

HALF-YEAR FINANCIAL REPORT
AS AT 30/06/2020

KEY FIGURES OF THE SCHWEIZER GROUP (IFRS)

EUR millions	1st HY 2020	1st HY 2019	Change
Order entry	15.3	30.3	-50%
Revenues	45.4	60.2	-25%
Book-to-bill ratio	0.3	0.5	
EBITDA	-5.6	1.0	
EBITDA margin (%)	-12.4	1.7	
EBIT	-9.5	-2.3	-313%
EBIT margin (%)	-21.0	-3.8	
Net profit	-9.7	-1.5	-547%
Investment ¹	21.8	22.9	-5%
Cash flow from operating activities	-5.6	3.9	
Open orders ²	96.0	143.0	-33%
EUR millions	30/06/2020	31/12/2019	Change
Total assets	209.5	228.9	-8%
Equity	44.4	55.2	-20%
Equity ratio (%)	21.2	24.1	
Net gearing ratio (%)	113.3	60.7	
Working capital	9.2	-13.3	
Employees ²	837	805	4%

¹ According to the consolidated statement of assets

² As at 30/06/2020

Information on the applied accounting and valuation principles can be found in point 2 of the notes to the consolidated interim financial statements.

All figures are rounded, which can lead to minor deviations when these are added up.

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SHARES

THE SHARE

After the leading German share index DAX climbed to a new all-time high of almost 13,800 points in February, a stock market crash of historic proportions followed. The longest bull market in history thus came to an abrupt end. As the coronavirus spread increased, fears of recession determined the stock market climate. The DAX lost more points on 12 March than ever before on a single day. Within a few days, it lost 5,138 points (-38 percent). After a short period of high losses, the mood on the stock markets brightened again. Firstly, the restrictions on public and economic life decided by numerous governments to prevent the further spread of the disease have been relaxed. Secondly, many governments have decided on unprecedented aid packages to alleviate the economic impact of the coronavirus pandemic. They received support in this from the international central banks, which opened their money gates wide. The subsequent price upturn brought the indices back towards the previous year's level under high volatility. The DAX ended the first half of the year at -8%, but significantly above its annual low.

Technology stocks that benefited from the pandemic digitalisation trend (e.g. home office or online trade) perfor-

med significantly better than other stocks. At the end of the first half of the year, the TecDAX was only two percent below its level at the turn of the year.

SCHWEIZER SHARE

On the one hand, the price trend of the Schweizer Electronic share was characterised by the general economic uncertainties and on the other hand by the adversities in the automotive sector that already existed last year. The close correlation of the price trend of the SCHWEIZER share and the DAX index for the automobile sector makes it easy to identify the market allocation of the share to the automotive sector, SCHWEIZER's largest customer group. The share started 2020 with a price of EUR 17.50 and had a rather sideways price trend until the beginning of March. As part of the general market slump, the SCHWEIZER share lost 47 percent of its market value (17 February 2020: EUR 17.50 / 19 March 2020: EUR 8.70). In the following weeks, the share recovered slightly, but fell to its six-month low of EUR 8.66 at the end of May. The price trend in June was much more favourable and the share ended the first half of 2020 at a price of EUR 11.60, which represents a decline of 31 percent compared to 31 December 2019.

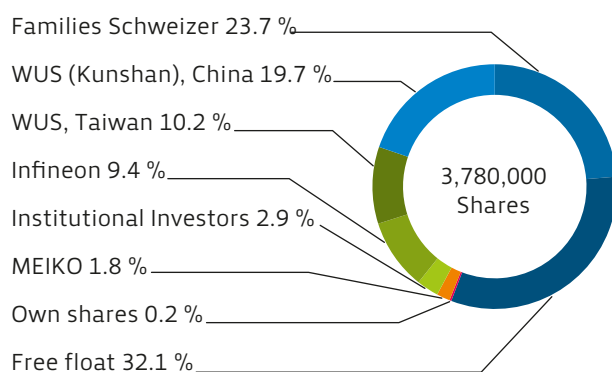
Share price 1 January 2020 - 30 June 2020



SHAREHOLDER STRUCTURE

The shareholder structure of Schweizer Electronic AG was as follows at 30 June 2020:

Shareholder structure as at 30/06/2020



ANNUAL GENERAL MEETING 2020

Against the backdrop of the coronavirus pandemic and the associated ban on meeting until the end of August 2020, the 31st ordinary general meeting of Schweizer Electronic AG took place on 26 June 2020 in the form of a virtual general meeting. Shareholders followed all proposed resolutions of the administration by a large majority. The proposal by the management to pay no dividends for the 2019 financial year and to leave the balance sheet profit in the company was met with approval. Thus, despite the current crisis, the shareholders support the strategy implemented by management to continue investing in the growth of the company. The growth strategy presented by the Executive Board is essentially based on a global set-up of the company and the greater diversification of the customer base and the product portfolio with the start of production in China.

Around 2.6 million shares were represented during the vote, which corresponds to around 70 percent of the share capital.

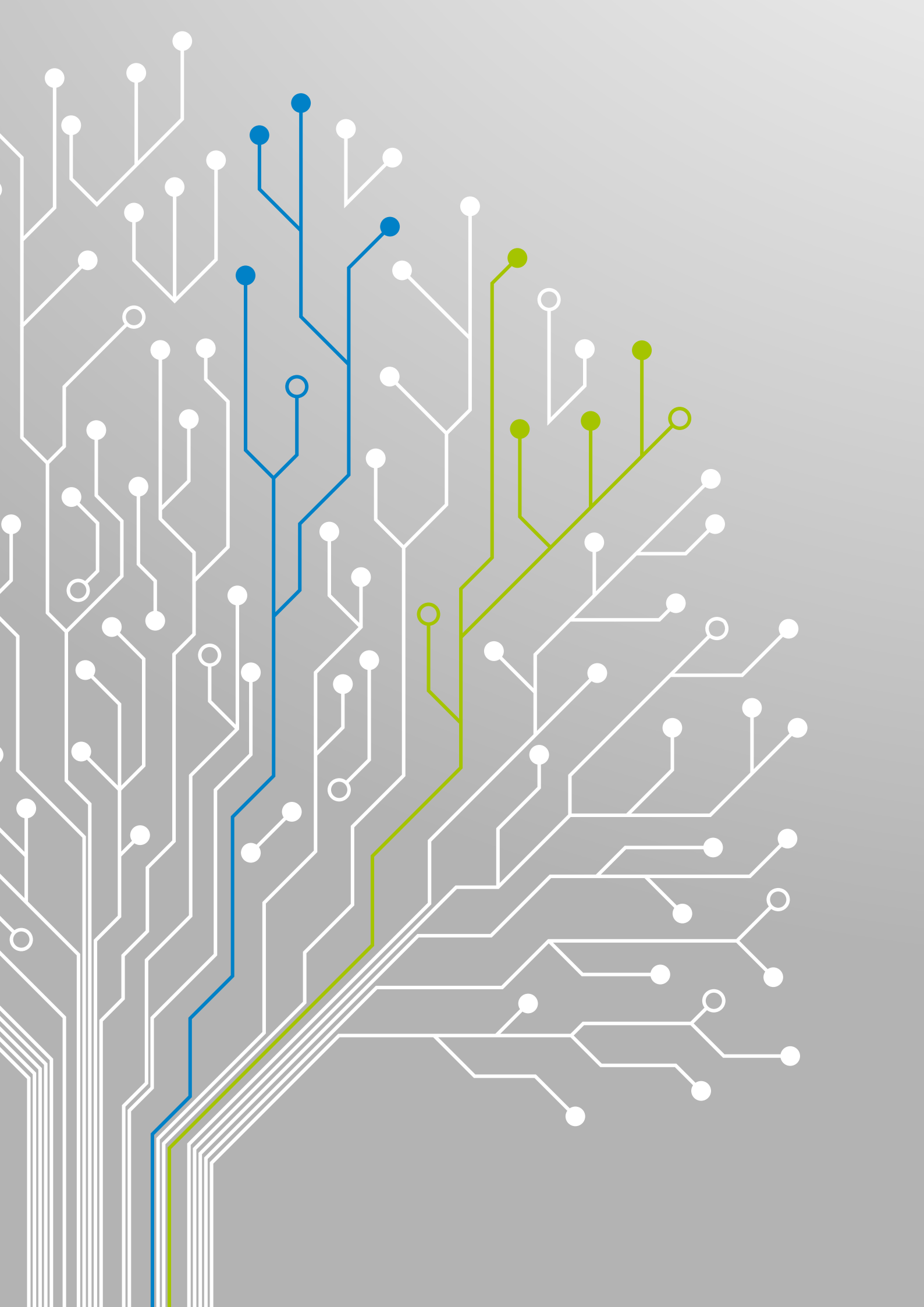
SHARE DATA

	30/06/2020	30/06/2019
Share price (daily closing price) ¹	EUR 11.60	EUR 13.90
Period high	EUR 17.50	EUR 16.30
Period low	EUR 8.66	EUR 12.70
No. of shares at 30/06	3,780,000	3,780,000
Market capitalisation at 30/06	EUR 43.9 million	EUR 52.4 million

¹ Xetra trade

BASIC SHARE DATA

ISIN	DE0005156236
WKN	515623
Symbol	SCE
Listed in	Xetra, Frankfurt, Stuttgart, Düsseldorf, Berlin
Stock market segment	Regulated market
Level of transparency	General standard



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ECONOMIC REPORT

Economic developments in the first six months of 2020

In the course of the first half of the year, the coronavirus pandemic has had a massive impact on social and economic life. This is not least due to restrictive measures laid down by the governments of the countries concerned to curb infection rates. On the demand and supply side, growth in the global economy declined by -10 percent in the first six months of 2020 compared to the same period in the previous year and led to a global recession. Even in the first quarter, macroeconomic activity in the advanced economies fell at a rate of -2 percent. The downturn was then dramatic in the second quarter. China was affected by the pandemic earlier than other countries. In the Chinese economy, the slump in the first quarter was particularly strong compared to the previous quarter at -9.8 percent. With values of more than -5 percent, the declines in France, Italy and Spain were also significant. In the USA and Germany, the gross national product also fell noticeably by -2 percent compared to the same quarter in the previous year.

The drastic decline in demand, particularly in the second quarter, as well as bottlenecks with suppliers led to global production stops for leading automotive manufacturers. In the first six months of this year, new car registrations in Germany were reduced by almost -35 percent to 1.21 million cars. Production and exports of passenger cars from domestic manufacturers fell by -40 percent each. The European car market fell by -43 percent by May, while the US market shrank by -23 percent and the Chinese market shrank by -27 percent.

The PCB industry, which is also heavily dependent on the automotive industry as a whole, was also affected by the abrupt decline in demand. According to book-to-bill statistics from a peer group of different PCB manufacturers, the order intake to revenue ratio decreased from 0.97 in January to 0.62 in May and 0.75 in June. In the first half of 2019, the ratio was 0.90 on average. While incoming orders in the first quarter of 2020 were still over 11 percent of the fourth quarter in 2019, they fell significantly by -39 percent in the second quarter compared to the previous quarter.

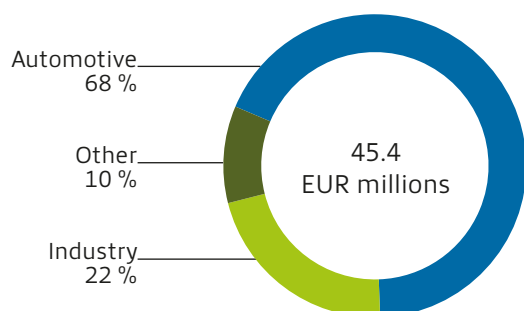
(Sources: IfW Kiel, Expert Council, VDA Association of the Automotive Industry, Data4PCB)

BUSINESS DEVELOPMENT

New orders significantly decreased as a result of the coronavirus pandemic

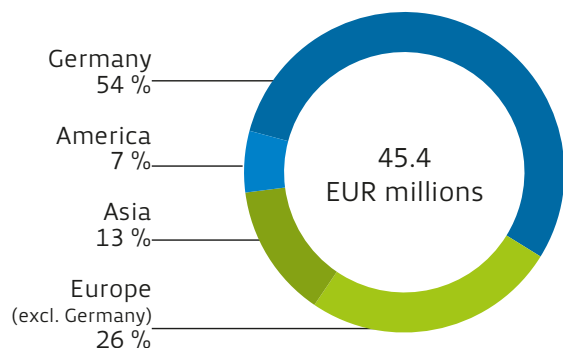
The course of the first quarter was already characterised by cancellations or postponements of orders from our customers in the automotive sector. Nevertheless, cumulative incoming orders of EUR 22.3 million were slightly above (+1.1 percent) the level of the first quarter of 2019 (EUR 22.1 million), where a structural and economic slowdown in demand was already apparent last year. In the second quarter of April, orders from our customers suddenly began to be withdrawn as a result of the full extent of the coronavirus pandemic in Germany and Europe and the associated uncertainties in the market. Overall, in the second quarter, the total number of cancellations of orders exceeded the volume of new orders, resulting in an order loss of EUR -7.0 million. In accumulated terms, incoming orders amounted to EUR 15.3 million, corresponding to a decline of -49.5 percent compared to the half-year of the previous year. Orders on hand amounted to EUR 96.0 million at the end of the second quarter (31 December 2019: EUR 126.7 million). Orders received in the first half of the year mainly concerned orders for 2021 and later. Accordingly, an order backlog of EUR 28.4 million for the second half of the year is on the books for delivery (31 December 2019: EUR 98.1 million). Orders on hand for 2021 and subsequent years amounted to EUR 67.6 million.

Sales by customer group



EUR millions	2020	2019
Automotive	30.9	46.8
Industry	9.8	11.8
Other	4.7	1.6
	45.4	60.2

Sales by region



EUR millions	2020	2019
Germany	24.7	29.5
Europe (excl. Germany)	11.6	17.2
Asia	6.1	7.2
America	2.8	6.1
Other countries	0.2	0.2
	45.4	60.2

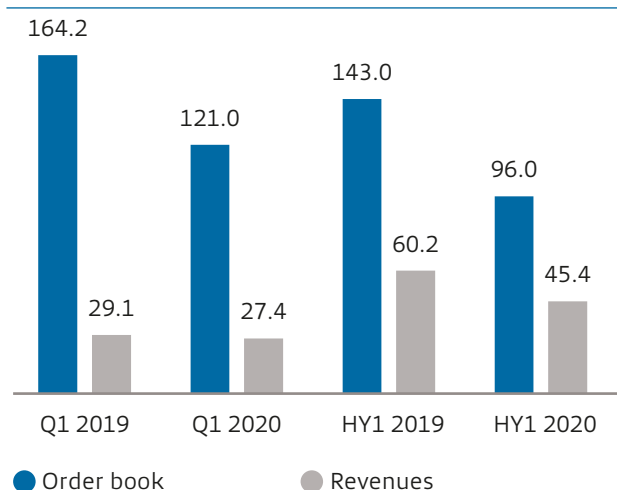
Revenue decreased by -24.7 percent in the first half of the year

Revenues amounted to EUR 45.4 million in the first half of the year (2019: EUR 60.2 million). This corresponds to a decline of -24.7 percent. The plant in Schramberg generated revenues of EUR 32.6 million, which represents a reduction in production of its own PCBs of -21.4 percent compared to the same period last year. Revenue from products via our Asian partner network declined by -31.9 percent compared to the same period in the previous year. This shifted the sales range to 71.8 percent in favour of the Schramberg production programme (first half of 2019: 68.8 percent).

Automotive industry customers generated EUR 30.9 million (first half of 2019: EUR 46.8 million), which corresponds to a decline of -34.1 percent compared to the same period in the previous year. Sales to industrial customers and other customers, on the other hand, grew by +8.1 percent compared to the first half of the previous year and amounted to EUR 14.5 million. As a result, the customer sales structure shifted towards industrial and other customers with a share of around 32 percent of total sales. The share of automotive customers in the previous year represented around 77 percent of sales and then fell to a share of around 68 percent in the first half of 2020.

Our focus continues to be on the automotive and industrial electronics segments and the further development of the civil aerospace segment. Sales regions saw clearly declining activity in Europe (excluding Germany) at -32.3 percent and in America/other countries at -52.4 percent. Sales in Germany and Asia fell on an almost equal scale, by -16.4 percent and -16.1 percent respectively. Germany dominated the sales structure of the regional markets with a share of around 54 percent, followed by Europe (excluding Germany) and Asia with around 26 percent and 13 percent respectively. A share of around 7 percent was implemented in America/other countries.

Order book and sales in EUR million



Non-recurring effects and low utilisation burdened profitability

Gross profit amounted to EUR -0.6 million in the first half of 2019 (first half of 2019: EUR +6.5 million). This corresponds to a decline compared to the same period in the previous year of -109 percent with a negative gross margin of -1.3 percent (first half of 2019: +10.8 percent). Compared to the same period in the previous year, the production costs at the plant in China amounting to EUR 3.1 million are included in the cost of sales for the first time. However, these costs are still not offset by any significant sales - in line with the planned start of sales activities. Adjusted for the costs of the plant in China, the gross margin amounted to EUR +2.5 million, which corresponds to a margin of +5.5 percent. To compensate for the underutilisation and to reduce the fixed cost threshold of the Schramberg plant, short-time work for production and administration has been carried out for the entire second quarter since the beginning of April 2020. In order to be able to counteract the impact of declining business volumes and falling margin income, numerous saving measures were already started and implemented in the last fiscal year in personnel and material costs in production and management.

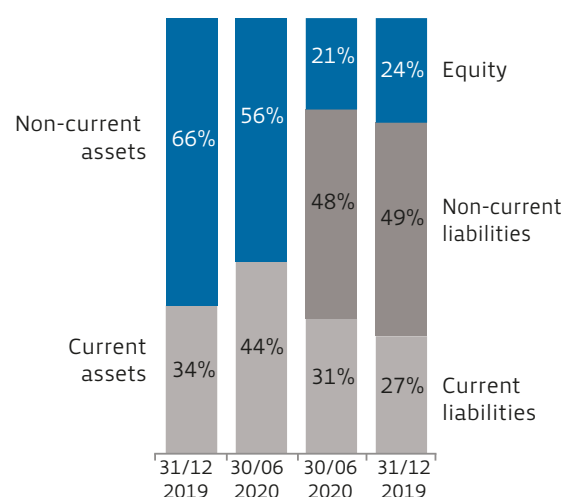
The loss before depreciation, interest and taxes (EBITDA) amounted to EUR -5.6 million (first half of 2019: EUR +1.0 million), whereby the EBITDA ratio fell to -12.4 percent (first half of 2019: +1.7 percent). The operating result (EBIT) amounted to EUR -9.5 million (first half of 2019: EUR -2.3 million), down EUR -7.2 million on the same period last year.

Depreciation increased by EUR +0.6 million to EUR 3.9 million. This increase is mainly due to the amortisation of the facility's building infrastructure and machinery in China, which commenced after commissioning.

The costs from sales, administration and other operating expenses amounted to EUR 10.7 million, which corresponds to a reduction of EUR -0.7 million compared to the same period in the previous year. These costs include special expenses from restructuring and a bad debt loss as a result of insolvency proceedings, which burdened the half-year result with a total of -EUR 1.1 million. Adjusted for these non-recurring effects, functional costs and other operating expenses decreased by EUR -1.8 million or -15.7 percent compared to the first half of 2019. The decline in other operating income is primarily due to the gain on the sale of a property in Dunningen, which occurred in 2019, as well as lower foreign exchange rate yields in the first half of 2020.

Consolidated net income decreased by EUR -8.2 million compared to the same period in 2019 to -EUR 9.7 million. The first half of 2019 produced a taxable income of EUR +0.7 million due to the capitalisation of deferred taxes from usable tax losses carried forward.

Balance sheet structure



Increased debt ratio as a result of the planned investment requirement and the decline in earnings

Compared to the end of 2019, total assets decreased by EUR -19.4 million to EUR 209.5 million. This decline was essentially influenced by the offsetting of the Chinese government's public sector "incentives" of EUR 51.6 million against the acquisition costs of the fixed assets of our plant in China as a result of the first activation in the first half of the year. In the same period of the previous year, the investments for the shell construction, the building infrastructure and machines were shown gross as assets under construction on the one hand and the associated government grants on the other hand as liabilities. As a result of the capitalisation and the beginning of the depreciation period, these grants were considered as a reduction in acquisition costs. Planned investments amounted to EUR 21.8 million in the first half of the year, of which EUR 13.2 million was cash. Cash transactions are divided into disbursements from the acquisition of property, plant and equipment and intangible assets amounting to EUR 12.3 million and interest paid amounting to EUR 0.9 million, which accrued at this amount until the assets were put into operation and were capitalised as ancillary acquisition costs.

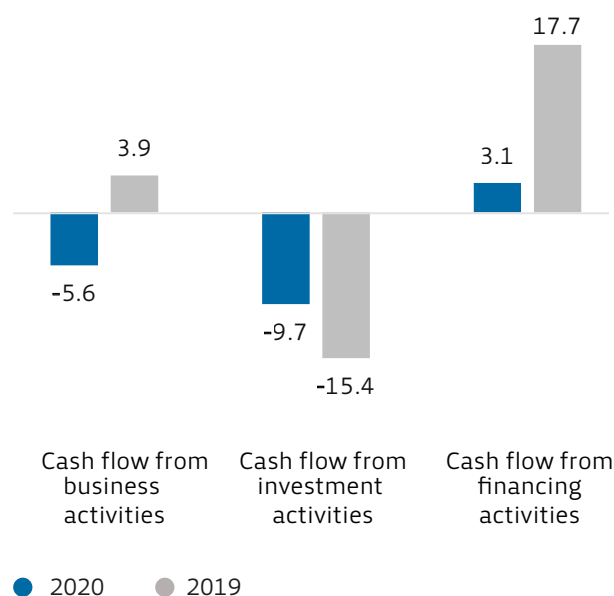
In the short-term area on the assets side, inventories increased by EUR 2.1 million in addition to the increase in receivables from grants in China, trade receivables decreased by EUR -7.1 million and liquidity by EUR -12.6 million. Cash and cash equivalents amounted to EUR 21.8 million at the end of the first half of the financial year.

The loss in the first half of the year reduced equity to EUR 44.4 million (31 December 2019: EUR 55.2 million). The equity ratio fell by 2.9 percentage points to 21.2 percent. Non-current financial liabilities increased by EUR +4.3 million. The net debt ratio is 113.3 percent (31 December 2019: 60.7 percent). Other non-current liabilities decreased by EUR -16.8 million, mainly due to government grants recognised as liabilities at 31 December 2019 and offset in the first half of the year from the acquisition costs of the China plant.

Cash flow from operating activities amounted to EUR -5.6 million in the first half of the year and decreased by EUR -9.5 million in comparison to the previous-year period. This

is due in particular to the EUR -6.7 million decline in EBITDA compared to the first half of 2019. The total investments in the first half of the year amounted to EUR 12.3 million for the acquisition of tangible and intangible assets primarily for the production site in China. This investment sum was increased by public grants of EUR 2.3 million (first half of 2019: EUR 6.6 million) and resulted in a cash flow from investing activities of EUR -9.7 million. Loans from the long-term loan commitments of the local consortium of domestic banks in China amounted to EUR 5.6 million. This was offset by disbursements from repayments and interest payments of EUR 2.7 million, so that the cash flow from financing activities amounted to EUR +3.1 million.

Cash flow in EUR million



FORECAST REPORT

The coronavirus pandemic has an exceptionally strong impact on the macroeconomic outlook for 2020. Worldwide economic performance is expected to shrink. It is currently expected that the crisis will be more severe and last longer than last thought. Positive impetus is expected from the large number of fiscal stimuli, some of which are very large, such as the European Union's EUR 750 billion recovery and investment programme against the consequences of the pandemic crisis.

In addition to the consequences of the coronavirus pandemic, the challenges to date continue, such as the increasingly escalating dispute between the USA and China or the still unresolved situation regarding the form of BREXIT.

A contraction of the global economy by -4.9 percent is expected for 2020, with developed countries even expected to decline by -8.0 percent compared to the previous year. Slight growth of +1.0 percent is only forecast for China in 2020, which means that the emerging markets will perform better than the average with a minus of -3.0 percent. These forecasts are once again much more pessimistic than previous forecasts.

Europe will be hit particularly hard by the pandemic with a projected decline in economic output of -10.2 percent. The countries of southern Europe (Italy and Spain) and France play a particularly important role here. Decreases of -12 to -13 percent are expected here.

For Germany, a reduction in gross domestic product of -7.8 percent is expected, which is roughly the average of developed countries. Particular reluctance to buy is expected this year for capital goods and the automotive industry. For example, the number of newly registered cars in Europe could drop by -25 percent this year. Worldwide, sales of vehicles are expected to decline by more than -20 percent.

(Source: IMF- World Economic Outlook (update June 2020), ACEA)

Sales forecast

In our forecast of 21 April 2020, which we divided into a more optimistic scenario and a more pessimistic scenario, we assumed a number of premises. Knowledge of the current situation of the effects of the pandemic shows that the depth of the slump occurred as expected in the second quarter. However, it can also be stated that, even in the more pessimistic scenario, we underestimated the duration of the effects of the coronavirus pandemic on the economy, and in particular the automotive and capital goods industry. Therefore, we currently assume that sales in the third and fourth quarters will recover slightly compared to the second quarter, but we do not expect any sales increases in the second half of the year compared to the first half of the year.

In the current forecast, we will limit ourselves to one scenario, as the findings on the expected course of the current financial year have now been consolidated. SCHWEIZER cannot decouple itself in 2020 from the strong declines in its relevant markets – automotive and industrial electronics. Based on the findings currently available, we expect a decline in Group revenue in a range of -23 percent to -28 percent (up to now in the more pessimistic scenario -20 percent to -25 percent). This corresponds to sales of around EUR 87 million to EUR 93 million. This includes an increase in sales of EUR +6.7 million at the new production site in China compared to the previous year. This corresponds to our original plans as part of the ramp-up plan for China.

The factory in China started production a few weeks ago. The delays caused by the coronavirus pandemic could be minimised by the local teams, so that we expect full target achievement in terms of both sales and operating earnings. There are currently 185 employees in China. We have adapted both the employee development and the investment programme for the current financial year in accordance with the economic framework conditions. The phase concept allows us to adapt capacities to requirements in the short term.

Results forecast

SCHWEIZER has already begun restructuring the Schramberg site in the past 18 months. Since the beginning of 2019, the workforce in Schramberg has been reduced by around -16 percent. We have also realised significant savings in material costs. This means that we have achieved as planned our interim goal of reducing the break-even threshold in Schramberg by -15 percent. Since April of this year, we have also been using short-time working as an additional means of lessening the impact of lower production volumes caused by the pandemic. We expect this to continue until the end of the year according to production utilisation. In addition, we are planning further measures to prepare for a longer-term crisis. This primarily involves further staff reductions, adjustment of investment plans and further measures in the area of material costs. We expect an EBITDA ratio between -8 percent and -12 percent (previously in the rather pessimistic scenario -4 percent to -8 percent) for the current financial year. This corresponds to an EBITDA of approx. EUR -7 million to EUR -11 million. The majority of the EBITDA loss is caused by the plant's ramp-up in China. In contrast to our April outlook, we now also see a negative EBITDA for the Group excluding China as probable due to both the pandemic and the expected additional restructuring expenses in Schramberg.

The outlook for the development of equity and liquidity is strongly influenced by the expected business volume in Schramberg and the start-up losses in Jintan, China. As the results in China are at the planned level and local financing in China has been dimensioned accordingly, there are no non-recurring effects on the expected equity level and liquidity provision. Financing for the Schramberg site was secured by means of a KfW loan as part of the stabilisation fund. For the second half of the year, we expect a clearly negative cash flow and a corresponding decline in the equity ratio in Schramberg. Measures to improve the Group's equity position in the long term are currently being developed.

OPPORTUNITIES AND RISKS REPORT

With regard to opportunities and risks, please refer to our comments in the Annual Report from page 43 onwards.

The greatest risk to SCHWEIZER's business development is undoubtedly how long it will take for the reduced sales level caused by the coronavirus crisis to recover. Global infection rates continue to rise significantly, making long-term adverse effects, especially in the capital goods and automotive industries, likely. SCHWEIZER is preparing itself for this scenario with appropriate measures as described in the management report. Nevertheless, the current situation still entails further risks, such as a recurring lockdown of the economy.

BREXIT negotiations are also influenced by the current situation, making an unregulated withdrawal at the end of this year more likely. This could have additional negative consequences for European markets.

The increasing demand for electric or hybrid vehicles offers good opportunities for SCHWEIZER. This will be further accelerated by additional state support under the Stabilisation Programme. SCHWEIZER could benefit disproportionately from its market positioning here, now also in combination with the Asian production site. Furthermore, the newly opened factory in China indicates significantly higher customer interest in SCHWEIZER. This opens up opportunities for customer groups and technologies that have not yet been in focus on a global basis.

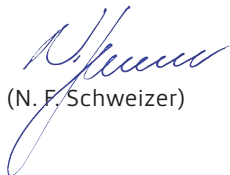
General statement

The current coronavirus pandemic and structural upheaval of the European automotive industry are the most important challenges for the Group in the current financial year. The negative effects on liquidity at the Schramberg site can be compensated for by the available KfW loan. Further adjustment of the cost structures will create the necessary basis to enable a return to the profit zone. The commissioning of the plant in China is hardly affected by current events. Business development there is on track and financing is ensured by means of local credit frameworks. With the new strategic set-up of a German-Chinese PCB manufacturer, SCHWEIZER will be able to set the business volume on a new basis with both existing and new customers.

Schramberg, 3 August 2020

SCHWEIZER ELECTRONIC AG

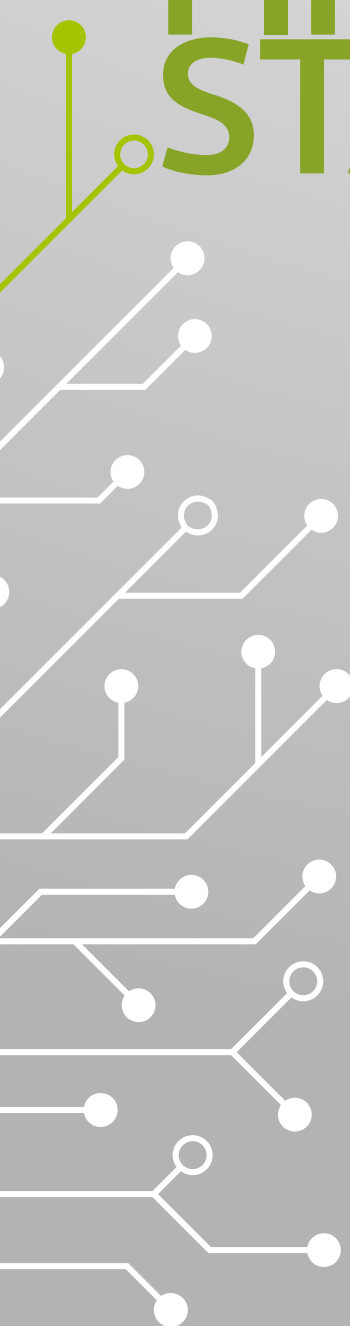
The Executive Board



(N. F. Schweizer)



(M. Bunz)



CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020

		No. in the notes	01/01 - 30/06/2020 EUR thousands	01/01/ - 30/06/2019 EUR thousands
Sales revenue		4.1	45,356	60,221
Cost of sales Cost of goods and services provided to generate sales			-45,927	-53,702
Gross profit			-571	6,519
Other operating income		4.2	1,717	2,515
Distribution costs			-2,514	-2,835
Administration expenses			-7,173	-7,508
Other operating expenses		4.3	-974	-992
Operating result			-9,515	-2,301
Financial income		4.4	31	44
Financial expenses		4.5	-582	-534
Earnings before taxes on income and revenue			-10,066	-2,791
Taxes on income and revenue		4.7	374	1,296
Consolidated result			-9,692	-1,495
Of which attributable to:				
Shareholders of the parent company			-9,695	-1,487
Non-controlling interests			4	-8
Earnings per share		4.8		
Basic (=diluted) shareholding	Units		3,769,912	3,769,277
Basic, based on the profit attributable to holders of ordinary shares of the parent company	EUR		-2.57	-0.39

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020

	No. in the notes	01/01 - 30/06/2020	01/01/ - 30/06/2019
		EUR thousands	EUR thousands
Consolidated result		-9,692	-1,495
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (after taxes)		-814	-656
Currency translation of foreign operations	2	-814	-656
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (after taxes)		-280	-1,802
Gains/(losses) on the revaluation of defined benefit pension plans	5.7	0	-2,536
Tax of profits		0	710
Gains/(losses) on assets measured at fair value recognised directly in equity	5.11	-280	24
Other results after tax		-1,094	-2,458
Overall result after taxes		-10,786	-3,953
Of which attributable to:			
Shareholders of the parent company		-10,786	-3,944
Non-controlling interests		0	-9

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2020

	No. in the notes	30/06/2020	31/12/2019
		EUR thousands	EUR thousands
Assets			
Non-current assets		117,331	150,346
Tangible assets	5.1	103,867	138,468
Intangible assets	5.1	1,297	1,447
Other participating interests	5.2	12	636
Other financial assets	5.3	5	5
Other assets	5.3	7,106	5,316
Deferred tax assets		1,484	1,000
Right of use pursuant to IFRS 16		3,560	3,475
Short-term assets		92,125	78,504
Inventories		11,821	9,737
Trade receivables		13,862	20,962
Contract assets		8,893	9,168
Tax receivables		167	890
Other financial assets	5.3	366	186
Other assets	5.3	35,235	3,207
Cash and cash equivalents		21,782	34,353
Total assets		209,455	228,850
Liabilities			
Equity	5.4	44,435	55,202
Subscribed capital		9,664	9,664
Own shares		-24	-24
Capital reserves		21,795	21,795
Profit reserves/balance-sheet profit		12,926	23,693
Equity attributable to shareholders of the parent company		44,362	55,128
Non-controlling interests		73	73
Non-current liabilities		100,195	112,672
Financial liabilities	5.5	69,584	65,295
Other financial liabilities	5.6	2,173	2,023
Provision for defined benefit pension plans	5.7	22,375	22,573
Trade payables	5.9	96	104
Liabilities from government grants	5.10	4,139	20,615
Other provisions	5.8	1,780	1,944
Deferred tax liabilities		49	117
Current liabilities		64,825	60,976
Financial liabilities	5.5	2,563	2,563
Other financial liabilities	5.6	725	751
Provision for defined benefit pension plans	5.7	926	948
Trade payables	5.9	49,185	46,246
Other liabilities	5.9	4,551	3,771
Tax liabilities		153	42
Other provisions	5.8	6,722	6,655
Total liabilities		165,020	173,648
Total equity and liabilities		209,455	228,850

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020

	No. in the notes	01/01 - 30/06/2020 EUR thousands	01/01/ - 30/06/2019 EUR thousands
Operating activities			
Earnings before tax		-10,066	-2,791
Adjustment to reconcile earnings before taxes to net cash flows:			
Financial income	4.4	-31	-44
Financial expenses	4.5	582	534
Amortisation and impairment of tangible and intangible assets	5.1	3,901	3,324
Other non-cash income/expenses		928	-799
Gains (-)/losses (+) from the disposal of property, plant and equipment and other non-current assets		2	-430
Changes in the provision for defined benefit pension plans (without changes recognised directly in equity)	5.7	-220	-152
Changes in other provisions	5.8	-97	-491
Changes in trade receivable and other assets		5,280	1,410
Change in inventories		-1,655	-822
Changes in trade and other payables		-4,927	3,412
Interest received		-31	12
Paid/refund taxes on income and revenue		727	732
Cash flow from operating activities		-5,606	3,895
Investment activities			
Proceeds from the sale of tangible assets		0	961
Payments to acquire tangible assets and intangible assets		-12,275	-22,920
Payments received from government grants	5.10	2,261	6,551
Proceeds from disposals of investments	5.2	343	0
Cash flow from investment activities		-9,670	-15,408
Financing activities			
Incoming payments from the take-up of loans	5.5	5,570	24,226
Payments from the repayment of loans	5.5	-1,281	-5,824
Payments from finance leases liabilities		242	-328
Interest paid		-1,436	-376
Cash flow from financing activities		3,095	17,699
Net change in cash and cash equivalents		-12,181	6,186
Changes in cash and cash equivalents owing to exchange rates		-390	120
Cash and cash equivalents as at 1 January		34,353	29,990
Cash and cash equivalents as at 30 June		21,782	36,296

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR thousands	No. in the notes Nr. 5.4	Subscribed capital	Own shares	Capital reserve	Profit reserves / balance sheet profit	
As of 1 January 2019		9,664	-29	21,837	31,444	
Adjustment in accordance with IFRS 16					-9	
As of 1 January 2019 - adjusted -		9,664	-29	21,837	31,435	
Consolidated result					-1,487	
Other comprehensive income					-2,457	
Overall result		0	0	0	-3,944	
Change in minority interests						
Change in own shares			4		9	
Long-Term Incentives				-39		
Dividend payment						
Allocation to reserves						
Other changes						
As of 30 June 2019		9,664	-25	21,798	27,500	
As of 1 January 2020		9,664	-24	21,795	23,693	
Consolidated result					-9,692	
Other comprehensive income					-1,094	
Overall result		0	0	0	-10,786	
Change in minority interests						
Change in own shares						
Long-Term Incentives						
Dividend payment						
Allocation to reserves						
Other changes					19	
As of 30 June 2020		9,664	-24	21,795	12,926	

included in profit reserves / balance sheet profit:							
	Actuarial losses, pension commitment	Change in the value of financial assets available for sales	Currency translation difference	Consolidated result (attributable to shareholders of SEAG)	Equity attributable to shareholders of the parent company	Minority interests	Equity
	-3,683	362	1,536	-14,159	62,916	62	62,978
					-9		-9
	-3,683	362	1,536	-14,159	62,907	62	62,969
		0	0	-1,487	-1,487	-8	-1,495
	-1,826	24	-656	0	-2,457	-1	-2,458
	-1,826	24	-656	-1,487	-3,944	-9	-3,953
						17	17
					13		13
					-39		-39
	-5,509	386	880	-15,646	58,937	69	59,006
	-5,618	554	1,072	-19,724	55,128	73	55,202
				-9,695	-9,695	3	-9,692
		-280	-811		-1,091	-3	-1,094
	0	-280	-811	-9,695	-10,786	0	-10,786
		-274			19		19
	-5,618	0	261	-29,418	44,362	73	44,435

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. PRINCIPLES UNDERLYING THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

INFORMATION ON THE COMPANY

The parent company of the SCHWEIZER Group is Schweizer Electronic AG (hereinafter referred to as "the company" or "SCHWEIZER"). SCHWEIZER's registered office is located at Einsteinstrasse 10, 78713 Schramberg, Germany. The company is entered in the commercial register at the District Court of Stuttgart under commercial register number HRB 480540. Schweizer Electronic AG has been listed on the stock exchange in the regulated market segment since 5 July 1989. The shares (ISIN DE0005156236) are listed in Frankfurt and Stuttgart.

The condensed consolidated financial statements of the SCHWEIZER Group for the first six months of 2020 were prepared and approved for publication by the Executive Board on 3 August 2020.

BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed interim consolidated financial statements were prepared in accordance with the regulations of the International Financial Reporting Standards (IFRS), including the interpretations of the IFRS Interpretations Committee (IFRIC), which were adopted into European law by the EU Commission and are applicable as of the balance sheet date.

In accordance with IAS 34 "Interim financial reporting", the condensed consolidated interim financial statements do not contain all the information and disclosures required for consolidated financial statements at the end of the financial year and should therefore be read in conjunction with the consolidated financial statements as of 31 December 2019.

Our business activities are subject to the influence of seasonal fluctuations. The results of the interim reporting periods can therefore only be used as an indicator for the results of the entire financial year to a limited extent.

The preparation of the condensed consolidated interim financial statements in accordance with IFRS requires management to make estimates and assumptions. These have an impact on the disclosure of assets and liabilities, the disclosures on contingent assets and liabilities as of the balance sheet date and the disclosure of income and expenses for the reporting period. Actual amounts may differ materially from management's estimates. Changes in assumptions and estimates may have a material impact on the condensed consolidated interim financial statements.

The consolidated financial statements are prepared in the reporting currency (EUR), which is the functional currency of Schweizer Electronic AG. Unless otherwise specified, all values are rounded up or down to the nearest EUR thousand in accordance with commercial rounding practices, which can lead to minor deviations when these are added up.

These interim consolidated financial statements have been reviewed by an auditor within the meaning of Section 115 (5) WpHG [German Securities Trading Act].

2. SUMMARY OF MATERIAL ACCOUNTING PRINCIPLES

SCOPE OF CONSOLIDATION

In addition to Schweizer Electronic AG as parent company, the consolidated group is comprised as follows:

	31 December 2019	Included for the first time in financial year 2020	Eliminated in financial year 2020	30 June 2020
Number of fully consolidated companies				
National	1	0	0	1
International	5	0	0	5
Total	6	0	0	6

In the first half of 2020, there were no changes to the consolidated companies of the SCHWEIZER Group.

CURRENCY TRANSLATION

For the translation of important currencies within the Group, the following exchange rates against the EUR were used as a basis:

Exchange rates	Period-end exchange rate		Average rate	
EUR	30 June 2020	31 December 2019	1st HY 2020	1st HY 2019
USD USA	1.1198	1.1234	1.1015	1.1678
CNY China	7.9219	7.8205	7.7481	7.5512
SGD Singapore	1.5648	1.5111	1.5409	1.5737

ACCOUNTING AND VALUATION PRINCIPLES

The accounting and valuation principles applied in the condensed interim financial statements correspond to the accounting standards applied in the consolidated financial statements for financial year 2019, which were described in detail from page 86 of the 2019 Annual Report. Grants related to an asset are initially recognised as a liability in the balance sheet and, unless they are repayable, are recognised as income over the estimated useful life of the related asset. At the time of operational status, liabilities are offset against acquisition and production costs.

The uncertainties caused by the coronavirus pandemic also influence these interim financial statements. Estimates and discretionary decisions played an essential role in the preparation. All available information was used in these es-

timates and discretionary decisions in order to reflect the asset, financial and earnings situation as accurately as possible. Nevertheless, actual amounts may differ from estimates and discretionary decisions. Schweizer Electronic AG regularly reviews the expected credit losses model of IFRS 9 in order to identify potential effects on the model and make any necessary adjustments. A review based on the current information situation did not reveal a need for adjustment as at 30 June 2020.

3. PRODUCTION STARTS AT THE NEW LOCATION IN JINTAN, CHINA

Investment activities for the expansion in the first half of 2020 were pursued, so that there were significant changes due to additions of EUR 20.7 million (1 January to 30 June 2019: EUR 18.3 million) and reductions through offsetting with grants of EUR 51.6 million (1 January to 30 June 2019: EUR 0 thousand) relating to fixed assets. Beginning with the start of production on 26 May 2020 at Schweizer Electronic (Jiangsu) Co., Ltd., Jintan, China, initial sales with customers amounting to EUR 344 thousand (1 January to 30 June 2019: EUR 0 thousand) could be achieved. As a consequence of the operational condition, depreciation of the buildings and machines was commenced as planned and amounted to EUR 787 thousand for the reporting period (1 January to 30 June 2019: EUR 0 thousand).

4. NOTES ON THE CONSOLIDATED INTERIM INCOME STATEMENT

4.1 REVENUE

Sales revenue is divided as follows:

	1 January to 30 June 2020	1 January to 30 June 2019
	EUR million	EUR million
By field of activity		
Metallised circuits	5.3	7.9
Non-metallised circuits	2.5	2.5
Multilayer / HDI	36.4	49.4
Other	1.2	0.4
Total	45.4	60.2
By region		
National	24.5	29.5
EU countries	9.8	17.2
America	4.8	6.1
Asia	6.1	7.2
Other countries	0.2	0.2
Total	45.4	60.2

The above information on sales revenue is broken down by customer site.

4.2 OTHER OPERATING INCOME

Other operating income is comprised as follows:

	1 January to 30 June 2020	1 January to 30 June 2019
	EUR thousands	EUR thousands
Waste revenues	408	420
Currency gains	874	1,428
Gains from non-current assets held for sale	0	450
Income from the reversal of provision	228	22
Other income	207	195
Total	1,717	2,515

In the reporting period, the provisions for product risks of EUR 211 thousand formed as at 31 December 2019 were fully reversed, as contrary to expectations, the underlying circumstances did not materialise.

4.3 OTHER OPERATING EXPENSES

Other operating expenses are composed as follows:

	1 January to 30 June 2020	1 January to 30 June 2019
	EUR thousands	EUR thousands
Currency losses	683	967
Expenses from the addition of specific valuation allowances	260	0
Other expenses	31	25
Other	974	992

The individual value adjustment is related to a customer's insolvency proceedings.

4.4 FINANCIAL INCOME

Financial income is made up as follows:

	1 January to 30 June 2020	1 January to 30 June 2019
	EUR thousands	EUR thousands
Other interest and similar income	27	39
Dividend income	4	5
Total	31	44

4.5 FINANCIAL EXPENSES

Financial expenses are made up as follows:

	1 January to 30 June 2020	1 January to 30 June 2019
	EUR thousands	EUR thousands
Interests on loan	526	376
Other interest and similar expenses	56	158
Total	582	534

Other interest and similar expenses essentially comprise the interest portion from the change in the pension provision and interest from lease payments according to IFRS 16.

4.6 PERSONNEL COSTS

Personnel expenses are comprised as follows:

	1 January to 30 June 2020	1 January to 30 June 2019
	EUR thousands	EUR thousands
Wages and salaries	16,837	18,188
Social security costs	2,511	3,384
Pensions	331	330
Total	19,679	21,901

4.7 TAXES ON INCOME AND REVENUE

Taxes on income and revenue are made up of expense (+) / income (-):

	1 January to 30 June 2020	1 January to 30 June 2019
	EUR thousands	EUR thousands
Current taxes related to the reporting period	195	15
Taxes on income from other periods	-3	-158
Deferred tax expenses	59	0
Deferred tax income	-624	-1,153
Total	-374	-1,296

Tax income is attributable to the recognition of deferred tax assets from loss carry forwards of Schweizer Electronic (Jiangsu) Co., Ltd., China. In the long term, it is assumed that future income taxes from future taxable results exceed the recognised deferred claims so that these can be used.

No further deferred tax assets were formed for the losses incurred by Schweizer Electronic AG in the first half of the year due to the current assessment of the development of future taxable results.

Taxes for the current reporting period and deferred taxes are attributable to the positive result of Schweizer Electronic Singapore Pte. Ltd., Singapore or their expected use of losses carried forward.

4.8 EARNINGS PER SHARE

The following table shows the amounts on which the calculation of undiluted (=diluted) earnings per share is based:

	1 January to 30 June 2020	1 January to 30 June 2019
Earnings attributable to holders of ordinary shares of the parent company in EUR thousand	-9,695	-1,487
Weighted average number of ordinary shares	3,769,912	3,769,277
Earnings per share in EUR	-2.57	-0.39

5.2 PARTICIPATING INTERESTS

The interest in Meiko Electronics Co. Ltd., Ayase, Japan, which is carried at the market value of the JPY-denominated shares, was sold in April 2020 (book value as of 31 December 2019: EUR 624 thousand).

The shares were assigned to the valuation category "Assets measured at fair value directly in other comprehensive income". Devaluation of EUR 271 thousand and loss on disposal of EUR 9 thousand were recognised directly in other comprehensive income.

A participating interest of 1.34 percent is also held in SCHRAMBERGER WOHNUNGSBAU GmbH, Schramberg, which is accounted for at an acquisition cost of EUR 12 thousand (2019: EUR 12 thousand).

5. NOTES ON THE CONSOLIDATED INTERIM BALANCE SHEET

5.1 TANGIBLE AND INTANGIBLE ASSETS

The major changes in fixed assets are due to the new plant in Jintan, China. The company building as well as the technical systems and machines have been in use there since 26 May 2020. The planned depreciation of the aforementioned fixed assets occurred as a result of the operational status. The offsetting of EUR 51,622 thousand of government grants at the time of first use led to a corresponding reduction in the acquisition and production costs shown in the balance sheet. The borrowing costs capitalised in the first half of 2020 amounted to EUR 910 thousand.

5.3 OTHER ASSETS

Other assets are comprised as follows:

	30 June 2020	31 December 2019
	EUR thousands	EUR thousands
Creditors with debit accounts	196	14
Miscellaneous other financial assets	175	177
Total other financial assets	371	191
Non-current	5	5
Current	366	186

The increase in other financial assets is due in particular to an increase of creditors with debit accounts. This is due to a license receivable from a supplier, which was offset by lower liabilities from goods deliveries as at the reporting date, as well as overpayments of insurance policies, the contributions of which were originally measured on the basis of higher sales volumes.

Other assets are comprised as follows:

	30 June 2020	31 December 2019
	EUR thousands	EUR thousands
VAT receivables Jintan	7,106	6,178
Outstanding grants from public authorities	32,885	0
Miscellaneous other assets	2,349	2,345
Total other assets	42,340	8,523
Non-current	7,106	5,316
Current	35,235	3,207

The increase in other assets is primarily due to the recognition of government grants, the eligibility requirements of which have been met, but have not yet been received. These are related to the subsidised manufacturing costs of the factory building (EUR 26,573 thousand) and the subsidised acquisition costs for machines (EUR 6,312 thousand). A corresponding liability arising from government grants has been recognised where offsetting with the acquisition and production costs is not applicable.

The significant changes in other assets were the increase in deferred income during the year by EUR 570 thousand to EUR 725 thousand (2019: EUR 156 thousand), the reduction through payments received regarding energy tax refunds for 2018 and 2019 of EUR 809 thousand, the increase from the expected claim to reimbursement in the first half of the year to EUR 191 thousand, and the recognition of receivables from state support in connection with short-time work to the amount of EUR 264 thousand (2019: EUR 0 thousand).

5.4 EQUITY

SCHWEIZER ELECTRONIC AG

As at 30 June 2020, the share capital amounted to EUR 9,664,054 (2019: EUR 9,664,054) and is divided into 3,780,000 (2019: 3,780,000) registered shares (no-par-value shares).

The treasury shares of 9,287 shares have not changed and correspond to EUR 24 thousand or 0.25% of the share capital.

Share development

	Own shares in EUR	Own shares in units	Outstanding shares in units
As of 1 January 2020	23,743	9,287	3,770,713
Changes	0	0	0
As of 30 June 2020	23,743	9,287	3,770,713

5.5 FINANCIAL LIABILITIES

Financial liabilities as of 30 June 2020 exclusively include bank loans in the amount of EUR 72,147 thousand (2019: EUR 67,858 thousand).

The change in financial liabilities compared to 31 December 2019 of EUR 4,289 thousand results from borrowings of EUR 5,570 thousand from Schweizer Electronic (Jiangsu) Co., Ltd., China, within the framework of the local syndicated loan agreement corresponding to the investment progress of the new plant and from repayments on loans from Schweizer Electronic AG of EUR 1,281 thousand.

5.6 OTHER FINANCIAL LIABILITIES

	30 June 2020	31 December 2019
	EUR thousands	EUR thousands
Lease liabilities	2,866	2,721
Miscellaneous other financial liabilities	32	53
Total other financial liabilities	2,898	2,774
Non-current	2,173	2,023
Current	725	751

5.7 PROVISION FOR DEFINED BENEFIT PENSION PLANS

The development of the defined benefit pension plan provision was simulated on the basis of unchanged financial and demographic assumptions (see page 112 of the 2019 Annual Report). The effects of the change in actuarial losses due to the change in the market interest rate as at 30 June 2020 are insignificant, so there was no adjustment to other comprehensive income.

5.8 OTHER PROVISIONS

	30 June 2020	31 December 2019
	EUR thousands	EUR thousands
Obligations vis-à-vis employees	2,673	2,632
Additional provisions	5,829	5,967
Total	8,502	8,599
Of which current	6,722	6,655
Of which non-current	1,780	1,944

The obligations to employees essentially include leave entitlements of employees amounting to EUR 1,324 thousand (2019: EUR 216 thousand) as well as provisions for obligations arising from a company agreement for partial retirement schemes, which amounted to EUR 1,214 thousand as at the reporting date (2019: EUR 1,299 thousand); the chargeable reinsurance credit is EUR 559 thousand (2019: EUR 474 thousand). Provisions for severance payments in connection with restructuring amounting to EUR 112 thousand (2019: EUR 501 thousand) as well as compensation payments from reimbursed social security shares within the framework of the short-time working arrangements of EUR 77 thousand (2019: EUR 0 thousand) are also included.

Other provisions mainly include costs for outstanding invoices amounting to EUR 54 thousand (2019: EUR 114 thousand), costs in connection with the upcoming annual financial statements amounting to EUR 166 thousand (2019: EUR 333 thousand), outstanding Supervisory Board remuneration of EUR 255 thousand (2019: EUR 180 thousand), warranty provisions of EUR 230 thousand (2019: EUR 230 thousand) and costs for legal proceedings amounting to EUR 2,957 thousand (2019: EUR 3,000 thousand).

5.9 TRADE AND OTHER PAYABLES

The increase in trade payables to EUR 49,281 thousand (2019: EUR 46,350 thousand) is mainly due to the change in liabilities in connection with the investment measures at the new Jintan production site in China.

Other liabilities are comprised as follows:

	30 June 2020	31 December 2019
	EUR thousands	EUR thousands
Liabilities from salary and wage accounting	2,727	2,156
Liabilities from other taxes	1,578	1,324
Liabilities within the context of social security	75	125
Miscellaneous other liabilities	171	166
Total other liabilities	4,551	3,771
Non-current	0	0
Current	4,551	3,771

The increase in payroll liabilities is mainly due to the annual special payment made in June, which had not yet been paid as of 30 June.

5.10 LIABILITIES FROM GOVERNMENT GRANTS

The reduction of liabilities by EUR 16,476 thousand to EUR 4,139 thousand (2019: EUR 20,615 thousand) results from the consideration of investment subsidies as a reduction of the acquisition or production costs for the building in Jintan, China. The reported balance of EUR 4,139 thousand relates to the share of subsidies to the building, which cannot be offset as a reduction of the acquisition and production costs.

The development during the reporting period is as follows:

	1 January to 30 June 2020	1 January to 30 June 2019
	EUR thousands	EUR thousands
Balance at the beginning of the reporting period	20,615	0
Inflow of grants	2,261	20,615
Outstanding grants		
Buildings	26,573	0
Machinery	6,312	0
Offsetting against acquisition and production costs		
Buildings	-45,310	0
Machinery	-6,312	0
Balance at end of reporting period	4,139	20,615

Outstanding grants amounting to EUR 32,885 thousand (1 January to 30 June 2019: EUR 0 thousand) are related to the recognition of other assets as explained in Section 5.3.

In the first half of the year, government grants amounting to EUR 312 thousand (1 January to 30 June 2019: EUR 0 thousand) were recognised in profit or loss.

5.11 ADDITIONAL INFORMATION CONCERNING FINANCIAL INSTRUMENTS

The following table shows the reconciliation of the balance sheet items with the classes of financial instruments, divided according to the carrying amounts and fair values of the financial instruments, and the assignment of the balance sheet items to the measurement categories:

In EUR thousands	Measurement category according to IFRS 9	Carrying amount 30 June 2020	Carrying amount 31 December 2019
Assets			
Participating interests	at fair value through equity	0	636
Trade receivables	amortised cost	13,862	20,962
Other financial assets			
Derivative financial assets (no hedge relationship)	at fair value through equity	0	0
Other non-derivative financial assets	amortised cost	371	191
Cash and cash equivalents	amortised cost	21,782	34,353
Liabilities			
Financial liabilities	amortised cost	72,146	67,858
Trade payables	amortised cost	49,281	46,350
Other financial liabilities			
Derivatives with negative market value	at fair value through equity	0	0
Leasing liabilities	amortised cost	2,866	2,721
Other non-derivative financial liabilities	amortised cost	32	53

The carrying amounts of the financial instruments, aggregated according to the measurement categories of IFRS 9, are as follows:

Aggregated presentation by measurement category:

Category	30 June 2020	31 December 2019
	in EUR thousands	in EUR thousands
Financial assets measured at amortised cost (Amortised Cost)	36,015	55,506
Financial assets measured at fair value through profit or loss	0	0
Financial assets (equity instruments), measured at fair value through equity	0	636
Financial liabilities measured at amortised cost (Amortised Cost)	124,325	116,982
Financial liabilities measured at fair value through profit and loss (Fair Value P & L)	0	0

With regard to equity investments, the carrying amount corresponds to the fair value due to the measurement category.

In the case of trade receivables, other non-derivative financial assets and cash and cash equivalents, the carrying amounts correspond to the fair value, due to the predominantly short maturities of these instruments.

In the case of trade payables, other non-derivative financial liabilities and other liabilities, it is assumed, on the basis of the predominantly short maturities, that the carrying amounts of these instruments correspond to the fair values.

Information on measuring the fair value

The following table shows the assets and liabilities measured at fair value:

in EUR thousands	30 June 2020			31 December 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Other participating interests	0	-	12	624	-	12
Assets	0	0	12	624	0	12

Net loss and gains from financial instruments by measurement category in accordance with IFRS 9 as of the balance sheet date 30 June 2020

in EUR thousands	Fair value	Value adjustment	From interest	From dividend	Net result
Financial assets measured at amortised cost (Amortised Cost)	0	-260	20	0	-240
Financial assets measured at fair value through profit and loss (FVTPL)	0	0	0	0	0
Financial assets (equity instruments), measured at fair value through other comprehensive income (FVOCI)	0	-280	0	4	-276
Financial liabilities measured at amortised cost (FLAC)	0	0	-518	0	-518
Financial liabilities measured at fair value through profit and loss (FVTPL)	0	0	0	0	0
Total	0	-540	-498	4	-1,035

The net interest expense of EUR 498 thousand includes interest income of EUR 28 thousand and interest costs of EUR 526 thousand.

Net loss and gains from financial instruments by measurement category in accordance with IFRS 9 for financial year 2019

in EUR thousands	Fair value	Value adjustment	From interest	From dividend	Net result
Financial assets measured at amortised cost (Amortised Cost)	0	-42	-7	0	-49
Financial assets measured at fair value through profit and loss (FVTPL)	20	0	0	0	20
Financial assets (equity instruments), measured at fair value through other comprehensive income (FVOCI)	193	0	0	9	202
Financial liabilities measured at amortised cost (FLAC)	0	0	-723	0	-723
Financial liabilities measured at fair value through profit and loss (FVTPL)	11	0	0	0	11
Total	224	-42	-731	9	-539

The net interest expense of EUR 731 thousand includes interest income of EUR 33 thousand and interest costs of EUR 764 thousand.

5.12 CONTINGENT LIABILITIES AND LEGAL DISPUTES

The contingent liabilities and legal disputes of the SCHWEIZER Group have not changed compared to the consolidated financial statements for 2019, with the following exception.

In the claim filed by Dr Maren Schweizer in 2017, a further negotiation was scheduled for 28 July 2020 in the Rottweil District Court. There were no findings that would lead to a changed estimate of the amount of the provision. Further dates have been set for 2020 and 2021.

The lawsuit of Darcet Pte., Ltd., Singapore, against Schweizer Energy Production Singapore Pte., Ltd. was negotiated in court in Singapore during the first half of 2019 and quashed in full on 21 May 2019. The plaintiff has filed an appeal against the judgment. A new negotiation date is not yet known.

With regard to the letter of comfort to a supplier of Schweizer Electronic Singapore Pte. Ltd. from financial year 2015, this consisted of liabilities amounting to EUR 0 thousand (2019: EUR 0 thousand) as at 30 June 2020.

5.13 INFORMATION ON RELATED PARTY TRANSACTIONS AND PERSONS

With the exception of the transactions described below, there were no significant business transactions with related parties in the reporting period.

The expenses for share-based payments under the Long Term Incentive Programme (LTIP) amounted to EUR 100 thousand (1 January to 30 June 2019: EUR 6 thousand).

A member of the Supervisory Board manages WUS Printed Circuit Kunshan Co., Ltd., from which goods amounting to EUR 3,967 thousand (2019: EUR 6,058 thousand) and services amounting to EUR 30 thousand (2019: EUR 97 thousand) were rendered. As of 30 June 2020, there were liabilities of EUR 3,740 thousand (2019: EUR 5,032 thousand).

With regard to the departure of a former executive, a severance agreement with a reduction of the original contract term contractually agreed upon a severance payment in the amount of EUR 778 thousand.

6. EVENTS AFTER THE REPORTING PERIOD

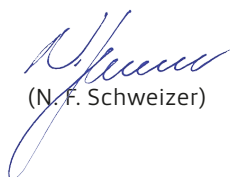
In July 2020, internal planning was geared towards expanding the cost saving measures already introduced extensively in 2019 in the property and personnel area at the Schramberg site. This primarily involves further staff reductions, adjustment of investment plans and further measures in the area of material costs.

There were no other significant reportable events after the balance sheet date.

Schramberg, 3. August 2020

Schweizer Electronic AG

Der Vorstand



(N. F. Schweizer)



(M. Bunz)

AUDITORS' REVIEW CERTIFICATE

To SCHWEIZER ELECTRONIC AG

We have reviewed the condensed consolidated financial statements – comprising the condensed income statement, the condensed statement of comprehensive income, the condensed balance sheet, the condensed cash flow statement, the condensed statement of changes in equity and the notes – and the Group interim management report of SCHWEIZER ELECTRONIC AG, Schramberg, for the period from 1 January to 30 June 2020, which form part of the halfyear financial report in accordance with Section 115 WpHG. The preparation of the condensed consolidated financial statements in accordance with IFRS for interim reporting as applicable in the EU and the Group interim management report in accordance with the regulations applicable to group interim management reports in accordance with the regulations of the WpHG is the responsibility of the company's legal representatives. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the Group interim management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the Group interim management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can assert through critical evaluation, with reasonable assurance, that the condensed interim consolidated financial statements have been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the Group interim management report has been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to group interim management reports. A review is limited primarily to enquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the Group interim management report has not been prepared, in material respects, in accordance with the provisions of the WpHG applicable to group interim management reports.

Freiburg i. Br., 5 August 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft [Audit firm]

Dr. Wetzel	Mittelberger
Wirtschaftsprüfer	Wirtschaftsprüfer

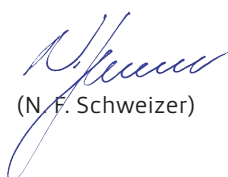
DECLARATION BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable principles for half-yearly reporting, the condensed Consolidated Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Schramberg, 3 August 2020

Schweizer Electronic AG

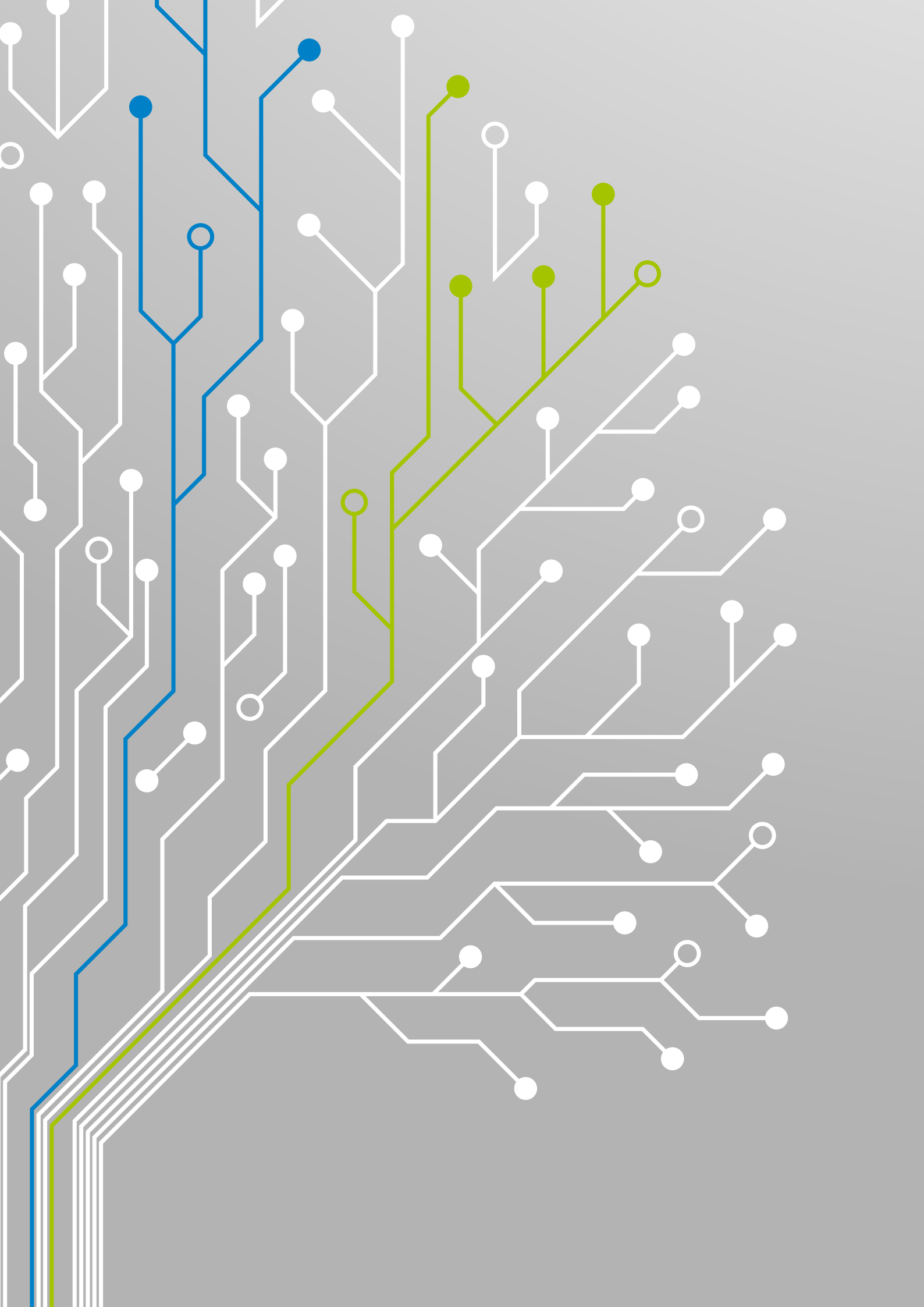
The Executive Board



(N. F. Schweizer)



(M. Bunz)



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FINANCIAL CALENDAR

Date	Publication/event
07/08/2020	Half-yearly financial report as at 30/06/2020
06/11/2020	Report for 3rd quarter 2020
25/06/2021	Annual General Meeting

These dates and potential updates are also detailed on our website at www.schweizer.ag/en/investor-relations/financial-calendar.html.

LEGAL NOTICE

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In this report, Schweizer Electronic AG is also referred to as SCHWEIZER .
In this report, Meiko Electronics Co., Ltd. is also referred to as Meiko.
In this report, WUS Printed Circuit (Kunshan) Co., Ltd. is also referred to as WUS.
In this report, Elekonta Marek GmbH & Co. KG is also referred to as Elekonta.
All figures are rounded, which can lead to minor deviations when these are added up.
For reasons of simplicity and brevity, the gender-neutral form is used throughout this document for the inclusion of female, male and diverse designations.

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SAFE HARBOUR STATEMENT

This communication contains forward-looking statements and information; that is, statements about events in the future, not the past. These forward-looking statements can be identified by formulations such as "expect", "wish to", "anticipate", "propose", "plan", "believe", "seek to", "estimate", "become" or similar terms. While such forward-looking statements represent our current expectations and particular assumptions, they are subject to various risks and uncertainties. A number of factors, many of which are outside the control of Schweizer, have an impact on Schweizer's business activities, strategy and results. These factors could cause the actual results and performance of the Schweizer Group to differ materially from the information on results and performance made explicit or implied in these forward-looking statements. On our part, these uncertainties arise in particular due to the following factors: Changes to the overall economic and business position (including margin developments in the major divisions), challenges posed by the integration of important acquisitions and the implementation of joint ventures and other major portfolio measures, changes to exchange and interest rates, the introduction of competing products or technologies by other companies, failure to find acceptance of new products and services among Schweizer's target client groups, changes to the business strategy and various other factors. Should one or more of these risks or uncertainties be realised or should it become apparent that the underlying assumptions were incorrect, this could cause the actual results to differ materially both in a positive and negative sense from the results referred to in forward-looking statements such as expected, anticipated, proposed, planned, projected or estimated. Schweizer is under no obligation and does not intend to revise or correct these forward-looking statements in light of developments which differ from those anticipated.

Schweizer Electronic AG

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