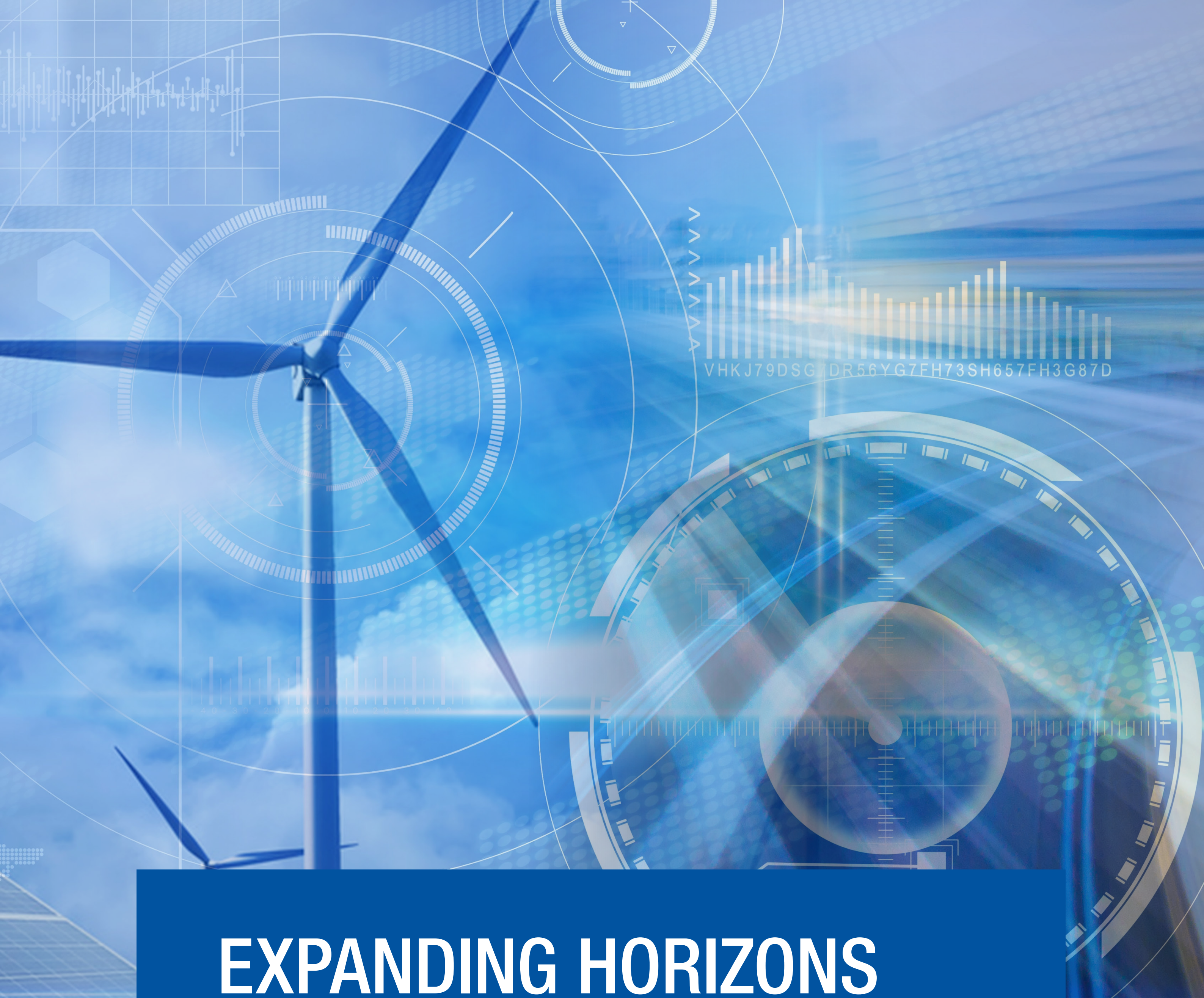

EXPANDING HORIZONS FEINTOOL GROUP

Report on Half-Year Figures, 1 January to 30 June 2022

FEINTOOL

Expanding Horizons.

Key figures, first half year		Change vs. prev. year	2022 01/01/–06/30/22	2021 01/01/–06/30/21
Operating figures	in kCHF			
Net sales		36.0 %	411 472	302 620
Earnings before interest, taxes, depreciation and amortization (EBITDA)[1]		-3.4 %	43 193	44 695
Operating profit (EBIT)[1]		-24.2 %	14 555	19 192
Net earnings [1]		-21.0 %	8 541	10 807
Orders received third (investment goods)		-34.9 %	12 556	19 286
Orders backlog third as at 30.06. (investment goods)		57.7 %	16 808	10 661
Return figures	in %			
EBITDA-Margin[1]		-4.3 %	10.5	14.8
EBIT-Margin[1]		-2.8 %	3.5	6.3
Net return on sales [1]		-1.5 %	2.1	3.6
Other				
Number of employees (excl. apprentices)		37.0 %	3 487	2 545

[1] In the 2020 financial year, Feintool received a loan of USD 8.4 million under the PPP program in the United States to mitigate the impact of the COVID-19 pandemic. In the first half of 2021, the government assured the company that this loan would not have to be repaid. Feintool also received CHF 3.0 million in immediate aid from the Swiss government in the first half of 2021 to mitigate the effects of the COVID-19 pandemic. In addition, due to capacities no longer required at one plant, the company recognized an impairment loss on manufacturing equipment totaling CHF 8.3 million. The EBITDA, EBIT, group result, and profit margin figures are presented in this overview excluding these effects.

Dear Shareholders,

Feintool achieved its stated objectives for the first half of 2022 in an extremely challenging market environment. Despite the ongoing Russo–Ukrainian War in Europe and additional challenges worldwide, Feintool generated sales of CHF 411.5 million and positive earnings before interest and taxes (EBIT) of CHF 14.6 million in the period through June 30, 2022 (with an EBIT margin of 3.5 percent).

To secure its long-term competitiveness, the company hit an important milestone in the last half-year with the acquisition of Kienle + Spiess GmbH, a leading specialist in rotors and stators for electric drive systems. The integration of this new business unit into the Feintool Group is progressing rapidly, and as a result, we expect to be able to complete the project by the end of 2022. The newly established Stamping Europe business unit has contributed to the group's profitability from the very beginning.

Thanks to this significant enhancement to its electrolamination stamping operations in the parts business, Feintool is now in an excellent position not only to capitalize on the growing market for all-electric vehicles and vehicles with hybrid drive systems, but also to serve the growing emerging markets of renewable power generation, such as wind power, and industrial electric drives, such as electric machine drives, pumps, and drives used in building technology, which Kienle + Spiess GmbH already supplies today.

As such, the acquisition of Kienle + Spiess GmbH is proving to be a wise, groundbreaking decision, both from an operational and a strategy perspective.

With its technology-agnostic strategy, Feintool has seized upon key trends and laid the foundations for further growth. The group now covers an wide range of market needs – as part of the transformation of the automotive sector towards electric mobility, with increasing electrification in other industries and in the wind power sector, and in terms of sustainability, by significantly increasing the share of environmentally friendly products.

Sales from future-oriented products that do not depend on the internal combustion engine already account for more than 50 percent of the total. The company's production and packaging processes are innovative and its internationalization strategy is paying off. All of our employees are working continuously towards increasing the value of the company's stock. As a result, the equity ratio is very solid at 57.9 percent and net debt/EBITDA is low (0.6x).

Challenges in the global market environment

The global market environment remained difficult in the first half of 2022. In addition, new challenges such as the Russo–Ukrainian War and its impact on energy prices and inflation emerged – and affected different regions in different ways. The COVID-19 pandemic also continues to cause uncertainty in the markets, even though China has temporarily lifted its lockdowns.

There were, however, also some encouraging developments for the course of business – supply chain issues eased slightly worldwide and chip supply improved. In light of the high and still volatile steel prices, Feintool has worked with customers to find solutions to share costs, as it has done in the past.

The Russian invasion of Ukraine and ongoing war since February 2022 does not have a direct impact on Feintool's business activities. The group is not dependent on Ukraine or Russia for either supplies or deliveries. Feintool only needs to purchase a small amount of natural gas for the European plants' heating supply, and only for a very small part of its production.

Feintool is, however, indirectly affected by rising energy prices and the resulting acceleration in inflation, which in turn is likely to lead to wage increases in Europe. Feintool also strives to reach acceptable agreements with customers with respect to these additional costs.

Market situation in the segments

In light of the fact that external uncertainties and restrictions slowed down business activity, sales in the parts business were encouraging in the first half of the year. Key factors with an impact on this segment include steel and energy prices and the further development of the COVID-19 pandemic. The Europe business unit generated sales of CHF 255.0 million, USA sales of CHF 101.6 million, and Asia sales of CHF 42.8 million.

The shortage of semiconductors is also still negatively impacting business, albeit no longer to the initial extent. Given this market environment, the transformation in the automotive industry toward electric mobility continued across all regions – particularly resolutely in Europe, where the EU has pledged to ban combustion engines from 2035. In the United States, business with vehicles powered by internal combustion engines and hybrid engines remains strong. Nevertheless, we expect to see the number of EVs produced there, and also in China, increase in the coming years.

Demand for rotors and stators as core elements in electric motors for wind turbines and various industrial applications is also growing at a satisfactory rate. The technology business segment (Fineblanking Technology) posted sales of CHF 14.4 million and continued to perform weakly, as there are still overcapacities in the market.

Acquisition of Kienle + Spiess GmbH: ideal market positioning

In order to pay off the bridge loan for the purchase of Kienle + Spiess GmbH (D), an equity offering in the amount of CHF 202 million was carried out in May 2022. The pronounced volatility on the capital markets in the first half of 2022, particularly as a result of the Ukraine war and its consequences for the global economy, also put pressure on Feintool's stock. Despite this unfavorable stock market environment at the time of the equity offering, all of the shares offered were successfully floated on the market. A total of 9,829,684 new registered shares were issued at a gross price of CHF 20.50 each.

In addition to fineblanking and forming, today Feintool is one of the leading European manufacturers of motor cores for electric motors and generators. The acquisition of Kienle + Spiess GmbH through an equity offering has also unlocked space for Feintool's further growth, both within and outside Europe. The transfer of the renowned expertise of Kienle + Spiess GmbH employees to the Feintool sites in Asia and North America opens up excellent growth opportunities there.

Sustainable value creation

In April, we communicated our objectives, climate roadmap, and relevant activities, business impacts, and ESG (environmental, social, governance) achievements for 2021 for the very first time in our latest sustainability report. For the current financial year, we will continue to refine our reporting in line with the new Global Reporting Initiative (GRI) standards that were issued in 2021 and focus more strongly on the ESG requirements of the capital market.

Strong corporate governance creates sustainable value for shareholders and all other stakeholders. At Feintool, we take the job of continuously reviewing and improving product development and production, risk management, human resources, supplier management, business relationships, and governance extremely seriously. In this context, we intend to have an ESG assessment of the Feintool Group performed in the coming year, culminating in an ESG rating.

General outlook

Automotive

Based on continuously updated global market forecasts, automotive production in the second half of 2022 will increase slightly compared with the first half of the year. Analysts expect that global production of passenger cars and commercial vehicles up to 3.5 tons gross vehicle weight will grow to 84 million in 2023, followed by a further steady increase to more than 94 million vehicles by 2029. This would mean a return in the coming year to the level seen before the outbreak of the coronavirus pandemic. Negative effects from supply chain disruptions and current geopolitical conflicts have been factored in as far as possible.

The share of all-electric vehicles in global production will stand at around 40 percent by the end of this decade. In this context, Europe is taking a leading role in the transformation of drive technologies, followed by China. North America will follow this trend at a slightly below-average rate. Feintool is proficient in all the technologies needed to manufacture highly efficient motor cores (rotor and stator stacks) as well as components for electric drive systems, and expects to see significant sales growth in this area.

Industrial applications

About 70 percent of the total industrial demand for electricity is required to operate electric motors and electromotive systems (source: International Energy Agency (IEA), 2021). This means that there’s significant energy-saving potential in this area and a need to reduce energy consumption by making drive systems more efficient.

State-of-the-art electric motors reduce carbon emissions on the one hand and also play a significant role in making systems more cost-efficient in the face of rising energy prices. In certain regions, regulations are in place that require older drive systems to be replaced by modern drives with more efficient electric motors. In the wake of the Russo–Ukrainian War and the accelerated energy transition, demand for resource-efficient building technology such as heat pumps, air conditioning systems, and automated shading systems is also on the rise. With its broad portfolio of highly efficient electric drives and its own electric motors, Feintool is already a participant in these high-growth markets.

Wind turbines

The expansion of renewable energy sources will increase worldwide over the long term. Trade associations expect that wind turbine capacity in the EU alone will have to increase by 20 to 25 gigawatts per year over the next few years in order to meet the EU's GHG emissions reduction targets. Feintool already supplies rotor and stator stacks for wind turbines of all sizes thanks to the integration of Kienle + Spiess GmbH into the group.

Hydrogen technologies

The large-scale production of ready-to-install bipolar plates on the FB one fineblanking press opens up another attractive market for Feintool with enormous potential for its technology and parts businesses. These plates are used in fuel cells to generate electricity from hydrogen and in electrolyzers to produce hydrogen from water. In the future, fuel cell technology will be used for propulsion in heavy vehicles, trains, and even ships. In addition, as the demand for "green" hydrogen increases, so does the demand for electrolyzers.

Guidance: Sales target increased

The company expects a slight upturn in the parts business in the second half of 2022, although this is likely to vary from region to region. Supply chains should continue to stabilize worldwide. The press business is still performing weakly as a result of overcapacities in the market.

Feintool expects sales of around CHF 850 million for the 2022 financial year, with a double-digit EBITDA margin and an EBIT margin before one-off effects of over three percent.

This forecast remains subject to change, however, as the ongoing negative effects of inflation, the Russo–Ukrainian War, semiconductor shortages, and further waves of the COVID-19 pandemic cannot be fully assessed.

Announcement: Change of CEO in 2023

The Board of Directors of Feintool International Holding AG has appointed Torsten Greiner to the position of CEO effective January 1, 2023. Knut Zimmer, the previous CEO, has decided to step down at the end of 2022 for personal reasons. The outgoing Knut Zimmer took over the CEO position at Feintool five years ago. As the former head of the European parts business, he already held a senior role at Feintool from 2012 to 2017, integrating new technologies and business areas very successfully.

Chairman of the Board of Directors Alexander von Witzleben deeply regrets the decision of Knut Zimmer and thanks him for his many years of service and successful work together: "Over the past few years, Knut Zimmer has done an outstanding job of preparing Feintool for the coming years of transformation in an extremely challenging environment. Growth, profitability, new markets such as electric mobility and an industrial focus, as well as new products, form an excellent foundation for the group's future."

Torsten Greiner has many years of experience in the automotive industry and strategic corporate development. He was most recently CEO of Edscha Holding GmbH in Germany, a strategic development partner to the international automotive industry, for eleven years. In this role, he achieved a significant profitable increase in growth and the internationalization of the company in a short period of time. Prior to that, Torsten Greiner was head of the Germany company Brose Schließsysteme GmbH. The 56-year-old lives with his family in Dortmund.

Alexander von Witzleben on the election: “With Torsten Greiner, we are fully convinced that we have found the ideal person to head our group. After an extensive, international selection process, we are very pleased to have gained such a proven manager in the automotive supply industry for the future Feintool.”

A word of thanks and appreciation

Completing the acquisition of Kienle + Spiess GmbH in the first half of this year, which will ensure that we can achieve sustainable, diversified growth in a challenging market environment, has been a challenge for you, our shareholders. We would like to express our deepest gratitude for the trust you have placed in us and for the engaging and constructive dialogue. We would also like to express our sincere thanks to all our customers and business partners. We know that we will successfully master the challenges ahead. After all, we can rely on the knowledge and expertise, flexibility, and dedication of our 3 500 employees on four continents. We also owe all of them a great debt of gratitude. Thank you for all your hard work.

ALEXANDER VON WITZLEBEN
Chairman of the Board of Directors

KNUT ZIMMER
Chief Executive Officer

FINANCIAL REVIEW

as at June 30, 2022

BUSINESS PERFORMANCE

General information

This half-year report applies to Feintool International Holding AG and all its subsidiaries. It encompasses the period from January 1 to June 30, 2022. The same period during the previous year is used for comparative purposes. In the case of balance sheet figures, the comparative reporting date is December 31, 2021.

On March 1, 2022, Feintool fully acquired the German company Kienle + Spiess GmbH together with its subsidiary Kienle + Spiess Hungary Kft. These companies generated sales of EUR 35.1 million and an operating loss before interest and taxes (EBIT) of EUR 1.1 million in the first two months of the 2022 financial year, during which they were not yet part of Feintool.

To increase transparency, the System Parts segment will be divided into the regions Europe, USA, and Asia as of the first half of 2022. The previous year's figures will also be presented in this way for the purpose of comparison. The Technology segment will continue to be managed as a separate operating segment.

One-off effects during the previous year

The first half of 2021, which serves as the comparative period for the consolidated statement of comprehensive income for the first half of 2022, included the following one-off effects.

In 2020, Feintool received a loan of USD 8.4 million under the PPP program in the United States to mitigate the impact of the COVID-19 pandemic. In the first half of 2021, the government assured the company that this loan would not have to be repaid. This resulted in other operating income of CHF 7.6 million.

In Switzerland, Feintool submitted an application for emergency aid for COVID-19 hardship cases in the first half of the year. The Canton of Bern's Office of Economic Affairs approved this application and Feintool received a credit of CHF 3.0 million in total.

In the 2021 financial year, Feintool began implementing its Strategy 2030. A key element of this strategy is for the company to capitalize on the rapid growth of battery-electric vehicles. In this context, Feintool conducted an impairment test of its production facilities in the first half of 2021. In the process, systems were identified which, as expected, can no longer be fully utilized due to the company's transformation. This led to impairment losses on manufacturing equipment totaling CHF 8.3 million in the System Parts segment in Europe in the first half of 2021. At the EBIT level, this resulted in a net positive one-off effect of CHF 2.4 million in the previous year.

Orders received and orders backlog, expected releases

The System Parts Europe, USA, and Asia segments' parts business is conducted over the short term. Feintool's customers continuously send the company the expected releases for the next six months. Customers have the ability to postpone or even cancel releases that they have already entered into our ordering systems, however. In times of considerable uncertainty in the supply chains and as a result of increased volatility, this early indicator becomes less reliable. As such, Feintool has decided not to publish this key figure at the present time.

The value of orders received in the Fineblanking Technology segment fell by 34.8 % to CHF 14.9 million in the reporting period (previous year: CHF 22.9 million). Orders received from intracompany business declined by 34.6 % to CHF 2.3 million (previous year: CHF 3.6 million). As such, the value of third-party orders totaled CHF 12.6 million (previous year: CHF 19.3 million), equal to a decline of 34.9 %. The low number of orders received reflects the fact that the market situation in the capital goods business remains challenging.

As of June 30, 2022, the Fineblanking Technology segment had an order backlog with a total value of CHF 18.1 million (previous year: CHF 13.1 million). This represents a 38.3 % increase in the value of the order backlog compared with the same date last year. Compared to December 31, 2021, the value of the order backlog increased by CHF 1.4 million. The existing order backlog is not fully utilizing existing production capacities, however.

Net sales

Consolidated sales increased by 36.0 % to CHF 411.5 million in the reporting period (previous year: CHF 302.6 million). Sales generated by Kienle + Spiess amounted to CHF 82.4 million, resulting in inorganic sales growth of 27.2 %. Organic growth thus came to approximately 13.3 %. Organic growth was once again driven by price growth, however. Currency effects negatively impacted sales by CHF 13.7 million. As a result, Feintool recorded an increase in net sales of 40.5 % expressed in local currency.

The System Parts segment's sales in the reporting period increased by 55.0 % to CHF 255.0 million (previous year: CHF 164.5 million). This increase was driven by the acquisition of Kienle + Spiess. The negative currency effects totaled CHF 16.6 million, resulting in a 65.1 % increase in the segment's sales expressed in local currency. Sales generated by the System Parts USA segment grew by 22.3 % to CHF 101.6 million (previous year: CHF 83.1 million). Adjusted for currency effects, sales in the United States increased by 18.3 %. In the System Parts Asia segment, sales increased by 13.0 % to CHF 42.8 million (previous year: CHF 37.9 million), equal to an increase of 14.2 % in local currency terms. In addition to inorganic growth, the increase in sales in the parts business was driven by price growth in Europe and the USA. On average, quantities sold by the fineblanking and forming plants were down slightly compared with the first half of 2021.

Sales in the Fineblanking Technology segment fell by 31.9 % to CHF 14.4 million (previous year: CHF 21.1 million). Expressed in local currency, the sales decline stood at 32.1 %.In particular, the overcapacity in the market for fineblanking presses is having a negative impact on Feintool's capital goods business.

Overall, the Feintool Group generated third-party sales of CHF 251.3 million in Europe, equal to 61.1 % of total sales (previous year: CHF 165.8 million or 58.4 %). With sales of CHF 108.7 million, or 26.4 % of total sales (previous year: CHF 85.1 million or 28.1 %), the share of sales generated in North America increased by 1.7 percentage points. Sales in Asia declined slightly to CHF 51.6 million, causing the region's share of total sales to decrease to 12.5 % (previous year: CHF 51.7 million, equal to a 17.1 % share).

Key cost items

At CHF 221.7 million, material costs are by far the company's greatest expense item. In relation to net sales, this figure rose from 45.9 % to 53.9 %, caused by the sharp increase in steel prices and the significant percentage of materials used by Kienle + Spiess. Taking changes in inventories into account, the cost of materials accounted for 52.1 % of sales, up from 41.5 % a year earlier. In June, steel could still be sourced at more favorable conditions, so Feintool built up its stock.

Labor costs rose by CHF 16.2 million to CHF 111.3 million. The labor-to-sales ratio now stands at 27.0 % (previous year: 31.4 %). In relation to output (net sales plus changes in inventories), the labor-to-sales ratio decreased from 30.1 % to 26.6 %. In addition to automation, the lower labor-to-sales ratio was driven by sales price growth.

Other net operating expenses increased to CHF 43.5 million, while the operating ratio grew to 10.6 % (previous year: 9.0 % of sales). The comparative year of 2021 included two one-off effects. Feintool USA received a loan of CHF 7.6 million under the PPP program that it now no longer has to repay. In addition, Feintool Technologie AG in Switzerland received CHF 3.0 million in emergency aid. Both of these amounts are recognized as other operating income. Excluding these two one-off effects, other net operating expenses in 2021 amounted to CHF 37.8 million (12.5 %). This shows that the company was also able to reduce other operating expenses from 12.5 % to 10.6 %.

Earnings before interest, taxes, depreciation, and amortization (EBITDA)

Earnings before interest, taxes, depreciation, and amortization (EBITDA) fell to CHF 43.2 million in the reporting period. The EBITDA margin stood at 10.5 %. Taking the one-off effects into account, earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to CHF 55.3 million, corresponding to an EBITDA margin of 18.3 %. Excluding these one-off effects, EBITDA in the previous year totaled CHF 44.7 million (14.8 %). As such, EBITDA from operations in the first half of 2022 stood 4.3 % lower than in the same period last year. This was primarily due to the lower quantities delivered in the parts business and the associated drop in capacity utilization at the plants.

Depreciation, amortization, and impairment losses

Depreciation and amortization increased in absolute terms by CHF 3.1 million to CHF 28.6 million in the reporting period, driven by the acquisition of Kienle + Spiess. The depreciation and amortization rate, however, decreased from 8.4 % to 7.0 %. The decline in capital expenditures in the past period led to lower depreciation and amortization rates. In addition, Kienle + Spiess' business is also less capital intensive. This also has a positive impact on the depreciation and amortization rate. At CHF 12.4 million, capital expenditures in the reporting period again lagged clearly behind depreciation and amortization. Due to overcapacities at a European manufacturing site, the company recognized one-off impairment losses of CHF 8.3 million in the first half of 2021.

Operating profit (EBIT)

In the reporting period, Feintool generated operated profit (EBIT) of CHF 14.6 million. This corresponds to an EBIT margin of 3.5 %. Including the one-off effects EBIT in the previous year stood at CHF 21.5 million, corresponding to an EBIT margin of 7.1 % (excluding one-off effects:

CHF 19.2 million, equivalent to 6.3 %). As such, EBIT from operations in the first half of 2022 stood 2.8 % lower than in the same period last year. The EBITDA margin that stood 4.3 % lower was thus reduced at the EBIT level as a result of the lower depreciation and amortization rate.

Financial result

Net financial expenses decreased to CHF -2.5 million (previous year: CHF -3.0 million). Net interest expenses (including other financial expenses) increased to CHF 3.9 million (previous year: CHF 2.7 million) due to the financing costs for the bridge loan for the acquisition of Kienle + Spiess. However, Feintool recorded net currency gains of CHF 1.3 million in the reporting period (previous year: loss of CHF 0.4 million).

Taxes

The Feintool companies' tax expenses totaled CHF 3.5 million in the reporting period, corresponding to a tax rate of 29.0 %.

Net income

All in all, the Feintool Group generated net income of CHF 8.5 million (previous year: net income of CHF 13.2 million including the one-off effects).

CONSOLIDATED BALANCE SHEET

Total assets increased by 37.3 % to CHF 939.6 million (December 31, 2021: CHF 684.4 million). This increase was driven by the acquisition of Kienle + Spiess. As of June 30, 2022, Kienle + Spiess' total assets amounted to CHF 267.8 million, which would have resulted in an increase of 39.0 %. As a result, total assets would actually have declined slightly in organic terms.

Current assets increased by a total of CHF 112.4 million to CHF 365.5 million, whereby some of the individual items moved in opposite directions. Cash and cash equivalents increased by CHF 24.5 million to CHF 76.3 million. Accounts receivable and other receivables increased by CHF 29.9 million to CHF 122.8 million. Inventories and net contract assets increased by CHF 53.1 million to CHF 155.8 million. Prepaid expenses and accrued income increased by CHF 3.5 million to CHF 6.9 million.

Net working capital increased by CHF 68.8 million to CHF 153.2 million compared to December 31, 2021. The increase in inventories by CHF 48.2 million and the increase in trade receivables (+CHF 31.4 million) had a negative impact on net working capital. In contrast, the increase in deferred income (+CHF 9.8 million) was the primary item that had a positive impact on net working capital.

Fixed assets increased by CHF 142.8 million to CHF 574.1 million. The acquisition resulted in an increase in non-current assets of CHF 162.8 million (as of June 30, 2022). Excluding the acquisition effect, non-current assets would therefore have declined slightly compared with the end of 2021. Property, plant and equipment increased by CHF 81.8 million to CHF 412.9 million. Intangible assets increased by CHF 60.9 million to CHF 146.8 million. Financial assets increased by CHF 1.3 million to CHF 6.2 million. Deferred tax assets decreased by CHF 1.1 million to CHF 8.2 million (December 31, 2021: CHF 9.3 million).

On the liabilities side, total debt increased by CHF 49.7 million to CHF 395.7 million. The acquisition resulted in additional debt of CHF 188.7 million (as of June 30, 2022). Trade payables and other liabilities increased by CHF 8.2 million to CHF 91.3 million. Deferred income, tax liabilities, current and non-current provisions, and deferred tax liabilities increased by CHF 30.0 million to CHF 97.5 million. This increase was driven by deferred tax liabilities, which increased by CHF 15.3 million. Liabilities for employee benefits (IAS 19) increased to CHF 73.3 million in the reporting period as a result of the acquisition of Kienle + Spiess.

Interest-bearing liabilities decreased by CHF 38.9 million to CHF 133.6 million, despite the addition of CHF 73.6 million in debt from the acquisition of Kienle + Spiess. The cash outflow from the acquisition of Kienle + Spiess was significantly overcompensated for by the equity offering that led to inflows of approximately CHF 200 million. CHF 116.0 million of the interest-bearing debt is of a long-term nature.

Net debt decreased to CHF 57.3 million in the reporting period (December 31, 2021: CHF 120.7 million) due to the equity offering which was around CHF 200 million. As a result, Feintool has CHF 246.0 million in cash and cash equivalents as well as unused lines of credit available.

Shareholder's equity stood at CHF 543.9 million on June 30, 2022 (December 31, 2021: 338.4 million). As a result, the equity ratio increased from 49.4 % to 57.9 %. The Statement of Changes in Equity shows that consolidated earnings increased shareholders' equity by CHF 8.5 million. Losses from translation differences recognized directly in equity totaling CHF 7.3 million and actuarial gains from employee benefits (IAS 19) totaling CHF 10.5 million also had an additional net positive impact. The other items had much less impact.

CONSOLIDATED STATEMENT OF CASH FLOWS

At CHF 7.2 million, cash flow from operating activities came in clearly lower than in the same period last year (CHF 35.0 million). Net working capital had a negative impact of CHF 31.6 million in the reporting period (previous year: negative impact of CHF 18.8 million). A similar disproportionate increase in net working capital at the half-year point also occurred in the years 2021 and 2020. At CHF 6.5 million (previous year CHF 23.0 million), cash flow from organic investing activities stood significantly lower than in the previous year. The total cash flow from investing activities stood at CHF 58.7 million, with CHF 52.2 million corresponding to the purchase price of Kienle + Spiess less the cash and cash equivalents held by the company at the time it was acquired. Depreciation and amortization thus significantly exceeded ordinary capital expenditures in the corresponding period. Overall, this resulted in a free cash flow of CHF -51.5 million (previous year: CHF 12.0 million). Excluding the acquisition of Kienle + Spiess (CHF 52.2 million), free cash flow would have been positive despite the seasonal increase in net working capital. As such, Feintool was once again able to finance its capital expenditures from its operating business.

EMPLOYEES

The number of employees* (excluding vocational trainees) increased by 1 009 to 3 487 since December 31, 2021. The acquisition of Kienle + Spiess added 952 employees (plus 12 vocational trainees) as of June 30, 2022. In addition, 98 young people are currently completing a vocational training program at our company (December 31, 2021: 89). Adjusted for the acquisition of Kienle + Spiess, the number of employees thus remained at approximately the same level as at December 31, 2021. In total, Feintool has 2 473 employees (plus 43 vocational trainees) in Europe, 322 of whom work in Switzerland (plus 34 vocational trainees). The company employs a total of 547 people (plus 14 vocational trainees) in the United States, as well as 467 in Asia (plus 7 vocational trainees).

* Calculated as full-time equivalents on the reporting date

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the first half of 2022 (January 1 to June 30, 2022)

		1st HY 2022 01/01/-06/30/2022		1st HY 2021 01/01/-06/30/2021	
(unaudited)	Note	in CHF 1 000	in %	in CHF 1 000	in %
Net sales		**411 472**	**100.0**	**302 620**	**100.0**
Change in finished and semi-finished goods and work in progress		7 391		13 176	
Capitalized self-generated assets		819		686	
Material expenses		-221 718		-138 882	
Personnel expenses		-111 299		-95 084	
Other operating expenses		-44 066		-38 272	
Other operating income [1]		594		11 095	
Earnings before interest, taxes, depreciation and amortization (EBITDA) [2]		**43 193**	**10.5**	**55 339**	**18.3**
Depreciation and amortization		-28 638		-25 503	
Impairment of tangible assets [3]		–		-8 289	
Operating profit (EBIT) [4]		**14 555**	**3.5**	**21 547**	**7.1**
Financial expenses	4	-10 555		-6 665	
Financial income	4	8 031		3 656	
Earnings before taxes		**12 031**	**2.9**	**18 538**	**6.1**
Income taxes		-3 490		-5 376	
Net income attributable to Feintool Holding shareholders		**8 541**	**2.1**	**13 162**	**4.3**

1) In the 2020 financial year, Feintool received a loan of USD 8.4 million under the PPP program in the United States to mitigate the impact of the COVID-19 pandemic. In the first half of 2021, the government assured the company that this loan would not have to be repaid. Feintool also received CHF 3.0 million in immediate aid from the Swiss government in the financial year 2021 to mitigate the effects of the COVID-19 pandemic. In addition, please refer to section 1 of the Notes.

2) Includes the operating result before depreciation and amortization, (net) financial income and income tax.

3) Due to capacities no longer required at one plant, an impairment loss on manufacturing equipment totaling CHF 8.3 million was recognized in the first half of 2021. In addition, please refer to section 1 of the Notes.

4) Includes the operating result before (net) financial income and income tax.

(unaudited)	Note	1st HY 2022 01/01/-06/30/2022 in CHF 1 000	in %	1st HY 2021 01/01/-06/30/2021 in CHF 1 000	in %
Other comprehensive income					
Items that may be reclassified to profit or loss					
Translation differences		-7 310		14 117	
Items that may not be reclassified to profit or loss					
Reassessment of net defined benefit liability (asset)		12 739		6 973	
Income taxes on non recyclable items		-2 266		-1 674	
Total other comprehensive income		**3 162**		**19 416**	
Total comprehensive income attributable to Feintool Holding shareholders		**11 702**		**32 578**	
Net income attributable to Feintool Holding shareholders		8 541		13 162	
Total comprehensive income attributable to Feintool Holding shareholders		11 702		32 578	
Basic earnings per share (in CHF)		1.11		2.68	
Diluted earnings per share (in CHF)		1.11		2.68	
Number of employees as of June 30					
Number of employees excl. 98 (previous year 75) trainees		**3 487**		**2 545**	

CONSOLIDATED BALANCE SHEET

for the first half of 2022 (as at June 30, 2022)

		06/30/2022		12/31/2021	
(unaudited)	Note	in CHF 1 000	in %	in CHF 1 000	in %
ASSETS					
Current assets					
Cash and cash equivalents		76 258		51 763	
Trade and other receivables		122 794		92 925	
Tax receivables		3 664		2 231	
Inventories		152 187		98 926	
Net contract assets		3 636		3 756	
Prepaid expenses and accrued income		6 914		3 452	
Total current assets		**365 453**	**38.9**	**253 053**	**37.0**
Non-current assets					
Property, plant and equipment		412 941		331 183	
Intangible assets		146 779		85 910	
Financial assets		6 181		4 925	
Deferred tax assets		8 216		9 326	
Total non-current assets		**574 117**	**61.1**	**431 344**	**63.0**
TOTAL ASSETS		939 570	100.0	684 397	100.0
LIABILITIES					
Current liabilities					
Financial liabilities	3	17 570		20 703	
Trade and other payables		91 325		83 129	
Tax liabilities		8 230		6 651	
Accrued expenses and deferred income		41 125		30 951	
Current provisions		12 380		9 977	
Total current liabilities		**170 630**	**18.2**	**151 411**	**22.1**
Non-current liabilities					
Financial liabilities	3	116 003		151 808	
Non-current provisions		2 936		2 443	
Deferred tax liabilities		32 794		17 485	
Employee benefit liabilities		73 342		22 883	
Total non-current liabilities		**225 075**	**24.1**	**194 619**	**28.4**
Total liabilities		**395 705**	**42.1**	**346 030**	**50.6**
Equity					
Share capital	5	147 445		49 148	
Capital reserves		214 362		116 729	
Retained earnings		236 904		220 348	
Treasury shares		-153		-475	
Translation differences		-54 693		-47 383	
Total equity		**543 865**	**57.9**	**338 367**	**49.4**
TOTAL EQUITY AND LIABILITIES		939 570	100.0	684 397	100.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the first half of 2022

in CHF 1 000	Share capital	Treasury shares	Capital reserves	Retained earnings	Translation differences	Total equity
January 1, 2021	**49 148**	**-615**	**116 788**	**182 720**	**-54 156**	**293 885**
Translation differences	–	–	–	–	6 773	6 773
Reassessment of net defined benefit liability (asset), net of tax	–	–	–	18 417	–	18 417
Total other comprehensive income	**–**	**–**	**–**	**18 417**	**6 773**	**25 190**
Net income attributable to Feintool Holding shareholders	–	–	–	19 211	–	19 211
Total comprehensive income attributable to Feintool Holding shareholders	**–**	**–**	**–**	**37 628**	**6 773**	**44 400**
Share-based management remuneration [1]	–	806	-59	–	–	747
June 30, 2021	**49 148**	**-475**	**116 729**	**220 348**	**-47 383**	**338 367**
January 1, 2022	**49 148**	**-475**	**116 729**	**220 348**	**-47 383**	**338 367**
Translation differences	–	–	–	–	-7 310	-7 310
Reassessment of net defined benefit liability (asset), net of tax	–	–	–	10 473	–	10 473
Total other comprehensive income	**–**	**–**	**–**	**10 472**	**-7 310**	**3 162**
Net income attributable to Feintool Holding shareholders	–	–	–	8 541	–	8 541
Total comprehensive income attributable to Feintool Holding shareholders	**–**	**–**	**–**	**19 013**	**-7 310**	**11 702**
Capital increase [2]	98 297	–	100 372	–	–	198 669
Dividend [3]	–	–	-2 457	-2 457	–	-4 914
Share-based management remuneration [1]	–	322	-282	–	–	40
June 30, 2022	**147 445**	**-153**	**214 362**	**236 904**	**-54 693**	**543 865**

[1] The share based management remuneration involves payment of part of the salary in shares.

[2] On May 13, 2022, 9 829 684 new shares, each with a nominal value of CHF 10, were issued as capital increase.

[3] The General Meeting held on April 28, 2022 approved the Board of Directors' proposed dividend distribution of CHF 1.00 per registered share from earnings for the financial year ended December 31, 2021.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the first half of 2022

	Note	1st HY 2022 01/01/-06/30/2022 in CHF 1 000	1st HY 2021 01/01/-06/30/2021 in CHF 1 000
Net income of the Feintool Group		8 541	13 162
Depreciation, amortization and impairment		28 638	33 792
(Gain)/loss on disposal of property, plant and equipment		8	-42
Increase/(decrease) in provisions and valuation allowances [1]		67	3 257
Other non-cash changes		-2 764	-5 086
Income taxes		3 490	5 376
Received / paid Income taxes		-1 783	-292
Financial result		2 525	3 646
Cash flows from operating activities before change in net working capital (NWC)		**38 722**	**53 813**
Increase/decrease in:			
Accounts receivables		3 000	-4 447
Inventories and net contract assets		-17 677	-23 611
Prepaid and accrued expenses and income		4 659	13 965
Accounts payables		-21 539	-1 513
Other net working capital		–	-3 212
Cash flows from operating activities		**7 165**	**34 995**
Investments in property, plant and equipment		-4 142	-21 135
Disposals of property, plant and equipment		428	1 366
Investments in intangible assets		-3 049	-727
Disposals of intangible assets		6	7
Increase in financial assets		-8	-3 000
Decrease in financial assets		148	434
Interest received		120	50
Other financial income		16	–
Purchase of consolidated investments net of cash	2	-52 169	–
Cash flows from investing activities		**-58 650**	**-23 005**
Free cash flow [1]		**-51 485**	**11 990**

[1] Includes the cash flows from operating activities and the cash flows from investing activities

	Note	1st HY 2022 01/01/-06/30/2022 in CHF 1 000	1st HY 2021 01/01/-06/30/2021 in CHF 1 000
Capital increase	5	198 669	–
Dividends paid	6	-4 914	–
Other changes in equity		-282	-105
Borrowing of interest-bearing liabilities	3	162 508	15 467
Repayment of interest-bearing liabilities	3	-270 040	-14 513
Payment of financial lease liabilities		-7 290	-5 787
Interest paid		-3 280	-3 696
Cash flows from financing activities		**75 371**	**-8 634**
Translation differences Cash and cash equivalents		610	1 556
Change in cash and cash equivalents		**24 495**	**4 912**
Cash and cash equivalents at the beginning of the period		51 763	61 276
Cash and cash equivalents at the end of the period		76 258	66 188

Lease payments are classified as follows on the statement of cash flows:
– Cash payments for the amortization portion are recognized as financing activities.
– Cash payments for the interest portion are recognized in cash flow from financing activities.
– Cash payments for non-capitalized leases are recognized in cash flow from operating activities.

The items Financial result, Interest paid and Interest received were not reported as separate items in the consolidated cash flow statement for the half year 2021. These items are reported separately in the reporting year, with the previous year's figures having been adjusted accordingly within the meaning of IAS 1.41. In this context, it has also been decided that these items will now be reported in cash flows from investing activities (Interest received) and cash flows from financing activities (Interest paid), respectively, instead of cash flows from operating activities as previously. This means that the free cash flow for the half year 2021 has increased by TCHF 1 644 and the cash flows from financing activities has decreased by TCHF 1 644.

NOTES TO THE HALF-YEAR REPORT

as at June 30, 2022

GENERAL PRINCIPLES

This unaudited, consolidated half-yearly financial statement of the Feintool Group is based on the individual financial statements of the Group companies as of June 30, 2022, which were prepared in accordance with uniform accounting policies, and released for publication by the Board of Directors on August 22, 2022.

With the exception of the changes to the accounting principles outlined below, the consolidated half-year result has been created according to the same valuation guidelines as the annual financial statement of December 31, 2021 and corresponds to the International Financial Reporting Standards (IFRS) in accordance with IAS 34 Interim Financial Reporting and the requirements of SIX Swiss Exchange. This half-year report does not include all the information and disclosures that are disclosed in the annual report of the Feintool Group as of December 31, 2021, and for that reason should be read in conjunction with it.

The consolidated half-yearly financial statement is shown in Swiss francs (CHF), rounded to the nearest thousand. It is produced in German and English. The half-yearly financial statement in German is the authoritative version.

CHANGES TO THE ACCOUNTING PRINCIPLES

With the exception of newly issued or revised Standards and Interpretations, which are applicable or have been modified in the reporting year, essentially the same accounting policies were applied as in the previous year.

On January 1, 2022, Feintool introduced the following new (adapted) Standards and Interpretations:

- IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020
- IAS 16 – Property, Plant and Equipment
- IFRS 3 – Reference to the Conceptual Framework

Feintool is either unaffected by these changes, or the changes have no material effect on its financial position, results of operations or cash flows.

FUTURE CHANGES TO ACCOUNTING PRINCIPLES

Feintool constantly examines the effects of newly published accounting principles on the Group's financial position, results of operations or cash flows.

- IFRS 17 – Insurance Contracts (January 1, 2023)
- IAS 1 – Classification of Liabilities as Current or Non-current (January 1, 2023)
- IAS 8 – Definition of Accounting Estimate (January 1, 2023)
- IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (January 1, 2023)

Feintool is assessing the impacts of the revised Standards and Interpretations. Based on its initial findings, Feintool does not foresee any significant impacts on its financial position, results of operations or cash flows.

INCREASE IN SHARE CAPITAL

On May 13, 2022, the Feintool Group concluded a capital increase. The transaction resulted in the creation of 9 829 684 new Feintool shares with a par value of CHF 10 each at the transaction price of CHF 20.51 each. Further information is provided in Note 5.1.

KEY ESTIMATES

The preparation of the consolidated half-yearly financial statements requires that the management makes assessments and assumptions which influence the amounts of assets and liabilities, the statement of contingent receivables and liabilities, as well as income and expenditure. Areas in which estimates have a significant influence on the carrying amount include the calculation of provisions, the economic useful life of the fixed assets, the assumptions of the "value in use" calculation for goodwill, the expected future cash flow from capitalized development costs, the valuation of long-term construction contracts, the assessment of expected and deferred taxes, and the actuarial assumptions in the calculation of pension obligations.

These estimates may differ from the actual results and hence have a significant impact on the Group's financial position, results of operations or cash flows.

Management and Board of Directors believe that the planning principles and assumptions are realistic.

IMPACTS OF OECD GLOBAL MINIMUM TAX RATE

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15 %. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. Once changes to the tax laws in any juridiction in which the Feintool Group operates are enacted or substantivly enacted, Feintool may be subject to the top-up tax. At the date when the interim financial statements were authorised for issue, none of the jurisdictions in which the Feintool Group operates had enacted or substantively enacted the tax legislation related to the top-up tax, and therefore Feintool is unable to determine the potential impact.

CONTINGENT LIABILITIES/PURCHASE COMMITMENTS

The contingent liabilities arising from received funding, which has certain conditions attached, amount to CHF 4.6 million (previous year CHF 3.8 million).

Feintool owns properties at some locations that are either contaminated or suspected of being contaminated. Under the supervision of the local authorities, Feintool is remediating these plots of land to remove the corresponding pollution and contaminants. Based on our current assessment, these activities are not expected to have a significant impact on the Feintool Group's net assets, financial position, or results of operations.

At the end of the reporting period, Feintool was not involved in any other court proceedings. However, disputes relating to product liability, promotional activities, labor law and unfair dismissals, anti-trust law, securities trading, sales and marketing practices, health and safety, environmental and tax-related claims, state investigations and copyright law are always a possibility. Such proceedings could result in substantial claims being brought against Feintool that may not be covered by insurance policies. Feintool believes, however, that any such proceedings would not have a significant effect on the Group's financial position, operating results or cash flows.

The Feintool Group has undertaken to purchase property, plant and equipment amounting to CHF 10.0 million (previous year CHF 31.8 million).

The Feintool Group used the following exchange rates in the half-years:

			06/30/2022	12/31/2021	06/30/2021
		Closing rate	Average rate	Closing rate	Average rate
China	CNY 100	14.2932	14.4977	14.3219	14.1557
Eurozone	EUR 1	0.9960	1.0235	1.0331	1.0974
Japan	JPY 100	0.7037	0.7673	0.7924	0.8366
Czech Republic	CZK 100	4.0260	4.1601	4.1560	4.2471
USA	USD 1	0.9589	0.9453	0.9121	0.9142

BASIS OF CONSOLIDATION

The consolidated half-yearly financial statements encompass the half yearly financial statement of Feintool International Holding AG, Lyss (Switzerland), in addition to the half-yearly financial statements of all Group companies in which Feintool International Holding AG directly or indirectly owns more than 50 % of the voting rights or which it controls in any other way. A list of all the subsidiaries is contained in the Annual Financial Report of December 31, 2021, page 90.

On March 1, 2022, Feintool Holding GmbH, Bayreuth, Germany, acquired 100 % of the shares of the German company Kienle + Spiess GmbH, located in Sachsenheim, Germany, with its subsidiary Kienle + Spiess Hungary Kft., located in Tokod, Hungary.

As of January 1, 2021, HL Holding AG was absorbed by System Parts Lyss AG.

FINANCIAL COVENANTS

Feintool has a syndicated loan of CHF 120 million (previous year CHF 120 million), a promissory note in the amount of EUR 75 million (previous year EUR 75 million), bilateral credit loans and several leasing and rental contracts (more details in the Annual Financial Report of December 31, 2021 note 19). On June 30, 2022, the company had utilized CHF 0 of the syndicated loan (previous year CHF 68.6 million).

The syndicated loan, the promissory note loan, and the bilateral loan agreements contain covenants customary in the market, in particular:

- A minimum equity ratio
- A minimum profitability level

In the event that the group or individual companies fail to comply with these covenants, the banks would have the right to terminate the loans at short notice. As of June 30, 2022, all of the covenants were met. As of June 30, 2022, Feintool had CHF 246.0 million (previous year: CHF 67.4 million) of unused, confirmed lines of credit with banks.

SEASONALITY

The business segments of Feintool are subject to no significant seasonal fluctuations. The earnings arising from contract assets recognized over a specific period of time are distributed over the period.

1 SEGMENT INFORMATION

1.1 Products and services 1st HY 2022 in CHF 1 000	System Parts Europe	System Parts USA	System Parts Asia	Fineblanking Technology	**Total segments**	Finance/ Other	Eliminations	**Total Group**
Net sales	255 017	101 632	42 839	14 367	**413 855**	–	-2 383	**411 472**
- Intercompany income	-1 387	–	–	-996	**-2 383**	–	2 383	**–**
Total net sales – Group [1]	**253 630**	**101 632**	**42 839**	**13 371**	**411 472**	**–**	**–**	**411 472**
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**32 592**	**9 261**	**9 322**	**-2 636**	**48 539**	**-5 346**	**–**	**43 193**
Depreciation and amortization	-16 662	-5 598	-5 497	-862	**-28 619**	-1 129	1 110	**-28 638**
Operating profit (EBIT)	**15 930**	**3 663**	**3 825**	**-3 498**	**19 920**	**-6 475**	**1 110**	**14 555**
Financial expenses								**-10 555**
Financial income								**8 031**
Income taxes								**-3 490**
Net income attributable to Feintool Holding shareholders								**8 541**
Number of employees	**2 335**	**544**	**449**	**124**	**3 452**	**35**	**–**	**3 487**
Assets	**515 846**	**137 629**	**148 081**	**49 348**	**850 904**	**337 085**	**-248 419**	**939 570**
Net working capital [4]	**105 996**	**29 625**	**25 429**	**8 405**	**169 455**	**12 749**	**-29 045**	**153 159**
Investments in property, plant and equipment/intangible assets (incl. leases)	**7 158**	**1 353**	**1 534**	**276**	**10 321**	**2 080**	**–**	**12 401**

1.2 Geographical areas 1st HY 2022	Switzerland	Europe excl. Switzerland	America	Asia	**Total**
Total net sales – Group [5]	**2 147**	**249 118**	**108 653**	**51 554**	**411 472**
thereof Germany		158 761			
thereof USA			72 478		
thereof Japan				14 266	
thereof China				30 743	
Fixed and intangible assets	**30 079**	**381 589**	**62 669**	**85 383**	**559 720**

1.3 Products and services 1st HY 2021 in CHF 1 000	System Parts Europe	System Parts USA	System Parts Asia	Fineblanking Technology	**Total segments**	Finance/ Other	Eliminations	**Total Group**
Net sales	164 541	83 082	37 917	21 111	**306 651**	–	-4 031	**302 620**
- Intercompany income	-2 841	-7	–	-1 183	**-4 031**	–	4 031	**–**
Total net sales – Group [1)]	**161 700**	**83 075**	**37 917**	**19 928**	302 620	**–**	**–**	302 620
EBITDA before extraordinary effects	**28 240**	**13 236**	**7 708**	**-1 128**	48 056	**-3 482**	**121**	44 695
One-off effects in the half year [2)]		7 639		3 005	**10 644**	–	–	**10 644**
EBITDA after extraordinary effects	**28 240**	**20 875**	**7 708**	**1 877**	58 700	**-3 482**	**121**	55 339
Depreciation and amortization	-13 520	-5 991	-4 962	-906	**-25 379**	-1 247	1 123	**-25 503**
Impairment of tangible assets [3)]	-8 289	–	–	–	**-8 289**	–	–	**-8 289**
Operating profit (EBIT) before amendments	**14 720**	**7 245**	**2 746**	**-2 034**	22 677	**-4 729**	**1 244**	19 192
One-off effects in the half year [2) 3)]	-8 289	7 639	–	3 005	**2 355**	–	–	**2 355**
Operating profit (EBIT) after amendments	**6 431**	**14 884**	**2 746**	**971**	25 032	**-4 729**	**1 244**	21 547
Financial expenses								**-6 665**
Financial income								**3 656**
Income taxes								**-5 376**
Net income attributable to Feintool Holding shareholders								13 162
Number of employees	**1 385**	**540**	**447**	**140**	2 512	**33**	**–**	2 545
Key figures as of 12/31/2021								
Assets	**311 569**	**139 324**	**156 996**	**51 413**	659 302	**257 168**	**-232 073**	684 397
Net working capital [4)]	**41 806**	**26 859**	**19 095**	**10 061**	97 821	**17 295**	**-30 734**	84 382
Investments in property, plant and equipment/intangible assets (incl. leases)	**39 368**	**6 505**	**9 182**	**1 333**	56 388	**1 430**	**-385**	57 433

1.4 Geographical areas 1st HY 2021	Switzerland	Europe excl. Switzerland	America	Asia	**Total**
Total net sales – Group [5)]	**3 353**	**162 493**	**85 088**	**51 686**	302 620
thereof Germany		113 741			
thereof USA			59 804		
thereof Japan				14 338	
thereof China				32 936	
Fixed and intangible assets	**33 789**	**229 542**	**63 400**	**90 362**	417 093

The following footnotes are applicable to the 2022 and 2021 half-year periods.

During the six months ended June 30, 2022, the Feintool Group has changed its internal organisation and the composition of its operating segment, which resulted in a change in reportable segment. Accordingly, Feintool has restated the previously reported segment information ended June 30, 2021 and as at December 31, 2021.

1) Total Net Sales include "Sales from products transferred over time" about CHF 3.3 million (prior year CHF 9.4 million). The net sales have been recognized in the Fineblanking Technology Segment. The remaining net sales in this segment mainly consist of tool sales and services.

2) In the 2020 financial year, Feintool received a loan of USD 8.4 million under the PPP program in the United States to mitigate the impact of the COVID-19 pandemic. In the first half of 2021, the government assured the company that this loan would not have to be repaid. Feintool also received CHF 3.0 million in immediate aid from the Swiss government in the first half of 2021 to mitigate the effects of the COVID-19 pandemic.

3) Due to capacities no longer required at a plant, an impairment loss on manufacturing equipment totaling CHF 8.3 million was recognized in the first half of 2021.

Segment reporting is in accordance with internal reporting, and the one-time effects demonstrated have thus been factored into the group performance assessment by the Board of Directors and the management.

4) Net working capital comprises trade receivables, inventories, net assets of construction contracts and prepaid expenses and accrued income less trade payables, advance payments received from customers and accrued expenses and deferred income. The remaining receivables and liabilities is included in the calculation for "Finances/Other".

5) Net sales is allocated to countries based on the customer's domicile.

The following explanations on the segment information apply to the financial years 2022 and 2021.

The Fineblanking Technology segment comprises the development, manufacture and sale of presses, tools, peripheral systems and all related services.

The System Parts Europe, USA and Asia segments develop, produce and sell high-precision system components and assemblies using fineblanking and forming technology as well as electro lamination sheet stamping. The segments also sell production-specific tools to third-party customers. The production and internal sale of tools is also included in this segments.

"Finances/Other" essentially comprises the figures for Feintool International Holding AG, the German sub-holding company Feintool Holding GmbH.

The operating profit/loss comprises all operating income and expenses directly attributable to the individual segments. This includes all cross-segment expenses, which are charged directly. Feintool's financing is undertaken at the Group level. Financial expenses and income, financial liabilities as well as taxes, are therefore reported only at the Group level and do not appear in the segment reports.

There is no reconciliation of data in management reports and data contained in the financial reports, as internal and external reporting are subject to the same valuation principles.

2 ACQUISITION OF INVESTMENTS

On March 1, 2022, Feintool Holding GmbH, Bayreuth, Germany, acquired 100 % of the shares of the German company Kienle + Spiess GmbH, located in Sachsenheim, Germany, with its subsidiary Kienle + Spiess Hungary Kft., located in Tokod, Hungary.

Kienle + Spiess is one of the leading suppliers in rotors and stators for highly efficient electric drives. With this acquisition, Feintool is significantly expanding its latest business pillar, electric sheet stamping and its production capacity.

In its first four months as part of the Feintool Group, Kienle + Spiess generated net sales of CHF 82.4 million and operating earnings (EBIT) of CHF 5.7 million. If the acquisition had taken place on January 1, 2022, the consolidated net sales of the Feintool Group would have amounted to CHF 447.4 million and the operating earnings (EBIT) to CHF 13.5 million.

The purchase price allocation, in particular the item "Intangible assets", is not yet final, because not all information is available yet. A change in the valuation of the customer orders and relationships contained therein is possible in the twelve months from the acquisition date.

2.1 Consideration for the interests acquired	in CHF 1 000
Cash and cash equivalents	77 775
Total consideration	**77 775**

2.2 Identifiable assets and liabilities	in CHF 1 000
Cash and cash equivalents	25 606
Trade and other receivables [1]	38 438
Inventories	34 880
Work in progress	3 297
Property, plant and equipment	102 190
Intangible assets [2]	31 182
Financial liabilities	-76 677
Trade and other payables	-34 579
Provisions	-69 604
Deferred tax liabilities	-14 300
Net identifiable assets	**40 432**

[1] The trade receivables comprise gross contractual amounts due of kCHF 37 819, of which kCHF 348 was expected to be uncollectable at the date of acquisition.

[2] In intangible assets is mainly the value of customer contracts and relationships, as well as value of technology contained.

2.3 Goodwill at the acquisition date	in CHF 1 000
Total consideration	77 775
Net identifiable assets	-40 432
Goodwill [1]	**37 343**

[1] Goodwill at historical rates on the acquisition date. For the Feintool Group, goodwill represents the value that it would have had to pay in order to independently set up a profitable operation for the production of rotors and stators for highly efficint electric drives in the automobile. With its acquisition, Feintool is positioning itself as one of Europe's leading manufacturers of motor cores for battery electric vehicles (BEV) and hybrids (HEV), industrial drives and regenerative energies.
Goodwill is not a tax deductible.

The costs incurred by the Feintool Group for the acquisition of Kienle + Spiess amounted to around CHF 1.5 million. In particular, this includes the fees of external lawyers and advisers. The costs were recognized in other operating expenses and amounted in financial year 2021 as well as in the first half year 2022 to around CHF 0.7 million each.

3 FINANCIAL LIABILITIES

3.1 Reconciliation of financial liabilities	06/30/2022 in CHF 1 000	12/31/2021 in CHF 1 000
Start of period	**172 511**	**208 215**
Cash flows net [1]	-114 822	-42 378
Non-cash changes	73 192	9 559
thereof acquisition	76 677	–
thereof new leases	-3 485	9 559
Translation differences	2 692	-2 885
End of period	**133 573**	**172 511**

1) This item includes the borrowing of interest-bearing debt of kCHF 162 508 (previous year kCHF 15 916), the repayment of interest-bearing lease liabilities of kCHF 7 290 (previous year repayment kCHF 8 332) and the repayment of interest-bearing debt of kCHF 270 040 (previous year kCHF 49 961).

4 FINANCIAL RESULT AND DERIVATIVE FINANCIAL INSTRUMENTS

4.1 Financial expenses	1st HY 2022 in CHF 1 000	1st HY 2021 in CHF 1 000
Interest expense	2 406	1 986
Other finance costs [1]	1 524	737
Foreign exchange losses	6 625	3 942
Total financial expenses	**10 555**	**6 665**

1) Besides bank charges, other financial expenses include annual amortization of establishing cost for the promissory note/syndicated loan, market making costs and valuation expenses from hedging.

4.2 Financial income	1st HY 2022 in CHF 1 000	1st HY 2021 in CHF 1 000
Interest income	119	69
Other financial income	16	4
Foreign exchange gains	7 896	3 583
Total financial income	**8 031**	**3 656**

4.3 Fair value hierarchy

Feintool has measured financial instruments at fair value and uses the following hierarchy to determine fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Feintool holds only financial instruments in Level 2. These include currency forwards.

4.4 Derivative financial instruments outstanding	in CHF 1 000	Fair values positive	Fair values negative	Contract volumes
Futures contracts		215	321	13 944
Currency instruments		**215**	**321**	**13 944**
Total derivative financial instruments as at 06/30/2022		**215**	**321**	**13 944**
Futures contracts		86	1 306	125 620
Currency instruments		**86**	**1 306**	**125 620**
Total derivative financial instruments as at 12/31/2021		**86**	**1 306**	**125 620**

Currency instruments primarily relate to the hedging of foreign-currency risks in euros. The life of the foreign exchange futures is a few months.

4.5 Fair Values

The carrying amounts of the financial assets and liabilities do not differ materially from their fair values.

5 EQUITY

5.1 Share capital	06/30/2022 Number/CHF	12/31/2021 Number/CHF
Number of shares	14 744 526	4 914 842
Nominal value	10	10
Share capital	147 445 260	49 148 420

On May 13, 2022, the Feintool Group concluded a capital increase. The transaction resulted in the creation of 9 829 684 new Feintool shares with a par value of CHF 10 each at the transaction price of CHF 20.51 each.

5.2 Major shareholders		Disclosure according to FinMIA
Artemis Beteiligungen I AG und Michael Pieper	50.1 %	50.1 % on 21.05.2022
Geocent AG	9.8 %	9.7 % on 12.11.2008

Information on significant shareholders are based on the shareholders register or on notifications received by Feintool. A disclosure obligation exists if a person or group(s) is/are subject to the disclosure requirement when reaching, exceeding or falling below the threshold of 3, 5, 10, 15, 20, 25, 33.3, 50 or 66.6 percent of the voting rights of Feintool International Holding AG. Disclosure reports made during the reporting year in accordance with Art. 120 of the Financial Market Infrastructure and Market Conduct in Securities and Derivatives Trading (FinMIA) and the provisions of the Financial Market Infrastructure Ordinance (FinMIO) can be viewed on the reporting and publication platform of SIX Swiss Exchange (https://www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html).

6 DIVIDEND

On the occasion of the Annual General Meeting of Feintool International Holding AG on April 28, 2022, the shareholders approved the distribution of a dividend of CHF 1.00 (previous year CHF 0) per share for financial year 2021. This led to a dividend payout of CHF 4.9 Mio. (previous year: kCHF 0).

7 EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

ADDRESSES OF OUR OPERATING COMPANIES

as at June 30, 2022

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