However, against the background of the estimated damage caused by the flooding, KLINGELNBERG now expects a loss of around EUR 30 million to EUR 40 million for the current financial year. Given a very high equity ratio of 56 percent as of the last annual financial statements, KLINGELNBERG can absorb the loss in balance sheet terms and aims to fully absorb it in the 2021/22 financial year. Today, four months later, we are again confident about the future of KLINGELNBERG. Production and assembly operations are up and running again. Despite the damage caused by the flood at the Hückeswagen site, the order intake of the KLINGELNBERG Group continues to develop positively. The Company's order backlog is currently higher than ever before in its history.

The employees and the entire management team are working with maximum energy and total commitment to restore normal operations, and customers and suppliers are supporting us to the best of their ability. So, there are good reasons to be convinced of a strong comeback of the Company. We, for one, are convinced of it. And we would like to thank all those involved in the enormous efforts it took to get us back on track for their outstanding hard work and dedication.



Dr. Jörg Wolle
Chairman of the Board of Directors



Jan Klingelberg
CEO

Zürich, 17 November 2021

Financial report

Flood of 14 July 2021

In the late evening of 14 July 2021, the central KLINGELNBERG site in Hückeswagen was flooded as a result of the persistent heavy rainfall in the west and south-west of the Federal Republic of Germany. Machines packed for delivery and machines under construction for customers were affected, production machines were under water as were large parts of the warehouse, production and assembly areas. The IT had to be shut down in an emergency and the site's power supply had to be switched off.

Thanks to the joint and rapid action of all people in the Company, the Board of Directors, the Management and the employees, it was possible to establish emergency operation on the following day with the additional support of a specialist company. Severely affected areas such as production and assembly have been put back into operation after a lengthy interruption.

As things stand at present, the KLINGELNBERG Group expects a total cost of around EUR 55 million to EUR 65 million from property damage and interruption of operations, with the share of property damage expected to be around 40% and the share of business interruption around 60%. The property damage recognized in the consolidated income statement in the half-year financial statements amounts to EUR 25,3 million. Of this amount, EUR 10,8 million is attributable to other operating expense (such as costs for clean-up work, repairs and maintenance of buildings and operating equipment), EUR 10,4 million to material expense (material destroyed or no longer usable) and EUR 4,1 million to the change in inventory of finished and unfinished goods as well as unbilled goods and services (work in progress had to be impaired). The property damage is shown in the half-year financial statements for the 2021/22 financial year in accordance with the current state of knowledge. However, the amount of damage may still change, as not all materials and machines have been finally inspected at the present time. The total loss from the business interruption cannot be definitively estimated at the present time, as the full extent of the interruption of operations cannot yet be quantified.

Furthermore the German federal government has issued guidelines for the funding of reconstruction. Companies can apply to the state of North Rhine-Westphalia (Germany) for development aid, but the amount and timing of payments are still not known.

Segments and markets

The KLINGELNBERG Group had to face many different global and regional challenges in the first half of the 2021/22 financial year. While fading waves of the worldwide pandemic accelerated the recovery of the developed economies, disruptions to international supply chains due to shortages of materials and upstream products weighed on the manufacturing sector.

Nevertheless, the euro area resumed its recovery path in the second quarter of calendar year 2021 with a growth rate of 2,2%. Overall economic production in the US expanded almost unrestrained in the first half of the year, with increases of 1,5% in each of the two quarters. In Germany, gross domestic product has risen significantly again since the coronavirus pandemic subsided in spring 2021.

On a regional level, the flooding that hit western Germany on 14 July 2021, caused significant damage to the KLINGELNBERG's Hückeswagen site. Despite these historically unparalleled challenges, the positive trend in order intake continued in the first half of the financial year. As at 30 September 2021, order intake amounted to EUR 114,9 million – EUR 31,1 million higher than in the same period of the previous financial year. At the end of the first half of the year, the order backlog of the KLINGELNBERG Group was at a level of EUR 217,5 million, the highest in the Company's history.

Due to the disruption of operations as a result of the flood disaster, net sales fell by EUR 6,6 million compared to the first half of the previous financial year, reaching a total of EUR 55,1 million.

Bevel Gear segment:

The Bevel Gear segment ended the first half of the 2021/22 financial year with net sales of EUR 20,0 million. Even against the backdrop of a temporary disruption of operations as a result of the flood, the KLINGELNBERG Group was still able to exceed the previous financial half-year's figure for this segment by EUR 0,8 million. The main reasons for this were, on the one hand, recovery trends in the automotive industry and, on the other, new investments by manufacturers of industrial gear units.

The order situation in the Bevel Gear segment has developed very positively since the beginning of the financial year and was EUR 5,1 million higher than in the same period of the previous financial year. The Asian automotive and commercial vehicle industry made a significant contribution to this. The general mechanical engineering sector remained at a stable level.

Cylindrical Gear segment:

The net sales of the Cylindrical Gear segment were just under EUR 0,2 million short of previous financial half-year's level. Even though the surge in demand that began in the second half of the last financial year lost momentum – some projects, especially in China, were postponed – demand remained pleasingly stable, especially for larger applications (Rapid 1250).

Growth impulses continued to come from the wind power and general mechanical engineering sectors. The promises made by China with regard to its objective to reach climate neutrality by 2060 lead us to expect additional orders in the wind power sector. Further cylindrical gear machines of the new Speed Viper series were placed on the market as reference projects. This enables the KLINGELNBERG Group to benefit from the constantly increasing quality requirements in e-mobility.

Measuring Centers segment:

At the end of the first half of the financial year, net sales in the Measuring Centers segment amounted to EUR 13,8 million – down EUR 5,1 million year-on-year. Damage and impairments caused by the flooding at the Hückeswagen site significantly slowed down the positive sales development at the beginning of the financial year.

Despite this event, the segment is characterized by its excellent market positioning, which was confirmed by a high order backlog of EUR 45,5 million (previous financial half-year: EUR 22,1 million). Various new projects in the field of electromobility were established on the market and the innovation potential of this segment was transferred to new electric drive concepts.

In addition to new applications in the field of electromobility, the order intake was supported by a surge in demand from the commercial vehicles sector. Further realizations of wind power projects planned in China and Europe indicate an increased demand for large P-units.

Drive Technology segment:

The Drive Technology segment ended the first half of the financial year with net sales of EUR 3,3 million – almost EUR 1,9 million below the previous financial half-year. After a significant market correction due to the Covid-19 pandemic in the previous year and drastic investment cuts in the marine and mining markets, a robust ramp-up in the target markets was noticeable in the KLINGELNBERG Group's order books in the first half of the financial year. Order intake more than doubled to EUR 7,8 million, compared with EUR 3,6 million in the previous financial half-year.

A noticeable increase in orders from the marine sector continued the moderately rising trend of the pre-crisis period. Robust positive momentum was also evident in mining. Massive demand for raw materials as part of global climate and digitalization policies has led to an increase in demand in the mining sector. The Drive Technology segment anticipated these developments and increased capacity.

Gross profit

Compared to the same period of the previous financial year, net sales fell by EUR 6,6 million due to the flooding. In addition, changes in inventory increased by EUR 14,3 million over the same period of the previous financial year. Total operating performance therefore amounted to EUR 69,9 million.

Material expense rose disproportionately to total operating performance due to the significant increase in inventories and property damage incurred as a result of the floods (EUR 10,4 million) and amounted to EUR 43,3 million at the end of the first half of the year – EUR 22,2 million higher than in the same period of the previous financial year. Gross profit thus amounted to EUR 26,5 million, down EUR 14,4 million on the same period of the previous financial year.

Personnel expense and employees

Personnel expense amounted to EUR 47,1 million at the end of the first half of the financial year, up EUR 9,5 million on the same period of the previous financial year. The reasons for this included the discontinuation of short-time work (EUR 5,4 million in the previous half-year) and increased costs for external personnel of EUR 1,8 million. The KLINGELNBERG Group had 1.181 employees (FTE) in the first half-year (5 employees (FTE) more than in the same period of the previous financial year).

Other operating expense

Other operating expense was EUR 13,7 million higher than in the previous financial half-year and totaled EUR 26,7 million at the end of the first half of the financial year. The increase of EUR 10,8 million was mainly due to repairs, clean-up work and losses from the disposal of property, plant and equipment, all of which were flood-related.

Other operating income

Other operating income amounted to EUR 9,5 million at the end of the first half of the financial year – up EUR 8,3 million on the same period of the previous financial year. This was due to initial payments for damages of EUR 8,6 million made by the insurer in connection with damages caused by the flood.

Operating result (EBIT)

The KLINGELNBERG Group had expected a clearly positive result for the 2021/22 financial year. Before the flood disaster, the Company was well on its way to achieve this. Following the floods, the Company suffered property damage totaling EUR 25,3 million as well as a loss of sales into the millions. Accordingly, the operating result fell significantly by EUR 29,4 million year-on-year to EUR -40,0 million.

Balance sheet

The balance sheet total of the KLINGELNBERG Group rose by EUR 7,5 million compared to the annual financial statements as at 31 March 2021 and amounted to EUR 224,4 million on 30 September 2021.

Non-current assets decreased by EUR 3,4 million (-5,4%). This decline was due, among other things, to the derecognition of machinery in the amount of EUR 1,4 million as a result of flood damage. Additionally, investments decreased due to profit distributions of the joint venture (KLINGELNBERG DKSH Service Ltd.).

Current assets increased by EUR 10,9 million to EUR 164,8 million. Although receivables from goods and services fell by EUR 18,4 million, inventories rose by EUR 28,2 million.

Equity decreased by EUR 40,2 million (-33,4%) to EUR 80,3 million compared to the financial statements as at 31 March 2021. This was due to the net loss for the period of EUR -42,9 million and currency translation differences of EUR 2,6 million. As a result, the equity ratio fell by 19,8 percentage points to 35,8% compared with 31 March 2021.

Liabilities increased significantly by EUR 47,8 million compared to 31 March 2021 and amounted to EUR 144,2 million as at 30 September 2021. Short-term financial liabilities increased by EUR 23,6 million and payables from goods and services by EUR 16,9 million. These increases were mainly due to the financing of inventories as a result of the high order backlog and the high level of damage caused by the flood.

Cash flow statement

Cash flow from operating activities fell by EUR 19,1 million to EUR -24,9 million compared to the same period of the previous financial year. This is mainly due to the flood disaster. Both the property damage and the disruption of operations led to increased capital requirements.

Accordingly, the cash flow from financing activities increased by EUR 15,3 million compared to the same period of the previous financial year.

The net change in cash was EUR -2,4 million in the first half of the 2021/22 financial year, which represents a decrease of EUR 4,8 million compared to the same period of the previous financial year.

Outlook

In view of the high order backlog and the continuously high order intake, the KLINGELNBERG Group expects a positive business development. In particular, the positions acquired with their technologies – which are in high demand worldwide – in the Renewable Energies and the Automotive customer segments are having a positive impact. Due to the burdens caused by the flood disaster, the Company expects an annual loss (EBIT) of EUR 30 million to EUR 40 million, as already published in the press release of 04 August 2021. A significant improvement is hardly to be expected, due to the issue of supply bottlenecks. However, in view of the high order backlog, it will certainly be possible to make up some of the losses next year. The Company is more than confident of returning to profitability in the next financial year.

Group key figures

EUR million	01.04.2021 - 30.09.2021 (unaudited)	01.04.2020 - 30.09.2020 (unaudited)	Change	01.04.2020 - 31.03.2021
Net sales from goods and services	55,1	61,7	-6,6	158,7
Order intake	114,9	83,8	31,1	215,5
Order backlog	217,5	122,9	94,6	157,7
Operating result (EBIT)	-40,0	-10,6	-29,4	-11,6
Net loss	-42,9	-10,9	-32,0	-7,3
Basic earnings per share (in EUR)	-4,85	-1,24	-3,61	-0,82
Diluted earnings per share (in EUR)	-4,85	-1,24	-3,61	-0,82
Operating result as % of net sales from goods and services	(72,5%)	(17,3%)	(55,2%)	(7,3%)
Net loss as % of net sales from goods and services	(77,8%)	(17,7%)	(60,1%)	(4,6%)
Cash flow from operating activities	-24,9	-5,8	-19,1	7,6
Investments	1,3	1,0	0,3	3,7
Free cash flow	-25,2	-4,3	-20,9	7,3
Employees (FTE)	1.181,3	1.176,0	5,3	1.145,0

EUR million	30.09.2021	31.03.2021	Change	30.09.2020
Total liabilities and equity	224,4	216,9	7,5	230,6
Net debt	9,5	-15,5	25,0	-3,6
Total equity	80,3	120,5	-40,2	117,9
Equity ratio	35,8%	55,6%	(19,8%)	51,1%

Consolidated balance sheet

EUR 000	30.09.2021	30.09.2020	31.03.2021
Assets			
Current assets			
Cash and cash equivalents	20.185	41.170	22.577
Receivables from goods and services	24.645	33.485	43.007
Derivative financial instruments	26	273	50
Other short-term receivables	9.839	6.684	6.342
Inventories	108.683	88.457	80.504
Prepayments and accrued income	1.398	1.164	1.406
Total current assets	164.776	171.233	153.886
Non-current assets			
Tangible fixed assets	46.992	49.337	49.174
Loans and other receivables	19	178	19
Investments in joint ventures	908	1.233	1.520
Deferred tax assets	9.805	6.207	10.131
Other financial assets	1.020	1.191	1.086
Intangible assets	911	1.218	1.125
Total non-current assets	59.655	59.364	63.055
Total assets	224.431	230.597	216.941

Consolidated balance sheet

EUR 000	30.09.2021	30.09.2020	31.03.2021
Liabilities			
Current liabilities			
Short-term financial liabilities	28.986	34.818	5.343
Payables from goods and services	31.572	6.771	14.674
Derivative financial instruments	248	44	120
Other short-term liabilities	43.328	30.083	38.935
Accrued liabilities and deferred income	11.901	10.665	12.037
Short-term provisions	10.567	10.274	7.376
Total current liabilities	126.602	92.655	78.485
Non-current (long-term) liabilities			
Long-term financial liabilities	693	2.729	1.705
Deferred tax liabilities	1.586	1.538	1.222
Long-term provisions	15.290	15.798	15.002
Total non-current (long-term) liabilities	17.569	20.065	17.929
Total liabilities	144.171	112.720	96.414
Equity			
Share capital	28.639	28.639	28.639
Capital reserves	43.134	43.134	43.134
Retained earnings	8.487	46.104	48.754
Total equity	80.260	117.877	120.527
Total liabilities and equity	224.431	230.597	216.941

Consolidated income statement

EUR 000	01.04.2021 - 30.09.2021	01.04.2020 - 30.09.2020	01.04.2020 - 31.03.2021
Net sales from goods and services	55.115	61.674	158.719
Other operating income	9.519	1.188	1.850
Change in inventory of finished and unfinished goods as well as unbilled goods and services	14.737	430	-5.844
Material expense	-43.324	-21.167	-52.000
Personnel expense	-47.056	-37.560	-83.731
Depreciation on tangible fixed assets	-2.160	-2.332	-4.559
Amortization on intangible assets	-219	-224	-443
Other operating expense	-26.750	-13.028	-26.201
Share of result from joint ventures	181	373	647
Operating result	-39.957	-10.646	-11.562
Financial result	-1.328	1.167	2.211
Loss before income taxes	-41.285	-9.479	-9.351
Income taxes	-1.568	-1.452	2.059
Net loss	-42.853	-10.931	-7.292

Earnings per share

EUR			
Basic earnings per share	-4,85	-1,24	-0,82
Diluted earnings per share	-4,85	-1,24	-0,82

Additional information - non-GAAP measures

EUR 000			
EBITDA	-37.578	-8.090	-6.560

Consolidated cash flow statement

EUR 000	01.04.2021 - 30.09.2021	01.04.2020 - 30.09.2020	01.04.2020 - 31.03.2021
Net loss	-42.853	-10.931	-7.292
Depreciation/amortization/write-up of tangible fixed assets and intangible assets	2.379	2.556	5.002
Change in provisions (including deferred taxes)	3.843	-4.911	-8.921
Loss/profit from the disposal of tangible fixed assets and intangible assets	1.252	-352	-225
Change in receivables from goods and services	18.756	13.261	3.351
Change in inventories	-28.042	276	8.091
Change in other receivables and prepayments and accrued income (including deferred tax)	-3.079	-1.105	-4.961
Share of profits from the application of the equity method	-181	-373	-646
Change in payables from goods and services	16.899	-3.989	3.352
Change in other short-term liabilities and accrued liabilities and deferred income	4.089	879	11.604
Other non-cash items	2.029	-1.062	-1.738
Cash flow from operating activities	-24.908	-5.751	7.617
Inflows for investment in financial assets (including loans, participations, securities, etc.)	858	1.592	1.782
Outflows for investment in tangible fixed assets	-1.259	-1.010	-3.589
Inflows from the sale of tangible fixed assets	73	874	1.630
Outflows for investment in intangible assets	-5	-16	-143
Inflows from the sale of intangible assets	0	0	53
Receipt from the disposal of consolidated organizations (less cash given)	0	-3	0
Cash flow from investing activities	-333	1.437	-267
Change in short-term financial liabilities	23.643	7.567	-21.853
Change in long-term financial liabilities	-1.012	-239	-1.243
Cash flow from financing activities	22.631	7.328	-23.096
Currency translation effects	218	-588	-421
Net change in cash	-2.392	2.426	-16.167
Opening balance of cash and cash equivalents at 01.04.	22.577	38.744	38.744
Closing balance of cash and cash equivalents at 31.03. / 30.09.	20.185	41.170	22.577
Net change in cash	-2.392	2.426	-16.167

Consolidated statement of changes in equity

EUR 000	Share capital	Capital reserves	Retained earnings				Total retained earnings	Total equity
			Goodwill offset with equity	Other retained earnings	Cumulative foreign currency differences			
Balance as at 01.04.2020	28.639	43.134	-20.517	70.075	10.238	59.796	131.569	
Currency translation differences	0	0	0	0	-2.783	-2.783	-2.783	
Net result from cash flow hedges	0	0	0	22	0	22	22	
Net loss	0	0	0	-10.931	0	-10.931	-10.931	
Balance as at 30.09.2020	28.639	43.134	-20.517	59.166	7.455	46.104	117.877	
Balance as at 31.03./01.04.2021	28.639	43.134	-20.517	62.774	6.497	48.754	120.527	
Currency translation differences	0	0	0	0	2.591	2.591	2.591	
Net result from cash flow hedges	0	0	0	-5	0	-5	-5	
Net loss	0	0	0	-42.853	0	-42.853	-42.853	
Balance as at 30.09.2021	28.639	43.134	-20.517	19.916	9.088	8.487	80.260	

Notes to the Financial Half-Year Statements 2021/22

1 Basis for the preparation of the financial statements and accounting policies

These consolidated financial statements cover the unaudited half-year results for the six months ending 30 September 2021. They have been prepared in accordance with Swiss GAAP FER as a whole and give a true and fair view of the assets, liabilities and earnings of KLINGELNBERG Group. In addition, the provisions of the Listing Rules of the SIX Swiss Exchange and Swiss accounting law were complied with. The consolidated interim financial statements for 2021/22 have been prepared in accordance with FER 31 "Supplementary Recommendation for Listed Companies".

These interim financial statements do not contain all the information and disclosures required in the annual consolidated financial statements. They should therefore be read in conjunction with the consolidated financial statements as at 31 March 2021 (published 23 June 2021).

All line item amounts in the consolidated financial statements are presented in millions of Euro, and all such amounts (including totals and subtotals) have been rounded according to standard commercial practice. Thus, an addition of the figures presented can result in rounding differences.

2 Changes in the scope of consolidation

The liquidation of KLINGELNBERG Hungaria Kft. with the closing balance per 01 April 2021 has been deleted from the Hungarian company registry.

3 Key exchange rates

The table below outlines the main exchange rates used in the preparation of our consolidated financial statements as at and for the periods ended 30 September 2021/2020 and 31 March 2021.

	Period-end exchange rate			Average exchange rate		
	30.09.2021	31.03.2021	30.09.2020	01.04.2021 - 30.09.2021	01.04.2020 - 31.03.2021	01.04.2020 - 30.09.2020
CHF/EUR	1,08350	1,10680	1,07970	1,09023	1,07614	1,06811
USD/EUR	1,15705	1,17350	1,17106	1,19232	1,16701	1,13493
JPY/EUR	129,63585	129,85950	123,78585	130,84527	123,67595	121,19843

4 Investments in joint ventures

In the first half year 2021/22, just as in 2020/21, there were no changes in investments in associated companies and joint ventures. The value of the investments is reduced mainly due to dividends distributed on 20 April 2020 and 21 September 2021.

5 Goodwill

Goodwill from the acquisition of consolidated entities is offset with equity at the date of the acquisition. Goodwill is theoretically amortized on a straight-line basis over a useful life of 7 – 15 years. A theoretical capitalization of goodwill would have the following effects on the consolidated financial statements.

EUR 000	30.09.2021	31.03.2021	30.09.2020
Theoretical impact on equity			
Equity according to balance sheet	80.260	120.527	117.877
Theoretical net carrying amount goodwill	3.235	3.555	3.877
Theoretical equity incl. net carrying amount of goodwill	83.495	124.082	121.754
Theoretical impact on net income			
Effect on income statement			
Net loss	-42.853	-7.292	-10.931
Theoretical amortization of goodwill	-321	-641	-321
Theoretical net loss	-43.174	-7.933	-11.252

6 Provisions

The provisions for the efficiency enhancement program decreased by EUR 0,1 million to EUR 2,5 million.

7 Segment information

Notwithstanding the additional recommendations for listed companies (Swiss GAAP FER 31), the Board of Directors of the KLINGELNBERG Group decided not to publish any detailed segment results in order to protect the interests of its shareholders. Disclosing operating results by business units would lead to competitive disadvantages in terms of our profitability and distribution margins as well as our cost calculations. Please read the consolidated half-year statements under review in conjunction with the consolidated financial statements as at 31 March 2021 (published 23 June 2021).

Net sales from goods and services

EUR 000		01.04.2021 - 30.09.2021				
Service location						
Segments	Germany	Switzerland	Japan	USA	Rest of the world	Total
Bevel Gear	6.654	5.735	568	4.061	2.936	19.954
Cylindrical Gear	9.260	1.638	593	2.528	2.486	16.505
Measuring Centers	7.662	1.230	1.289	2.284	1.359	13.824
Drive Technology	3.220	0	0	0	35	3.255
Other	641	0	27	0	909	1.577
Total	27.437	8.603	2.477	8.873	7.725	55.115

EUR 000		01.04.2020 - 31.03.2021				
Service location						
Segments	Germany	Switzerland	Japan	USA	Rest of the world	Total
Bevel Gear	15.739	19.874	2.003	7.390	5.346	50.352
Cylindrical Gear	24.946	3.275	5.436	7.835	4.066	45.558
Measuring Centers	36.473	1.244	4.176	5.046	3.540	50.479
Drive Technology	8.905	0	0	0	36	8.941
Other	180	0	120	0	3.089	3.389
Total	86.243	24.393	11.735	20.271	16.077	158.719

EUR 000		01.04.2020 - 30.09.2020				
Service location						
Segments	Germany	Switzerland	Japan	USA	Rest of the world	Total
Bevel Gear	9.023	5.286	494	2.050	2.323	19.176
Cylindrical Gear	11.686	916	270	1.669	2.149	16.690
Measuring Centers	13.921	308	783	2.588	1.354	18.954
Drive Technology	5.158	0	0	0	19	5.177
Other	40	0	22	0	1.615	1.677
Total	39.828	6.510	1.569	6.307	7.460	61.674

8 Significant events and business transactions

As a result of heavy rainfall, especially in the western and southwestern parts of Germany, there was serious flooding occurred in the affected regions causing damage to buildings, infrastructure, transport links, and more. The Hückeswagen site of the KLINGELNBERG Group was flooded in large parts in the late evening of 14 July 2021.

The Company has insurance coverage for property damage and business interruption in the amount of EUR 7,5 million each. Furthermore the German federal government has issued guidelines for the funding of reconstruction. Companies can apply to the state of North Rhine-Westphalia (Germany) for development aid, but the amount and timing of payments are still not known. The required appraisals have been commissioned.

A final quantification of the damage as well as the resulting reimbursements by the insurance company or the development aid is currently not possible. Costs for damage repair, scrapping of fixed assets and inventories as well as amounts already received from the insurance company impacted the Company's income statement as follows:

- Other operating income — EUR 8,6 million: This mainly relates to insurance reimbursements already received and scrap and sales proceeds already generated from the damaged machinery.
- Other operating expense — EUR 10,8 million: The costs were mainly incurred for clean-up work, repairs and maintenance of buildings and operating equipment as well as book losses from fixed assets.
- Material expense — EUR 10,4 million: Material destroyed or no longer usable as a result of the flood disaster had to be impaired.
- Change in inventory of finished and unfinished goods as well as unbilled goods and services — EUR 4,1 million: Various assemblies of work in progress had to be impaired.

Financing is currently provided via the existing credit line and extended payment terms from suppliers. Short-term bank liabilities increased accordingly by EUR 23,6 million and supplier credits by EUR 16,9 million. To strengthen liquidity, Credit Suisse is providing bridge financing in the amount of EUR 20,0 million, half of which is guaranteed by the KlingelInberg family.

9 Definition of alternative performance measures

The alternative performance measures should be read in conjunction with the consolidated financial statements as at 31 March 2021 (published 23 June 2021).

10 Events after closing date

At the publishing date of this report, the Company is not aware of any significant new event that would affect the half-year financial statements as at 30 September 2021.

About the company

Founded in 1863, KLINGELNBERG is one of the leading companies in the gear industry. On the background of many innovations in the areas of calculation, production, and measuring technology, KLINGELNBERG sees itself as a leader in this sector. With its acquisition of Höfler Maschinenbau GmbH's core business in 2012, KLINGELNBERG has added machines for machining cylindrical gears to its range of products, reinforcing its position as a complete system provider.

Headquartered in Zürich (Switzerland), KLINGELNBERG now develops and manufactures at its sites in Zürich (Switzerland), Hückeswagen and Ettlingen (Germany). The company also maintains a presence with sales and service offices and numerous marketing agents all over the world. KLINGELNBERG solutions are used in the automotive, commercial vehicle, and aviation industries, as well as in shipbuilding, the wind power industry, and the general transmission manufacturing industry. Applications range from vehicle drives, aircraft turbine engines, and cement mill gear units to drive systems for ships and oil rigs.

With over 200 patent grants, the company continuously demonstrates its capacity for innovation. Above and beyond this, its ISO 14001 certification and the participation in the VDMA's Blue Competence initiative give credence to the company's sustainable, environmentally sound business practices.

The shares of KLINGELNBERG AG are listed on the SIX Swiss Exchange (KLIN).



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