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Semi-Annual Report

21

KEY FIGURES

| CHF million | January – June 2021 | January – June 2020 | Change |
|---|------------------------|------------------------|--------|
| Rieter | | | |
| Order intake | 975.3 | 250.7 | 289% |
| Sales | 400.5 | 254.9 | 57% |
| Operating result before interest, taxes, depreciation and amortization (EBITDA) | 27.1 | -36.1 | |
| • in % of sales | 6.8% | -14.2% | |
| EBIT before restructuring charges | 9.7 | -46.9 | |
| • in % of sales | 2.4% | -18.4% | |
| EBIT | 9.0 | -55.0 | |
| • in % of sales | 2.2% | -21.6% | |
| Net profit | 5.3 | -54.4 | |
| • in % of sales | 1.3% | -21.3% | |
| Basic earnings per share (CHF) | 1.19 | -12.11 | |
| Purchase of property, plant and equipment, and intangible assets | 10.1 | 13.7 | |
| Free cash flow | 53.2 | -95.4 | |
| Net liquidity at the end of the reporting period | 98.8 | 36.0 | |
| Equity in % of total assets at the end of the reporting period | 35.3% | 37.9% | |
| Number of employees (excluding temporaries) at the end of the reporting period | 4 385 | 4 573 | |
| Business Group Machines & Systems | | | |
| Order intake | 714.8 | 129.2 | 453% |
| Sales | 218.9 | 119.9 | 83% |
| EBIT before restructuring charges | -12.2 | -39.9 | |
| • in % of sales | -5.6% | -33.3% | |
| EBIT | -12.2 | -40.8 | |
| • in % of sales | -5.6% | -34.0% | |
| Business Group Components | | | |
| Order intake | 154.9 | 76.7 | 102% |
| Sales | 112.4 | 87.7 | 28% |
| Total segment sales | 154.1 | 113.1 | 36% |
| EBIT before restructuring charges | 13.4 | -1.6 | |
| • in % of segment sales | 8.7% | -1.4% | |
| EBIT | 13.4 | -8.7 | |
| • in % of segment sales | 8.7% | -7.7% | |
| Business Group After Sales | | | |
| Order intake | 105.6 | 44.8 | 136% |
| Sales | 69.2 | 47.3 | 46% |
| EBIT before restructuring charges | 9.8 | -5.2 | |
| • in % of sales | 14.2% | -11.0% | |
| EBIT | 9.1 | -5.1 | |
| • in % of sales | 13.2% | -10.8% | |

Alternative performance measures (APM)

The definitions of the APM used are contained in the Annual Report 2020.

Semi-Annual Report 2021

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Bernhard Jucker
Chairman of the Board of Directors

Dr. Norbert Klapper
Chief Executive Officer

FIRST HALF OF 2021

- Order intake of CHF 975.3 million
- Sales of CHF 400.5 million
- EBIT of CHF 9.0 million and net profit of CHF 5.3 million
- Strategy implementation and crisis management
- Outlook

DEAR SHAREHOLDER

Rieter posted an order intake of CHF 975.3 million, which corresponds to an increase of 289% compared to the previous year period (first half of 2020: CHF 250.7 million). The recovery is broadly supported globally and is based on a catch-up effect relating to the years 2019 and 2020 and a regional shift in demand. Rieter is benefitting from its innovative product portfolio and the company's global positioning. The highest order intake was recorded in Turkey.

On June 30, 2021, the company had an order backlog of about CHF 1 135 million (June 30, 2020: about CHF 490 million).

ORDER INTAKE BY BUSINESS GROUP

In the Business Group **Machines & Systems**, order intake amounted to CHF 714.8 million (first half of 2020: CHF 129.2 million). In the Business Group **Components**, order intake rose to CHF 154.9 million (first half of 2020: CHF 76.7 million), and in the Business Group **After Sales** it increased to CHF 105.6 million (first half of 2020: CHF 44.8 million).

A key driver of growth in the machinery business has been the demand for innovative complete systems in the areas of ring and compact spinning. The successful commercialization of the compacting devices and the piecing robot ROBOSpin, launched in 2019, contributed to the increase in the Business Groups Components and After Sales.

| Order Intake CHF million | January – June 2021 | January – June 2020 | Change | Change in local currency |
|-----------------------------|------------------------|------------------------|-------------|-----------------------------|
| Rieter | 975.3 | 250.7 | 289% | 290% |
| Machines & Systems | 714.8 | 129.2 | 453% | 454% |
| Components | 154.9 | 76.7 | 102% | 101% |
| After Sales | 105.6 | 44.8 | 136% | 140% |
| <hr/> | | | | |
| Sales CHF million | January – June 2021 | January – June 2020 | Change | Change in local currency |
| Rieter | 400.5 | 254.9 | 57% | 58% |
| Machines & Systems | 218.9 | 119.9 | 83% | 83% |
| Components | 112.4 | 87.7 | 28% | 28% |
| After Sales | 69.2 | 47.3 | 46% | 50% |

SALES BY BUSINESS GROUP

The Rieter Group recorded sales of CHF 400.5 million (first half of 2020: CHF 254.9 million). Sales significantly increased compared to the previous year period; however, as expected, they were still impacted by the low order intake of the financial year 2020.

In the first half of 2021, the Business Group **Machines & Systems** realized sales in the amount of CHF 218.9 million, which corresponds to an increase of about 83% compared to the previous year period.

Spinning mills are working at good capacity levels with an increased demand for components as well as spare and wear parts, which is the reason for the positive development in the Business Groups After Sales and Components. In the Business Group **Components**, sales rose to CHF 112.4 million (+28%), and in the Business Group **After Sales** to CHF 69.2 million (+46%).

SALES BY REGION

In the Asian countries, Rieter recorded sales of CHF 137.0 million (+57%) for the first half of the financial year 2021. In China, sales rose by 85% to CHF 68.5 million due to spinning mills investing in the improvement of their competitiveness. The recovery of the market in India resulted in a significant increase of 188% to CHF 51.0 million. In Turkey, sales improved slightly to CHF 59.8 million (+17%). Sales increased by 94% to CHF 59.8 million in the region North and South America, driven by a considerable increase in demand in Latin America.

EBIT, NET PROFIT AND FREE CASH FLOW

In terms of EBIT, Rieter posted a profit of CHF 9.0 million for the first half of 2021 and a net profit of CHF 5.3 million. A one-off effect associated with the reversal of allowances for machinery that was delivered in the first half of 2021 contributed to this development. Free cash flow amounted to CHF 53.2

| Sales by Region CHF million | January – June 2021 | January – June 2020 | Change | Change in local currency |
|--------------------------------|------------------------|------------------------|------------|-----------------------------|
| Rieter | 400.5 | 254.9 | 57% | 58% |
| Asian countries ¹ | 137.0 | 87.4 | 57% | 57% |
| China | 68.5 | 37.0 | 85% | 81% |
| India | 51.0 | 17.7 | 188% | 197% |
| Turkey | 59.8 | 51.1 | 17% | 17% |
| North and South America | 59.8 | 30.9 | 94% | 99% |
| Europe | 18.0 | 23.6 | -24% | -25% |
| Africa | 6.4 | 7.2 | -11% | -10% |

¹ Excluding China, India and Turkey

million, which was considerably influenced by the advance payments received from customers in conjunction with the significantly increased order intake.

STRATEGY IMPLEMENTATION AND CRISIS MANAGEMENT

In recent years, Rieter has consistently implemented its strategy based on the cornerstones of innovation leadership, strengthening the components, spare parts and services businesses, and adjusting cost structures.

Crisis management in the pandemic year of 2020 was aimed at protecting employees, fulfilling customer commitments, ensuring liquidity, and also strengthening the market position for the time after the pandemic as well as retaining the ability to benefit from the incipient market recovery.

The focus for 2021 remains on the implementation of this strategy. The measures for crisis management relating to the protection of employees and fulfilling customer commitments are still in effect in countries that continue to be affected by the pandemic.

The Rieter Board of Directors has approved the implementation of the CAMPUS project. The Rieter CAMPUS comprises a customer and technology center as well as an administration building at the Winterthur location. It will make an important contribution to the implementation of the innovation strategy and to the enhancement of Rieter's technology leadership position.

OUTLOOK

As already announced, the first half of 2021 has been characterized by a strong market recovery in combination with a regional shift in demand for new machinery and systems. Rieter anticipates a normalization of the demand for new systems in the coming months. The company assumes that spinning mills will continue to work at high-capacity levels.

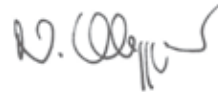
For the full year, Rieter expects sales to be above CHF 900 million.

The realization of sales from the order backlog continues to be associated with risks in light of bottlenecks in material deliveries and freight capacities as well as the ongoing pandemic in key markets for Rieter.

Winterthur, July 15, 2021



Bernhard Jucker
Chairman
of the Board of Directors



Dr. Norbert Klapper
Chief Executive Officer

FINANCIAL CALENDAR

| | |
|---|-------------------|
| Trading Update 2021 | October 22, 2021 |
| Publication of sales 2021 | January 26, 2022 |
| Deadline for proposals regarding the agenda of the Annual General Meeting | February 18, 2022 |
| Results press conference 2022 | March 9, 2022 |
| Annual General Meeting 2022 | April 7, 2022 |

CONSOLIDATED INCOME STATEMENT

| CHF million | Notes | January – June 2021 | January – June 2020 |
|--|----------|------------------------|------------------------|
| Sales | (3, 4) | 400.5 | 254.9 |
| Cost of sales | | -275.8 | -190.9 |
| Gross profit | | 124.7 | 64.0 |
| Research and development expenses | | -28.2 | -27.8 |
| Selling, general and administrative expenses | | -97.5 | -88.3 |
| Other income ¹ | (5) | 13.9 | 6.7 |
| Other expenses ¹ | (5) | -3.9 | -9.6 |
| Operating result before interest and taxes (EBIT) | (2.2, 3) | 9.0 | -55.0 |
| Financial result | | 0.4 | -1.0 |
| Profit before taxes | | 9.4 | -56.0 |
| Income taxes | | -4.1 | 1.6 |
| Net profit | | 5.3 | -54.4 |
| Attributable to shareholders of Rieter Holding Ltd. | | 5.3 | -54.4 |
| Attributable to non-controlling interests | | 0.0 | 0.0 |
| Basic earnings per share (CHF) | | 1.19 | -12.11 |
| Diluted earnings per share (CHF) | | 1.19 | -12.11 |

1. The comparative period (January – June 2020) has been adjusted due to the separate presentation of other income and other expenses as of July 1, 2020.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| CHF million | January – June 2021 | January – June 2020 |
|--|------------------------|------------------------|
| Net profit | 5.3 | -54.4 |
| Remeasurement of defined benefit plans | 1.4 | 0.5 |
| Income taxes on remeasurement of defined benefit plans | 0.2 | -0.1 |
| Changes in fair values of financial assets | 0.0 | -0.1 |
| Items that will not be reclassified to the income statement, net of taxes | 1.6 | 0.3 |
| Currency translation differences | 11.7 | -13.0 |
| Income taxes on currency translation differences | -0.2 | 0.1 |
| Cash flow hedges | 5.2 | -0.9 |
| Income taxes on cash flow hedges | -1.0 | 0.2 |
| Items that may be reclassified to the income statement, net of taxes | 15.7 | -13.6 |
| Total other comprehensive income | 17.3 | -13.3 |
| Total comprehensive income | 22.6 | -67.7 |
| Attributable to shareholders of Rieter Holding Ltd. | 22.6 | -67.7 |
| Attributable to non-controlling interests | 0.0 | 0.0 |

CONSOLIDATED BALANCE SHEET

| CHF million | June 30, 2021 | December 31, 2020 |
|--|------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | 279.3 | 282.3 |
| Marketable securities and time deposits | 0.7 | 0.9 |
| Trade receivables | 109.2 | 50.4 |
| Other current receivables | 42.6 | 26.1 |
| Current income tax receivables | 3.8 | 3.5 |
| Inventories | 231.3 | 192.5 |
| Current assets | 666.9 | 555.7 |
| Property, plant and equipment | 210.0 | 210.6 |
| Intangible assets and goodwill | 87.5 | 89.5 |
| Investments in associated companies | 16.8 | 15.8 |
| Defined benefit plan assets | 59.7 | 62.7 |
| Deferred income tax assets | 22.1 | 22.1 |
| Other non-current assets | 6.9 | 7.1 |
| Non-current assets | 403.0 | 407.8 |
| Assets | 1 069.9 | 963.5 |
| Liabilities and shareholders' equity | | |
| Current financial debt | 95.3 | 151.4 |
| Trade payables | 81.4 | 47.7 |
| Advance payments from customers | 165.9 | 95.5 |
| Other current liabilities | 119.2 | 78.8 |
| Current income tax liabilities | 27.1 | 24.9 |
| Current provisions | 24.1 | 30.0 |
| Current liabilities | 513.0 | 428.3 |
| Non-current financial debt | 85.9 | 90.5 |
| Defined benefit plan liabilities | 32.0 | 32.3 |
| Other non-current liabilities | 0.0 | 0.1 |
| Deferred income tax liabilities | 30.7 | 31.1 |
| Non-current provisions | 31.0 | 30.3 |
| Non-current liabilities | 179.6 | 184.3 |
| Liabilities | 692.6 | 612.6 |
| Equity attributable to shareholders of Rieter Holding Ltd. | 377.0 | 350.6 |
| Equity attributable to non-controlling interests | 0.3 | 0.3 |
| Shareholders' equity | 377.3 | 350.9 |
| Liabilities and shareholders' equity | 1 069.9 | 963.5 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| CHF million | January – June 2021 | January – June 2020 |
|---|------------------------|------------------------|
| Total shareholders' equity at January 1 | 350.9 | 469.6 |
| Total comprehensive income | 22.6 | -67.7 |
| Distribution of a dividend | 0.0 | -20.1 |
| Changes in non-controlling interests | 0.0 | -0.6 |
| Changes in treasury shares (including share-based compensation) | 3.8 | -4.2 |
| Total shareholders' equity at June 30 | 377.3 | 377.0 |

CONSOLIDATED CASH FLOW STATEMENT

| CHF million | January – June 2021 | January – June 2020 |
|---|------------------------|------------------------|
| Net profit | 5.3 | -54.4 |
| Depreciation of property, plant and equipment and amortization of intangible assets | 18.1 | 18.9 |
| Interest income/expenses | 1.1 | 1.7 |
| Income taxes | 4.1 | -1.6 |
| Other non-cash expenses and income | 10.8 | 3.2 |
| Change in net working capital, other | 28.5 | -39.1 |
| Interest paid/received | -1.0 | -0.5 |
| Income taxes paid | -4.0 | -11.7 |
| Cash flow from operating activities | 62.9 | -83.5 |
| Purchase of property, plant and equipment, and intangible assets | -10.1 | -13.7 |
| Proceeds from disposals of property, plant and equipment | 0.3 | 0.4 |
| Proceeds from disposals/purchase of other non-current assets | 0.0 | 1.4 |
| Sale/purchase of marketable securities and time deposits | 0.1 | 0.0 |
| Cash flow from investing activities | -9.7 | -11.9 |
| Dividend paid to shareholders of Rieter Holding Ltd. | 0.0 | -20.1 |
| Sale/purchase of treasury shares | 3.4 | -5.8 |
| Proceeds from financial debt | 12.2 | 112.4 |
| Repayments of financial debt | -75.6 | -18.5 |
| Cash flow from financing activities | -60.0 | 68.0 |
| Currency effects on cash and cash equivalents | 3.8 | -4.0 |
| Change in cash and cash equivalents | -3.0 | -31.4 |
| Cash and cash equivalents at January 1 | 282.3 | 284.1 |
| Cash and cash equivalents at June 30 | 279.3 | 252.7 |

NOTES TO THE CONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS

1 BASIS FOR PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated semi-annual financial statements of Rieter Holding Ltd. and its subsidiaries (“Rieter” or “Rieter Group”) have been prepared in accordance with “IAS 34 Interim Financial Reporting”. They are based on the financial statements of the individual group companies prepared in accordance with Rieter’s uniform accounting policies as of June 30, 2021. The significant accounting policies summarized in the 2020 annual report have been amended in the first half year of 2021 in accordance with the new and revised IFRS Standards and Interpretations. The

implementation of these changes in IFRS had no significant impact on the consolidated semi-annual financial statements.

The consolidated semi-annual financial statements have not been audited by the statutory auditor. The consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement are presented in condensed form.

The following foreign exchange rates of importance for Rieter were used in the preparation of the consolidated semi-annual financial statements as well as for the financial statements of group companies:

| Country/region | Currency (unit) | Average period CHF rates | | Period-end CHF rates | |
|----------------|-----------------|--------------------------|---------------------|----------------------|-------------------|
| | | January – June 2021 | January – June 2020 | June 30, 2021 | December 31, 2020 |
| China | CNY 100 | 14.04 | 13.73 | 14.31 | 13.46 |
| Czech Republic | CZK 100 | 4.23 | 4.04 | 4.31 | 4.12 |
| Euro countries | EUR 1 | 1.09 | 1.06 | 1.10 | 1.08 |
| India | INR 100 | 1.24 | 1.30 | 1.24 | 1.20 |
| USA | USD 1 | 0.91 | 0.97 | 0.92 | 0.88 |

Change in the designation of the hedging relationship

Rieter designates selected foreign currency forward and swap contracts as hedges for firm sale and purchase commitments in non-functional currencies. For unrecognized firm commitments entered into on or before December 31, 2020, fair values of derivative financial instruments are split into an element related to the foreign currency basis spread (spot element) and a forward element related to changes in the interest rate differential. The spot element of the fair value is deferred and recognized in other comprehensive income (hedge reserve) until the hedged transaction has been accounted for in the consolidated income statement. The forward element is recognized in the income statement in other income/expenses at all times.

For unrecognized firm commitments entered into on or after January 1, 2021, Rieter designates the hedged risk as changes in the forward rate. Changes in the full fair value of the forward or swap contracts are deferred and recognized in other comprehensive income (hedge reserve) until the hedged transaction has been accounted for in the consolidated income statement. Had Rieter applied the former designation principle to the respective unrecognized firm commitments, the change in net profit or the hedge reserve in equity would have been insignificant in the period January – June 2021.

2 SIGNIFICANT EVENTS

2.1 COVID-19

In the first half of 2021, governments around the globe have been adjusting lockdown and other restrictions depending on the development of the COVID-19 related key figures (e.g. number of in-

fectured people or deaths) in their respective countries. Against this background, Rieter is holding on to the priorities set in the prior year: protecting employees, fulfilling customer commitments and ensuring liquidity. The recovery of Rieter’s business that began in the second half of 2020 continued in the first half of 2021.

Rieter has reviewed the areas involving significant accounting estimates and key judgments to assess the continuous impact of the COVID-19 pandemic (see note 1.3 in the 2020 consolidated financial statements). The assumptions and the financial plan underlying the impairment test for the goodwill and the intangible assets allocated to SSM (see note 4.5 in the 2020 consolidated financial statements) have been reviewed as of June 30, 2021. The substantial increase in order intake in the first half of 2021 had a positive impact on the cash flows in the underlying financial plan. There was no impairment loss as a result of the review. The pan-

demic also had no material impact on either the remaining significant accounting estimates and key judgments or any other balance sheet line items at June 30, 2021.

2.2 RESTRUCTURING

In the first half of 2021, Rieter continued to execute restructuring measures as announced previously. In the prior year period, restructuring charges related to severance payments and other expenses in connection with capacity adjustments were recognized.

The following table presents the operating result before interest and taxes (EBIT) of Rieter Group before and after restructuring charges:

| CHF million | January – June 2021 | January – June 2020 |
|--|------------------------|------------------------|
| Operating result before restructuring charges, interest and taxes (EBIT before restructuring charges) | 9.7 | - 46.9 |
| Restructuring charges (net) | -0.7 | -8.1 |
| Operating result before interest and taxes (EBIT) | 9.0 | - 55.0 |

The breakdown of EBIT before restructuring charges by reportable segments is as follows:

| CHF million | January – June 2021 | January – June 2020 |
|--|------------------------|------------------------|
| Machines & Systems | - 12.2 | - 39.9 |
| Components | 13.4 | - 1.6 |
| After Sales | 9.8 | - 5.2 |
| Others ¹ | - 1.3 | - 0.2 |
| EBIT before restructuring charges | 9.7 | - 46.9 |

1. Includes the result which cannot be allocated to reportable segments (see note 3).

Restructuring charges as presented in the table above consist of the following line items:

| CHF million | January – June 2021 | January – June 2020 |
|--|------------------------|------------------------|
| Machines & Systems | | |
| Restructuring costs | - | - 0.9 |
| Impairment losses on property, plant and equipment | - | - 0.1 |
| Reversal of restructuring provisions | - | 0.1 |
| Components | | |
| Restructuring costs | - | - 7.1 |
| After Sales | | |
| Restructuring costs | - 0.7 | - |
| Reversal of restructuring provisions | - | 0.1 |
| Corporate | | |
| Restructuring costs | - | - 0.2 |
| Group | - 0.7 | - 8.1 |

3 SEGMENT INFORMATION

Segment information is based on the Group's organization and management structure and internal financial reporting to the Chief Operating Decision Maker up to the level of EBIT. The Chief Operating Decision Maker at Rieter is the Chief Executive Officer. Segment reporting is based on the same accounting policies as those used for the preparation of the consolidated financial statements. The Group consists of three reportable segments: Machines & Systems, Components and After Sales. There is no

aggregation of operating segments. Rieter Machines & Systems develops and manufactures machinery and systems for processing natural and man-made fibers and their blends into yarns. Rieter Components supplies technology components to spinning mills and to textile machinery manufacturers as well as precision winding machines. Rieter After Sales serves Rieter customers with spare parts, value-adding after sales services and solutions over the entire product life cycle.

Segment information January – June 2021

| CHF million | Machines & Systems | Components | After Sales | Total reportable segments |
|---|--------------------|------------|-------------|---------------------------|
| Total segment sales | 218.9 | 154.1 | 69.2 | 442.2 |
| Inter-segment sales ¹ | 0.0 | 41.7 | 0.0 | 41.7 |
| Sales to third parties ² | 218.9 | 112.4 | 69.2 | 400.5 |
| EBIT before restructuring charges | -12.2 | 13.4 | 9.8 | 11.0 |
| Operating result before interest and taxes (EBIT) | -12.2 | 13.4 | 9.1 | 10.3 |
| Purchase of property, plant and equipment, and intangible assets | 0.9 | 1.9 | 0.2 | 3.0 |
| Depreciation of property, plant and equipment and amortization of intangible assets | 4.9 | 9.5 | 0.5 | 14.9 |

Segment information January – June 2020

| CHF million | Machines & Systems | Components | After Sales | Total reportable segments |
|---|--------------------|------------|-------------|---------------------------|
| Total segment sales | 119.9 | 113.1 | 47.3 | 280.3 |
| Inter-segment sales ¹ | 0.0 | 25.4 | 0.0 | 25.4 |
| Sales to third parties ² | 119.9 | 87.7 | 47.3 | 254.9 |
| EBIT before restructuring charges | -39.9 | -1.6 | -5.2 | -46.7 |
| Operating result before interest and taxes (EBIT) | -40.8 | -8.7 | -5.1 | -54.6 |
| Purchase of property, plant and equipment, and intangible assets | 3.3 | 5.8 | 0.2 | 9.3 |
| Depreciation of property, plant and equipment and amortization of intangible assets | 5.3 | 9.8 | 0.4 | 15.5 |

1. Inter-segment sales conducted at arm's length.

2. Equal to sales in the consolidated income statement.

The allowance for finished goods on stock at year-end was reversed by an amount of CHF 8.4 million in the first of half of 2021

as the respective goods were delivered during this period. The reversal was recognized in the Machines & Systems segment.

Reconciliation of segment results

| CHF million | January – June 2021 | January – June 2020 |
|--|---------------------|---------------------|
| Operating result before interest and taxes (EBIT) of reportable segments | 10.3 | -54.6 |
| Result which cannot be allocated to reportable segments | -1.3 | -0.4 |
| Operating result before interest and taxes (EBIT) | 9.0 | -55.0 |
| Financial result | 0.4 | -1.0 |
| Profit before taxes | 9.4 | -56.0 |

The result which cannot be allocated to reportable segments includes all those elements of income and expenses which cannot be allocated on a reasonable basis to the segments, such as certain costs of central functions and infrastructure (internally reported as "Corporate") as well as the elimination of unrealized profits on inter-segment deliveries.

In the first half of 2021, the result which cannot be allocated to the reportable segments contains the reversal of provisions due to court rulings in favor of Rieter amounting to CHF 4.1 million. In the first half of 2020, restructuring costs amounting to CHF 0.2 million were included in the respective result.

4 SALES

Sales are divided into the following categories:

| CHF million | January – June 2021 | January – June 2020 |
|-------------------|------------------------|------------------------|
| Sales of products | 382.6 | 241.5 |
| Sales of services | 17.9 | 13.4 |
| Total | 400.5 | 254.9 |

Sales of services are mainly incurred at Rieter After Sales.

5 OTHER INCOME AND EXPENSES

| CHF million | January – June 2021 | January – June 2020 |
|---|------------------------|------------------------|
| Rental income | 1.5 | 1.5 |
| Gain on disposals of property, plant and equipment | 0.5 | 0.2 |
| Reversal of restructuring provisions ¹ | 0.0 | 0.2 |
| Foreign exchange differences (net) | 2.3 | 0.8 |
| Miscellaneous other income | 9.6 | 4.0 |
| Total other income | 13.9 | 6.7 |
| Restructuring costs ¹ | -0.7 | -8.2 |
| Impairment losses on property, plant and equipment ¹ | 0.0 | -0.1 |
| Miscellaneous other expenses | -3.2 | -1.3 |
| Total other expenses | -3.9 | -9.6 |
| Total other income and expenses (net)² | 10.0 | -2.9 |

1. The impact of restructuring measures is presented in note 2.2.

2. Other income and other expenses are presented separately in the consolidated income statement as of July 1, 2020.

Miscellaneous other income includes income which is not presented as sales, such as proceeds from the disposal of materials for recycling purposes, income from export incentive schemes

and income from government grants. In addition, the income from the reversal of provisions due to court rulings in favor of Rieter amounting to CHF 4.1 million is included in the first half of 2021.

6 CHANGES IN GROUP STRUCTURE

In the first half of 2021, the subsidiary Graf Máquinas Têxteis Indústria e Comércio Ltda. (São Paulo, Brazil) absorbed the subsidiary Rieter South America Ltda. (São Paulo, Brazil) and changed its company name to Rieter Brasil Comércio e Representação de

Máquinas e Sistemas Têxteis Ltda. The impact of this merger on the consolidated semi-annual financial statements was insignificant. In the first half of 2020, there was no change in the Group's structure.

7 FINANCIAL INSTRUMENTS

The following table shows the financial instruments which are measured at fair value, grouped according to the categories defined in the accounting policies:

| CHF million | | June 30, 2021 | December 31, 2020 |
|---|----------------------|------------------|----------------------|
| Marketable securities | Assets, level 1 | 0.4 | 0.4 |
| Other financial assets | Assets, level 2 | 0.5 | 0.6 |
| Other financial assets | Assets, level 3 | 0.6 | 0.6 |
| Derivative financial instruments (positive fair values) | Assets, level 2 | 11.0 | 7.2 |
| Derivative financial instruments (negative fair values) | Liabilities, level 2 | 7.1 | 2.8 |

There were no transfers among the categories and the valuation techniques have been applied consistently. Financial instruments measured at level 2 consist mainly of derivatives held for hedging purposes entered into with reputable financial institutions. The fair value of these instruments is determined with the help of valuation techniques which use foreign exchange rates and interest rates as observable input parameters.

On June 30, 2021, financial debt measured at amortized cost includes a fixed-rate bond with a carrying amount of CHF 74.7

million (December 31, 2020: CHF 74.7 million) and a fair value of CHF 76.2 million (December 31, 2020: CHF 75.1 million). The bond is listed on the SIX Swiss Exchange and is included in the balance sheet line item "Non-current financial debt".

The carrying amounts of the financial instruments measured at amortized cost approximate fair values due to their mainly short-term nature (except for non-current lease liabilities).

8 EVENTS AFTER BALANCE SHEET DATE

The 2021 semi-annual report was approved for publication by the Board of Directors on July 14, 2021. No events have occurred up to July 14, 2021, which would necessitate adjustments to the carry-

ing amounts of the Group's assets or liabilities, or which would require disclosure.

All statements in this report which do not refer to historical facts are forecasts which offer no guarantee whatsoever with respect to future performance; they embody risks and uncertainties which include – but are not confined to – future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors which are outside the company's control.

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