



# Financial Half-Year Statements 2022/23

## **KLINGELNBERG AG**

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## Dear Shareholders,

Your Company, the KLINGELNBERG Group, looks back on a successful first half of the 2022/23 financial year. This means that the positive trend of the previous half-year has continued impressively, and we have even been able to strengthen it. In the first six months of the financial year, KLINGELNBERG was able to achieve growth in all areas and, not least, recorded the highest order intake within any first half-year in its history. At the same time, the order backlog reached another record high. As a result, for the first time in many years, KLINGELNBERG also achieved positive EBIT in a first half-year. Typically, KLINGELNBERG generates its profits in the second half of its financial year.

We are particularly proud, as these successes seemed anything but self-evident. Let us recall the recent past: It was just over a year ago that the floods in western Germany submerged significant parts of our main plant in Hückeswagen and seriously jeopardized the existence and future of your Company. All this after the global economy had plummeted after years of booming activity and then been wholly choked off by the Covid pandemic and months of lockdowns. Thanks to the efforts of everyone – employees, managers, the Executive Board, and last but not least the Board of Directors – KLINGELNBERG was able to deal with these heavy burdens so quickly.

It paid off that the Company set the right strategic course at an early stage and was thus able to achieve a certain resilience. If we look at KLINGELNBERG today, we see a company that is strategically well positioned and participates in critical global trends: Our customers produce and measure high-precision gears for the sophisticated transmissions used in electric vehicles, wind turbines produce power thanks to profile-ground gears produced with KLINGELNBERG/HÖFLER machines, and in the raw material extraction necessary for battery production, gears produced by KLINGELNBERG play an essential role in mining machines and rock mills, to name just a few examples. Also, the revival of aviation offers growth opportunities for KLINGELNBERG. In addition, we expect that addressing supply chain issues by building second sources will trigger new investments. One example is that India is now being more closely integrated into global supply chains alongside China. To support this process, capacity and quality improvements are necessary and have already been initiated – we are currently noticing this in our order intake: high-quality machines and measuring technology solutions from KLINGELNBERG are in high demand worldwide. In Asia, in particular, KLINGELNBERG is benefiting from major global trends such as wind energy expansion and mobility conversion to electrically powered vehicles.

The right products at the right time, combined with a focus on cutting-edge technology, not only helped us through the crises but also quickly put us back on the road to success.

Despite these successes, we cannot escape the general developments: The general conditions prevailing as a result of the Ukraine war, sharply rising energy prices, inflation, ongoing difficulties in supply chains, and lockdowns in connection with the Covid pandemic, especially in China, naturally also affect your Company.

KLINGELNBERG has good reason to be confident about the 2022/23 financial year as a whole. The forecast made in the past financial year with solid sales growth and an EBIT margin of over 6% has been confirmed. Irrespective of this, KLINGELNBERG remains very alert given the substantial geopolitical issues at hand but, at the same time, cautiously optimistic for the coming years. Last but not least, in the wake of the recent sharp rise in cost pressure for producers, there will be increasing investment in the automation of manufacturing processes worldwide. This will have an additional positive impact on KLINGELNBERG's business. Together with further developments in global megatrends, in which KLINGELNBERG participated in no small measure, this will lead to more opportunities opening up for KLINGELNBERG.

Your Company will know how to seize them.



Dr. Jörg Wolle  
Chairman of the Board of Directors



Jan Klingelberg  
CEO

Zürich, 18 November 2022

## Financial report

### Segments and markets

In the first six months of the 2022/23 financial year, the KLINGELNBERG Group found itself in a volatile market environment characterized by geopolitical as well as macroeconomic challenges. Triggered by the war against Ukraine and the accompanying Western sanctions against Russia, energy costs in some sectors had risen dramatically with a resulting massive reduction in purchasing power of the economy as a whole.

Due to the increased burden caused by higher energy costs, there were signs of a negative effect on the trade balance, consumer prices and the competitiveness of European industry in particular. As a result, higher energy prices intensified the price dynamics on the world markets, which had begun with the disruption of international supply chains in the wake of the measures introduced in connection with the corona pandemic. The very expansionary monetary and fiscal policy has additionally driven up prices.

These globally prevailing dynamics not only dampened the still incomplete recovery from the corona crisis, but also pushed the global economy into a downturn. The global economy weakened noticeably in the first half of 2022. The German economy initially defied the odds in the first half of 2022. Driven by private and government consumer spending, real gross domestic product (GDP) grew by 0,8% in the first quarter and by a further 0,1% in the second quarter (both quarter-on-quarter).

In the face of these manifold global challenges, the KLINGELNBERG Group was nevertheless able to stand its ground and significantly increased its sales as well as its order intake compared to the same period of the previous financial year. Following the considerable damage and production restrictions caused by the floods in July of the last financial year, net revenues increased significantly by EUR 83,2 million to EUR 138,3 million. In the wake of growing market shares in the areas of electromobility, wind power and also aviation, order intake increased from EUR 114,9 million in the prior-year period to EUR 156,1 million in the first half of the 2022/23 financial year.

### Bevel Gear segment:

The Bevel Gear segment closed the first half of the 2022/23 financial year with net sales of EUR 57,7 million – an increase of EUR 37,8 million compared to the same period of the previous financial year. Noticeable sales momentum for bevel gear machines continued to emerge from the automotive and commercial vehicle industries. In addition, projects in the aviation sector could be secured.

The positive sales development was also reflected in the order books of the KLINGELNBERG Group. Order intake significantly increased year-on-year by EUR 11,4 million to EUR 53,7 million. It was also possible to participate in the positive dynamics of the aviation industry, which is picking up speed again, by launching a reference project for several machines, among other things. The G 35 Bevel Gear Grinding Machine with two spindles has contributed significantly to this success. With the development of this product, which has been increasingly in demand in the revived aviation industry, KLINGELNBERG has achieved a competitive advantage in recent years.

### **Cylindrical Gear segment:**

The Cylindrical Gear segment is another segment that successfully overcame the negative effects caused by the floods and recorded a significant increase in sales of EUR 21,9 million to EUR 38,4 million at the end of the first half of the 2022/23 financial year. In addition to orders received from the wind energy, mining, and general mechanical and gear engineering sectors, electromobility was consolidated as a further mainstay of this product line. Overall, a healthy sectoral mix was achieved in this segment. With the Speed Viper 300 Cylindrical Gear Generating Grinding Machine, but also and in particular with the newly developed R 300 Cylindrical Gear Roll Testing Machine, important reference projects were won in the electromobility sector.

Order intake at the end of the first half of the financial year increased by EUR 22,8 million to EUR 47,8 million compared to the same period of the previous financial year. Demand continued to come from the wind power and general mechanical engineering sectors. Against the backdrop of China's goal of climate neutrality and the accelerated replacement of fossil fuels with renewable energies in the wake of the conflict in Ukraine, further orders are expected from the wind power sector.

### **Measuring Centers segment:**

Damage and massive production restrictions caused by the floods that hit the Hückeswagen site severely slowed down the development of sales in the Measuring Centers segment in the previous financial year. Meanwhile, the impacts of the flooding have been successfully managed and net sales of EUR 34,2 million were recorded – an increase of EUR 20,4 million over the previous financial year. This recovery process was driven primarily by the high innovation potential of KLINGELNBERG's Measuring Centers and the Company's consolidated global market position in the electromobility sector.

In China, the implementation of wind power projects contributed to the realization of the forecast order intake for large measuring centers from the previous financial year. The global expansion of electromobility and the need to provide measuring capacity for wind power projects that have already been implemented and those still in the pipeline mean that demand for KLINGELNBERG's Measuring Centers is expected to continue its rise. The EUR 5,4 million year-on-year increase in order intake to EUR 43,7 million reflected the growth in the segment.

### Drive Technology segment:

With net sales of EUR 6,2 million at the end of the first half of the 2022/23 financial year, the Drive Technology segment almost doubled its achieved sales volume compared to the same period of the previous financial year (EUR 3,3 million). After drastic investment cuts in the marine and mining markets, the robust ramp-up of target markets following the COVID-19 crisis could be clearly witnessed in the KLINGELNBERG Group's order and sales books.

Increasing order volumes kept coming in from the marine core sector, while the growing offshore wind power sector offers additional sales potential in the future. Massive demand for raw materials (including copper, lithium) as part of the global climate and digitalization strategy leads to an increasing demand for bevel gears for mining applications, which is already reflected in our order books. Order intake increased by EUR 1,6 million compared to the previous financial year and amounted to EUR 9,4 million at the end of the first half of the financial year.

### Flooding of 14 July 2021

In the late evening of 14 July 2021, flooding of the central KLINGELNBERG site in Hückeswagen occurred as a result of persistent heavy rain. The production bottlenecks caused by the flooding have now been largely cleared. However, the interruption of operations resulting from the flooding has not been made up for to date. This is evident from the high order backlog with a volume of EUR 285,9 million.

The settlement of the flood damage claim with the Federal State of "Nordrhein-Westfalen"/Germany has not yet been completed. Currently, the finalization of the appraisals to determine the flood damage for the individual items concerned, is underway. A receivable for "Reconstruction NRW on the occasion of damage caused by heavy rain and flooding in July 2021" of EUR 20,0 million was recognized in the 2021/22 financial statements, of which KLINGELNBERG GmbH received EUR 16,9 million as at 30 September 2022.

### Gross profit

Compared to the same period of the previous financial year, net sales increased by EUR 83,2 million. This 151,0% growth was due to both the flood-related interruption of operations in the previous financial year period and the extraordinarily high order backlog in the current financial year. Due to the delayed delivery of ordered machines, which could not be completed in the previous financial year due to the flooding, the change in inventory of finished and unfinished goods as well as unbilled goods and services amounted to EUR -5,9 million. As a result, total operating performance amounted to EUR 132,4 million (+89,6%).

Driven by sales, material expense increased at a lower rate than total operating performance due to the absence of material damage that occurred as a result of the flooding in the previous finan-

cial year (EUR 10,4 million) and amounted to EUR 56,0 million at the end of the first half of the financial year – EUR 12,6 million higher than in the same period of the previous financial year. Thus, gross profit amounted to EUR 76,4 million and was thus EUR 49,9 million higher than in the same period of the previous financial year.

### Personnel expense and employees

Personnel expense amounted to EUR 49,4 million at the end of the first half of the financial year, up EUR 2,4 million on the same period of the previous financial year. Among other things, KLINGELNBERG GmbH's expenses for external personnel increased by EUR 1,0 million. In addition, the KLINGELNBERG Group employed 1.217 people in the first half of the financial year – an increase of 36 people over the same period last financial year.

### Other operating expense

Other operating expense was EUR 4,1 million lower than in the previous financial year and totaled EUR 22,6 million at the end of the first half of the financial year. The decrease in costs was mainly due to repairs, clean-up work and losses on the disposal of property, plant and equipment, all of which were flood-related in the prior financial-year period.

The other operating expense ratio was 17,1% at the end of the first half of the financial year, significantly lower than the prior financial-year level (-21,2 percentage points).

### Other operating income

Other operating income amounted to EUR 1,7 million at the end of the first half of the financial year, down EUR 7,8 million on the same period of the previous financial year. This was due to the absence of insurance compensation payments for flood damage of EUR 8,6 million from the prior financial-year period.

### Operating result (EBIT)

Due to the strong demand for products of the KLINGELNBERG brand, despite manifold global challenges, as well as the delayed delivery of ordered machines from the previous financial year that were not completed due to the flooding, net sales increased to EUR 138,3 million in the first half of the financial year.

The operating result increased significantly by EUR 44,4 million year-on-year to EUR +4,4 million for the reasons mentioned above.

### Financial result

The financial result decreased by EUR 3,2 million compared to the first half of the 2021/22 financial year, mainly due to foreign currency exchange losses.

## Balance sheet

The balance sheet total of the KLINGELNBERG Group increased by EUR 5,1 million compared to the annual financial statements as at 31 March 2022 and amounted to EUR 278,7 million as at 30 September 2022.

While non-current assets increased by EUR 9,1 million to EUR 68,3 million, mainly due to the construction of the new assembly hall of KLINGELNBERG GmbH in Hückeswagen, current assets decreased by EUR 4,0 million (-1,9%) and amounted to EUR 210,4 million as at 30 September 2022. The decrease resulted mainly from the reduction in other short-term receivables. These decreased, above all, due to payments by the Federal State of "Nordrhein-Westfalen"/Germany for "Reconstruction NRW on the occasion of damage caused by heavy rain and flooding in July 2021" of EUR 16,9 million.

Equity increased by EUR 4,7 million (+4,5%) to EUR 109,4 million compared to the financial statements as at 31 March 2022. This was due, on the one hand, to the result for the period and, on the other hand, to currency translation differences. As a result, the equity ratio increased by 1,0 percentage points to 39,3% compared with the same figure reported on 31 March 2022.

Liabilities increased only minimally compared to 31 March 2022 and amounted to EUR 169,3 million as at 30 September 2022. While payables from goods and services decreased by EUR 8,3 million, long-term financial liabilities increased by EUR 8,3 million due to the financing of the new assembly hall in Hückeswagen.

## Cash flow statement

Cash flow from operating activities increased by EUR 32,4 million compared to the same period of the previous financial year and amounted to EUR +7,5 million. This was mainly due to the reduction in net loss. The flood disaster impacted earnings in the prior financial-year period.

Mainly the construction of the new assembly hall in Hückeswagen-Winterhagen resulted in a cash flow from investing activities of EUR -9,9 million – a change of EUR -9,6 million compared to the same prior financial-year period.

Cash flow from financing activities decreased by EUR 16,0 million year-on-year to EUR 6,6 million. Net change in cash amounted to EUR 4,6 million in the first half of the 2022/23 financial year, an increase of EUR 7,0 million compared to the same period of the previous financial year.



## Outlook

In the 2021/22 Annual Report, a significant increase in sales and an EBIT margin above 6,0% were forecast for the current 2022/23 financial year. The still positive order situation and the highest order backlog in the Company's history support this forecast.

The current geopolitical and macroeconomic challenges described at the beginning of this Financial Report and their associated consequences for the remainder of the KLINGELNBERG Group's financial year cannot be assessed definitively. At present, however, we are confident to maintain the forecast at the existing level.

## Group key figures

| EUR million  | 01.04.2022<br>- 30.09.2022<br>(unaudited) | 01.04.2021<br>- 30.09.2021<br>(unaudited) | Change | 01.04.2021<br>- 31.03.2022 |
|--|---|---|--------|----------------------------|
| Net sales from goods and services                          | 138,3                                     | 55,1                                      | 83,2   | 158,6                      |
| Order intake   | 156,1                                     | 114,9                                     | 41,2   | 268,9                      |
| Order backlog  | 285,9                                     | 217,5                                     | 68,4   | 268,0                      |
| Operating result (EBIT)                                    | 4,4                                       | -40,0                                     | 44,4   | -15,7                      |
| Net loss   | -1,5                                      | -42,9                                     | 41,4   | -21,7                      |
| Basic earnings per share (in EUR)                          | -0,17                                     | -4,85                                     | 4,68   | -2,45                      |
| Diluted earnings per share (in EUR)                        | -0,17                                     | -4,85                                     | 4,68   | -2,45                      |
| Operating result as % of net sales from goods and services | 3,2%                                      | (72,5%)                                   | 75,7%  | (9,9%)                     |
| Net loss as % of net sales from goods and services         | (1,1%)                                    | (77,8%)                                   | 76,7%  | (13,7%)                    |
| Cash flow from operating activities                        | 7,5                                       | -24,9                                     | 32,4   | -54,5                      |
| Investments  | 10,3                                      | 1,3                                       | 9,0    | 11,6                       |
| Free cash flow   | -2,5                                      | -25,2                                     | 22,7   | -55,6                      |
| Employees (FTE)  | 1.217                                     | 1.181                                     | 36     | 1.183                      |

  

| EUR million                  | 30.09.2022 | 31.03.2022 | Change | 30.09.2021 |
|------------------------------|------------|------------|--------|------------|
| Total liabilities and equity | 278,7      | 273,6      | 5,1    | 224,4      |
| Net debt                     | 42,3       | 40,1       | 2,2    | 9,5        |
| Total equity                 | 109,4      | 104,7      | 4,7    | 80,3       |
| Equity ratio                 | 39,3%      | 38,3%      | 1,0%   | 35,8%      |

**Consolidated balance sheet**

| EUR 000                             | 30.09.2022     | 30.09.2021     | 31.03.2022     |
|-------------------------------------|----------------|----------------|----------------|
| <b>Assets</b>                       |                |                |                |
| <b>Current assets</b>               |                |                |                |
| Cash and cash equivalents           | 12.274         | 20.185         | 7.720          |
| Receivables from goods and services | 48.242         | 24.645         | 40.557         |
| Derivative financial instruments    | 0              | 26             | 38             |
| Other short-term receivables        | 11.366         | 9.839          | 31.157         |
| Inventories                         | 137.090        | 108.683        | 133.025        |
| Prepayments and accrued income      | 1.424          | 1.398          | 1.916          |
| <b>Total current assets</b>         | <b>210.396</b> | <b>164.776</b> | <b>214.413</b> |
| <b>Non-current assets</b>           |                |                |                |
| Tangible fixed assets               | 54.595         | 46.992         | 45.993         |
| Loans and other receivables         | 0              | 19             | 0              |
| Investments in joint ventures       | 1.141          | 908            | 1.304          |
| Deferred tax assets                 | 10.531         | 9.805          | 9.948          |
| Other financial assets              | 1.305          | 1.020          | 1.072          |
| Intangible assets                   | 707            | 911            | 832            |
| <b>Total non-current assets</b>     | <b>68.279</b>  | <b>59.655</b>  | <b>59.149</b>  |
| <b>Total assets</b>                 | <b>278.675</b> | <b>224.431</b> | <b>273.562</b> |

**Consolidated balance sheet**

| EUR 000  | 30.09.2022     | 30.09.2021     | 31.03.2022     |
|--|----------------|----------------|----------------|
| <b>Liabilities</b>                               |                |                |                |
| <b>Current liabilities</b>                       |                |                |                |
| Short-term financial liabilities                 | 38.469         | 28.986         | 40.091         |
| Payables from goods and services                 | 25.507         | 31.572         | 33.844         |
| Derivative financial instruments                 | 1.264          | 248            | 378            |
| Other short-term liabilities                     | 53.666         | 43.328         | 53.324         |
| Accrued liabilities and deferred income          | 12.301         | 11.901         | 12.136         |
| Short-term provisions                            | 5.566          | 10.567         | 5.443          |
| <b>Total current liabilities</b>                 | <b>136.773</b> | <b>126.602</b> | <b>145.216</b> |
| <b>Non-current (long-term) liabilities</b>       |                |                |                |
| Long-term financial liabilities                  | 16.059         | 693            | 7.740          |
| Deferred tax liabilities                         | 1.443          | 1.586          | 1.114          |
| Long-term provisions                             | 14.984         | 15.290         | 14.769         |
| <b>Total non-current (long-term) liabilities</b> | <b>32.486</b>  | <b>17.569</b>  | <b>23.623</b>  |
| <b>Total liabilities</b>                         | <b>169.259</b> | <b>144.171</b> | <b>168.839</b> |
| <b>Equity</b>                                    |                |                |                |
| Share capital                                    | 28.639         | 28.639         | 28.639         |
| Capital reserves                                 | 43.134         | 43.134         | 43.134         |
| Retained earnings                                | 37.643         | 8.487          | 32.950         |
| <b>Total equity</b>                              | <b>109.416</b> | <b>80.260</b>  | <b>104.723</b> |
| <b>Total liabilities and equity</b>              | <b>278.675</b> | <b>224.431</b> | <b>273.562</b> |

**Consolidated income statement**

| EUR 000   | 01.04.2022<br>- 30.09.2022 | 01.04.2021<br>- 30.09.2021 | 01.04.2021<br>- 31.03.2022 |
|---|----------------------------|----------------------------|----------------------------|
| <b>Net sales from goods and services</b>  | <b>138.316</b>             | <b>55.115</b>              | <b>158.608</b>             |
| Other operating income  | 1.670                      | 9.519                      | 40.284                     |
| Change in inventory of finished and unfinished goods as well as unbilled goods and services | -5.908                     | 14.737                     | 40.965                     |
| Material expense  | -55.963                    | -43.324                    | -110.479                   |
| Personnel expense   | -49.441                    | -47.056                    | -95.851                    |
| Depreciation on tangible fixed assets   | -1.859                     | -2.160                     | -4.144                     |
| Amortization on intangible assets   | -197                       | -219                       | -419                       |
| Other operating expense   | -22.635                    | -26.750                    | -45.232                    |
| Share of result from joint ventures   | 417                        | 181                        | 593                        |
| <b>Operating result</b>   | <b>4.400</b>               | <b>-39.957</b>             | <b>-15.675</b>             |
| Financial result  | -4.557                     | -1.328                     | -3.993                     |
| <b>Loss before income taxes</b>   | <b>-157</b>                | <b>-41.285</b>             | <b>-19.668</b>             |
| Income taxes  | -1.318                     | -1.568                     | -2.009                     |
| <b>Net loss</b>   | <b>-1.475</b>              | <b>-42.853</b>             | <b>-21.677</b>             |

**Earnings per share**

| EUR                        |       |       |       |
|----------------------------|-------|-------|-------|
| Basic earnings per share   | -0,17 | -4,85 | -2,45 |
| Diluted earnings per share | -0,17 | -4,85 | -2,45 |

**Additional information - non-GAAP measures**

| EUR 000 |       |         |         |
|---------|-------|---------|---------|
| EBITDA  | 6.456 | -37.578 | -11.112 |

## Consolidated cash flow statement

| EUR 000  | 01.04.2022<br>- 30.09.2022 | 01.04.2021<br>- 30.09.2021 | 01.04.2021<br>- 31.03.2022 |
|--|----------------------------|----------------------------|----------------------------|
| <b>Net loss</b>  | <b>-1.475</b>              | <b>-42.853</b>             | <b>-21.677</b>             |
| Depreciation/amortization/write-up of tangible fixed assets and intangible assets              | 2.056                      | 2.379                      | 4.563                      |
| Change in provisions (including deferred taxes)  | -767                       | 3.843                      | -2.274                     |
| Loss from the disposal of tangible fixed assets and intangible assets                          | 24                         | 1.252                      | 928                        |
| Change in receivables from goods and services  | -6.388                     | 18.756                     | 2.507                      |
| Change in inventories  | -3.283                     | -28.042                    | -52.512                    |
| Change in other receivables and prepayments and accrued income (including deferred tax)        | 20.179                     | -3.079                     | -25.111                    |
| Share of profits from the application of the equity method                                     | -417                       | -181                       | -593                       |
| Change in payables from goods and services   | -8.476                     | 16.899                     | 19.177                     |
| Change in other short-term liabilities and accrued liabilities and deferred income             | 1.393                      | 4.089                      | 14.747                     |
| Other non-cash items   | 4.616                      | 2.029                      | 5.708                      |
| <b>Cash flow from operating activities</b>   | <b>7.462</b>               | <b>-24.908</b>             | <b>-54.537</b>             |
| Inflows for investment in financial assets (including loans, participations, securities, etc.) | 347                        | 858                        | 842                        |
| Outflows for investment in tangible fixed assets   | -10.220                    | -1.259                     | -11.441                    |
| Inflows from the sale of tangible fixed assets   | 0                          | 73                         | 9.644                      |
| Outflows for investment in intangible assets   | -74                        | -5                         | -134                       |
| <b>Cash flow from investing activities</b>   | <b>-9.947</b>              | <b>-333</b>                | <b>-1.089</b>              |
| Change in short-term financial liabilities   | -1.630                     | 23.643                     | 34.751                     |
| Change in long-term financial liabilities  | 8.263                      | -1.012                     | 6.036                      |
| <b>Cash flow from financing activities</b>   | <b>6.633</b>               | <b>22.631</b>              | <b>40.787</b>              |
| <b>Currency translation effects</b>  | <b>406</b>                 | <b>218</b>                 | <b>-18</b>                 |
| <b>Net change in cash</b>  | <b>4.554</b>               | <b>-2.392</b>              | <b>-14.857</b>             |
| Opening balance of cash and cash equivalents at 01.04.   | 7.720                      | 22.577                     | 22.577                     |
| Closing balance of cash and cash equivalents at 31.03. / 30.09.                                | 12.274                     | 20.185                     | 7.720                      |
| <b>Net change in cash</b>  | <b>4.554</b>               | <b>-2.392</b>              | <b>-14.857</b>             |

## 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 |               |                         |              |
| <b>Balance as at 01.04.2021</b>  | <b>28.639</b> | <b>43.134</b>    | <b>-20.517</b>              | <b>62.774</b>           | <b>6.497</b>                            | <b>48.754</b> | <b>120.527</b>          |              |
| 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                 |              |
| <b>Balance as at 30.09.2021</b>  | <b>28.639</b> | <b>43.134</b>    | <b>-20.517</b>              | <b>19.916</b>           | <b>9.088</b>                            | <b>8.487</b>  | <b>80.260</b>           |              |
| Balance as at 31.03./01.04.2022  | 28.639        | 43.134           | -20.517                     | 40.954                  | 12.513                                  | 32.950        | 104.723                 |              |
| Currency translation differences | 0             | 0                | 0                           | 0                       | 6.889                                   | 6.889         | 6.889                   |              |
| Net result from cash flow hedges | 0             | 0                | 0                           | -721                    | 0                                       | -721          | -721                    |              |
| Net loss                         | 0             | 0                | 0                           | -1.475                  | 0                                       | -1.475        | -1.475                  |              |
| <b>Balance as at 30.09.2022</b>  | <b>28.639</b> | <b>43.134</b>    | <b>-20.517</b>              | <b>38.758</b>           | <b>19.402</b>                           | <b>37.643</b> | <b>109.416</b>          |              |

## Notes to the Financial Half-Year Statements 2022/23

### 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 2022. 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 2022/23 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 2022 (published 22 June 2022).

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

In the previous financial year 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 2022/2021 and 31 March 2022.

|         | Period-end exchange rate |            |            | Average exchange rate      |                            |                            |
|---------|--------------------------|------------|------------|----------------------------|----------------------------|----------------------------|
|         | 30.09.2022               | 31.03.2022 | 30.09.2021 | 01.04.2022<br>- 30.09.2022 | 01.04.2021<br>- 31.03.2022 | 01.04.2021<br>- 30.09.2021 |
| CHF/EUR | 0,95635                  | 1,02610    | 1,08350    | 1,00070                    | 1,06805                    | 1,09023                    |
| USD/EUR | 0,97625                  | 1,10955    | 1,15705    | 1,03672                    | 1,16277                    | 1,19232                    |
| JPY/EUR | 141,03880                | 135,01560  | 129,63585  | 138,73093                  | 130,54847                  | 130,84527                  |



## 4 Investments in joint ventures

In the first half of the 2022/23 financial year, just as in 2021/22, 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 21 September 2021 and 28 September 2022.

## 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   | 30.09.2022     | 31.03.2022     | 30.09.2021     |
|---|----------------|----------------|----------------|
| <b>Theoretical impact on equity</b>                             |                |                |                |
| Equity according to balance sheet                               | 109.416        | 104.723        | 80.260         |
| Theoretical net carrying amount goodwill                        | 2.611          | 2.914          | 3.235          |
| <b>Theoretical equity incl. net carrying amount of goodwill</b> | <b>112.027</b> | <b>107.637</b> | <b>83.495</b>  |
| <b>Theoretical impact on net income</b>                         |                |                |                |
| <b>Effect on income statement</b>                               |                |                |                |
| Net loss  | -1.475         | -21.677        | -42.853        |
| Theoretical amortization of goodwill                            | -304           | -641           | -321           |
| <b>Theoretical net loss</b>                                     | <b>-1.779</b>  | <b>-22.318</b> | <b>-43.174</b> |

## 6 Provisions

The provisions for the efficiency enhancement program decreased from EUR 2,5 million at 30 September 2021 to EUR 1,3 million at 31 March 2022 and was further decreased to EUR 1,0 million at 30 September 2022.

## 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 2022 (published 22 June 2022).

## Net sales from goods and services

| EUR 000           |               | 01.04.2022 - 30.09.2022 |              |               |                   |                |
|-------------------|---------------|-------------------------|--------------|---------------|-------------------|----------------|
| Service location  |               |                         |              |               |                   |                |
| Segments          | Germany       | Switzerland             | Japan        | USA           | Rest of the world | Total          |
| Bevel Gear        | 16.578        | 29.900                  | 1.579        | 4.253         | 5.434             | 57.744         |
| Cylindrical Gear  | 30.208        | 0                       | 226          | 5.733         | 2.202             | 38.369         |
| Measuring Centers | 27.257        | 759                     | 1.243        | 2.762         | 2.184             | 34.205         |
| Drive Technology  | 6.233         | 0                       | 0            | 0             | 0                 | 6.233          |
| Other             | 833           | 0                       | 80           | 0             | 852               | 1.765          |
| <b>Total</b>      | <b>81.109</b> | <b>30.659</b>           | <b>3.128</b> | <b>12.748</b> | <b>10.672</b>     | <b>138.316</b> |

| EUR 000           |               | 01.04.2021 - 31.03.2022 |              |               |                   |                |
|-------------------|---------------|-------------------------|--------------|---------------|-------------------|----------------|
| Service location  |               |                         |              |               |                   |                |
| Segments          | Germany       | Switzerland             | Japan        | USA           | Rest of the world | Total          |
| Bevel Gear        | 19.330        | 23.076                  | 1.437        | 9.221         | 6.418             | 59.482         |
| Cylindrical Gear  | 26.703        | 2.593                   | 1.983        | 5.702         | 4.326             | 41.307         |
| Measuring Centers | 28.774        | 3.188                   | 3.116        | 5.620         | 4.205             | 44.903         |
| Drive Technology  | 9.115         | 0                       | 0            | 0             | 58                | 9.173          |
| Other             | 1.757         | 0                       | 63           | 0             | 1.923             | 3.743          |
| <b>Total</b>      | <b>85.679</b> | <b>28.857</b>           | <b>6.599</b> | <b>20.543</b> | <b>16.930</b>     | <b>158.608</b> |

| 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         |
| <b>Total</b>      | <b>27.437</b> | <b>8.603</b>            | <b>2.477</b> | <b>8.873</b> | <b>7.725</b>      | <b>55.115</b> |

## 8 Significant events and business transactions

During the period under review, no material events or business transactions occurred that might have an impact on the critical estimates, appraisals and assumptions to be found in the consolidated financial statements as at 30 September 2022.

The settlement of the flood damage claim with the Federal State of "Nordrhein-Westfalen"/Germany has not yet been completed. Currently, the finalization of the appraisals to determine the flood damage for the individual items concerned, is underway. A receivable for "Reconstruction NRW on the occasion of damage caused by heavy rain and flooding in July 2021" of EUR 20,0 million was recognized in the 2021/22 financial statements, of which KLINGELNBERG GmbH received EUR 16,9 million as at 30 September 2022.

## 9 Definition of alternative performance measures

The alternative performance measures should be read in conjunction with the consolidated financial statements as at 31 March 2022 (published 22 June 2022).

## 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 financial half-year statements as at 30 September 2022.

## 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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