SCHWEIZER

# HALF-YEAR FINANCIAL REPORT AS AT 30/06/2022

## FINANCIAL CALENDAR

| Date | Publication / event |
|---|---|
| 05/08/2022 | Half-year financial report as at 30/06/2022 |
| 04/11/2022 | Report for 3rd quarter 2022 |
| 30/06/2023 | Annual General Meeting |

These dates and potential updates are also detailed on our website at *https://schweizer.ag/en/investors-media/financial-calendar.*

## KEY FIGURES

| EUR millions | 1st HY 2022 | 1st HY 2021 | Change |
|---|---|---|---|
| Order entry | 112.2 | 95.9 | +17% |
| Revenues | 64.6 | 59.4 | +9% |
| Book-to-Bill Ratio | 1.7 | 1.6 | |
| EBITDA | -7.1 | -5.2 | -36% |
| EBITDA Margin (%) | -11.0 | -8.8 | |
| EBIT | -13.2 | -10.7 | -23% |
| EBIT Margin (%) | -20.5 | -18.1 | |
| Result of the period | -16.1 | -11.5 | -39% |
| Investments[1] | 10.0 | 9.1 | +10% |
| Cash flow for operating activities | -10.6 | -2.9 | >100% |

| EUR millions | 30/06/2022 | 31/12/2021 | Change |
|---|---|---|---|
| Open orders[2] | 242.4 | 191.8 | +26% |
| Total assets | 178.1 | 182.3 | -2% |
| Equity | 6.8 | 9.7 | -30% |
| Equity ratio | 3.8 | 5.3 | |
| Net Gearing (%) | 1384.0 | 822.5 | |
| Working Capital | 11.9 | 9.0 | +32% |
| Employees[2] | 981 | 1091 | -10% |

[1] According to consolidated statement of changes in equity

[2] As of June 30, 2022

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

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

# SCHWEIZER

# PCB & EMBEDDING SOLUTIONS FOR THE FUTURE

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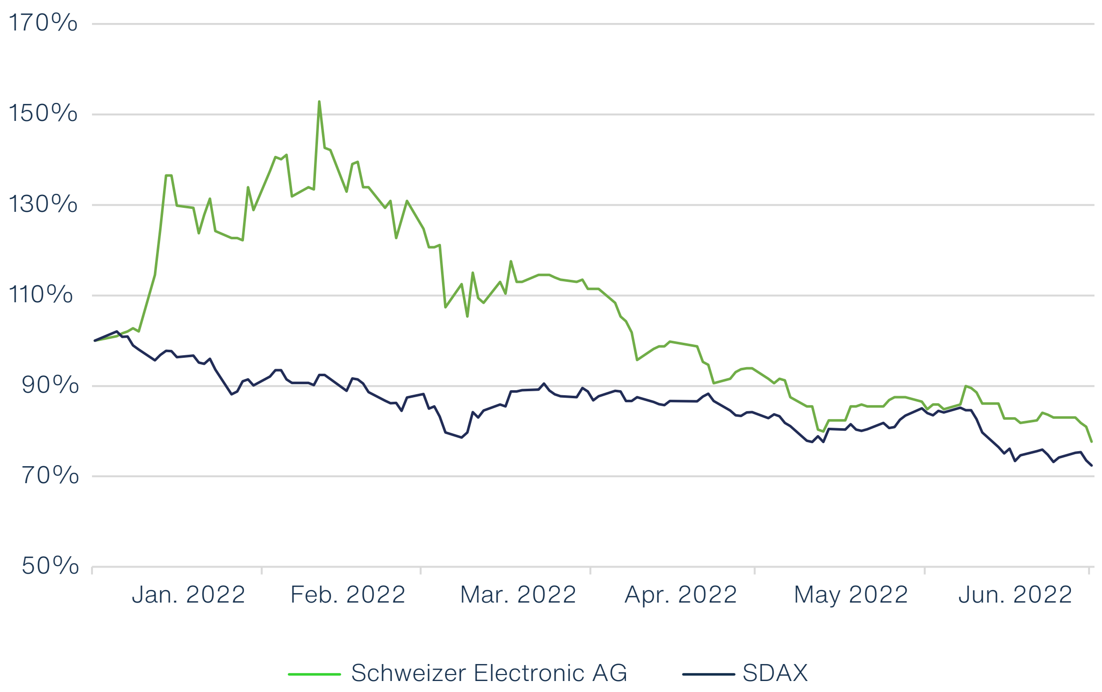
# THE SHARE

## SCHWEIZER ELECTRONIC AG SHARE IN THE FIRST HALF OF 2022

The first half of 2022 was no reason for equity investors in Germany to celebrate: Compared to the end of 2021, DAX securities fell by 19.5 percent. Elsewhere, the situation deteriorated further: for example, Standard & Poor's' broad US index fell by 20.6 percent. This was the worst first half of the year since 1970, well over half a century. Those who previously held highly regarded securities in the European technology sector even suffered losses of 32 percent in these six months.

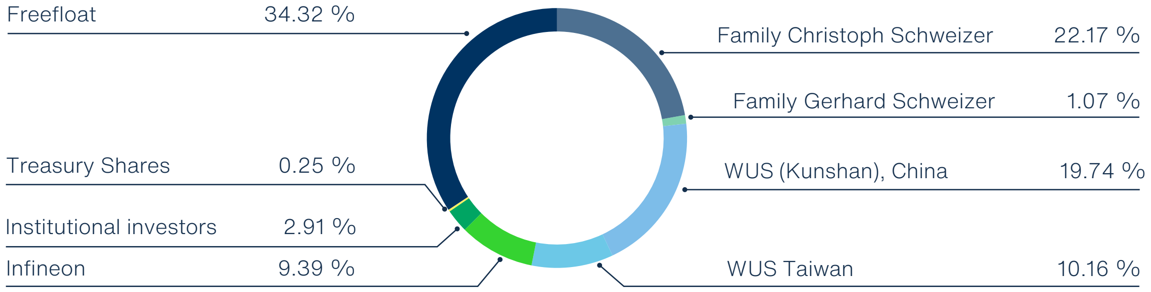
The Schweizer Electronic AG share initially started the new stock market year in a very friendly manner and reached its provisional high of EUR 14.95 on 9 February with sales of more than 10,000 shares. Subsequently, and until the end of the first half of the year, the share price fell and hit a low of EUR 7.60 on 30 June. Like other stocks, it went downhill in the context of the Ukraine war, which to this day means unpredictable risks for the global economy, such as energy supply problems, further disruptions to supply chains and risks of inflation and recession. Despite the company's good operational start – cf. the interim report as at 6 May 2022 – the downward trend in the share could not be broken due to the overarching challenges.

However, compared to the SDAX benchmark, which recorded a loss of almost 30 percent in the first half of the year, the Schweizer Electronic AG share performed slightly better at a loss of 22 percent. Average daily sales amounted to 2,648 shares traded, which is an increase of around 20 percent when compared to the average Xetra trading volume in 2021.



## SHAREHOLDER STRUCTURE

The shareholder structure of Schweizer Electronic AG was as follows at 30 June 2022:




## ANNUAL GENERAL MEETING 2022

The Annual General Meeting took place on 24 June 2022 as a purely virtual Annual General Meeting. With a presence of almost 70 percent of the registered share capital, the votes of the shareholders were again well represented.

All resolutions proposed by the Executive Board and Supervisory Board were greeted with a high level of approval by the shareholders. Dr Harald Marquardt, Chairman of Marquardt SE, was elected as a new member of the Supervisory Board with a majority of 99.7%.

In the subsequent meeting of the Supervisory Board, Dr Stefan Krauss was elected as Chairman of the Supervisory Board and successor to Mr Christoph Schweizer. At the end of the Annual General Meeting, Mr Christoph Schweizer resigned from the Supervisory Board, which he held for 15 years.

Detailed voting results and further information on the Annual General Meeting are available on the Internet at *https://schweizer.ag/investoren-und-medien/hauptversammlung*.

## SHARE DATA

| | 30/06/2022 | 30/06/2021 |
|---|---|---|
| Share price (daily closing price)[1] | 7.60 EUR | 13.95 EUR |
| Period high | 14.95 EUR | 16.90 EUR |
| Period low | 7.60 EUR | 11.95 EUR |
| Market capitalisation at 30/06 | 28.7 Mio. EUR | 52.7 Mio. EUR |

[1] (XETRA trade)

## BASIC SHARE DATA

| | |
|---|---|
| ISIN | DE0005156236 |
| WKN | 515623 |
| Symbol | SCE |
| Stock market segment | Regulated market (General Standard) |
| Type of shares | Registered shares with no par value |
| No. of shares | 3,780,000 |
| Share capital | 9,664,054 EUR |

# GROUP INTERIM STATUS REPORT

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# ECONOMIC REPORT

## ECONOMIC DEVELOPMENTS IN THE FIRST SIX MONTHS OF 2022

After the global economy increasingly experienced a significant upturn in 2021, the recovery in global production from the economic consequences of the coronavirus pandemic slowed down again in the second quarter of 2022 in particular. Already in the first quarter of the year, global gross domestic product (GDP) increased by at a seasonally adjusted rate of only +0.6 percent compared to the previous quarter. The decisive factors for the economic slowdown were new disruptions to pandemic measures in China and Russia's invasion of Ukraine. Regional lockdowns were imposed in China as part of the zero-COVID policy. In March 2022, the important economic centres of Shenzhen and Shanghai were also affected. The resulting congestion in front of the major seaports, primarily in China and then in Europe, intensified the supply chain disruptions that already existed. As a result of the war in Ukraine and the sanctions imposed on Russia, there were further interruptions in the supply of raw materials and parts, particularly in Europe, which had a severe impact on the automotive industry. Accordingly, industrial production in China and Europe in particular declined significantly from March of the current year, whereas GDP growth was still recorded in the USA. Under the impact of the war in Ukraine, raw material prices, which had already risen at an inflationary rate, rose again significantly. The high demand for many industrial raw materials was also influenced by expectations and conceptual approaches to expanding the infrastructure, converting the energy supply and switching to electromobility. In addition, the supply of oil and natural gas in Europe also became scarce.

Various developments occurred in the global automotive market in the first half of 2022. The impaired value creation and logistics chains, in particular the lack of semiconductors, slowed down the production of automobiles. The German manufacturers compensated for the lack of sales in the small and medium-sized segment by prioritising primary products for use in the production of premium-class automobiles with low quantities but significantly high sales margins. In Europe, passenger car sales of 5.6 million units were -14 percent below the first half of 2021. In Germany, new registrations fell by -11 percent compared to the previous year. In the USA, sales of passenger cars and light trucks fell by -18 percent year-on-year to 6.8 million new vehicles. On the other hand, the passenger car market in China grew by just under +4% to 10.2 million cars sold. Recently, due to the backlog of demand as a result of the lockdowns, a new record value was set in June 2022 with 2.2 million cars sold (+42 percent compared to June of the previous year).

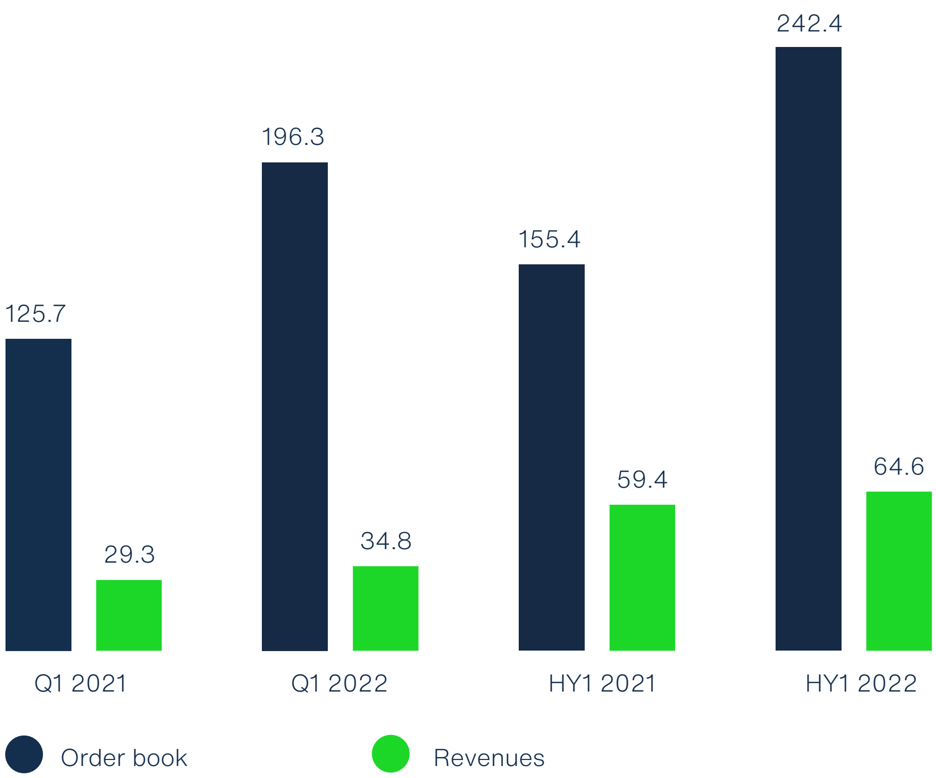
## BUSINESS DEVELOPMENT

### INCOMING ORDERS AND OPEN ORDERS ROSE SHARPLY COMPARED WITH THE PREVIOUS YEAR'S HALF-YEAR

New orders in the first half of 2022 rose by +16.8 percent compared to the first half of the previous year and amounted to EUR 112.0 million (first half of 2021: EUR 95.9 million). While incoming orders in the first quarter of the financial year fell by -5.7 percent compared to the same quarter in the previous year, incoming orders for the second quarter increased dynamically by +36.5 percent compared to the quarter of 2021. Incoming orders for PCBs produced in-house rose in the first half of the year by +11.5 percent compared to the first half of the previous year. For the PCBs procured from our strategic trading partners, an increase in incoming orders of +34.4 percent was recorded. At the end of the first half of 2022, the order book amounted to EUR 242.4 million (31 December 2021: EUR 191.8 million), reaching an all-time high compared to the last four years. From the order backlog, deliveries of EUR 75.9 million are due for the second half of 2022 (30/06/2021: EUR 59.7 million for the second half of 2021). The order book for 2023 and subsequent years amounted to EUR 166.5 million as at 30/06/2022.

**Order book and sales**

in EUR millions

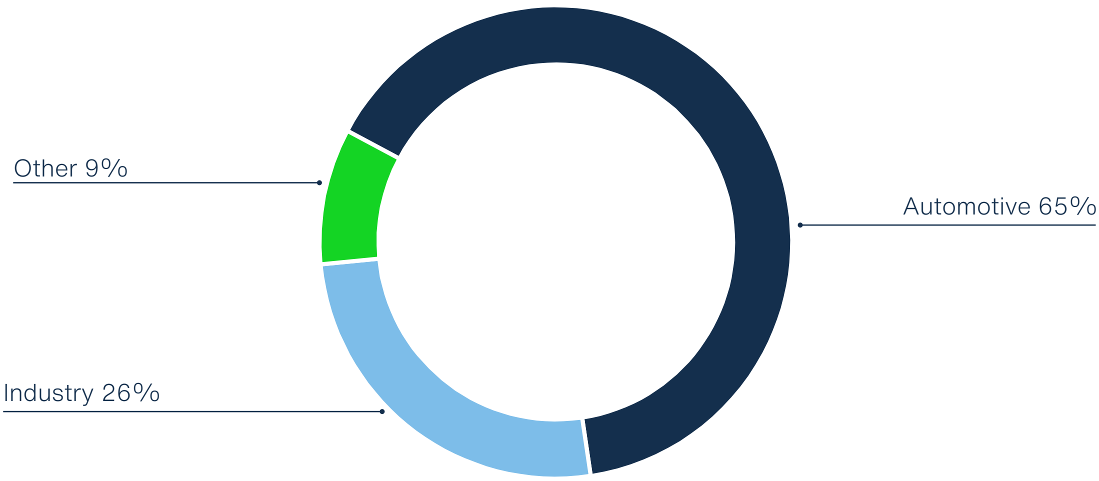


## SALES UP 8.8 PERCENT IN THE FIRST SIX MONTHS

Revenues amounted to EUR 64.6 million in the first half of the year (first half of 2021: EUR 59.4 million). This corresponds to an increase of +8.8 percent compared to the previous 6 months. The plant in Schramberg and the plant in China generated revenue from in-house production of EUR 47.0 million, which corresponds to an increase of +9.5 percent compared to the first half of the previous year. Sales of products via our Asian partner network rose by +6.8 percent to EUR 17.6 million compared to the previous year's half-year. The share of sales from own production increased slightly to 72.7 percent (first half of 2021: 72.2 percent).

Automotive industry customers generated EUR 41.9 million (first half of 2021: EUR 43.7 million), which corresponds to a decline of -4.1 percent compared to the first half of the previous year. Sales to industrial customers and other customers rose by +44.6 percent to EUR 22.7 million compared to the same period in the previous year. (First half-year 2021: EUR 15.7 million). This resulted in strategy-compliant sales compensation for the automotive customer call-offs, which fell in the second quarter in particular, representing 64.9 percent of sales in the first half of the year (first half of 2021: 73.6 percent). Industrial customers represented 25.9 percent of sales (first half of 2021: 20.5 percent), while other customers accounted for 9.2 percent (first half of 2021: 5.9 percent).

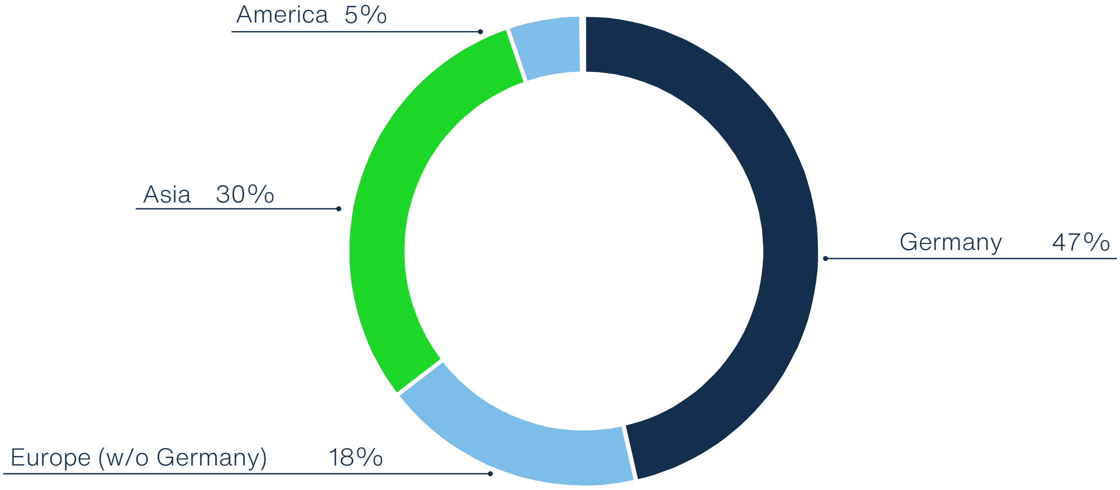
**Sales by customer group**




| in EUR millions | 2022 | 2021 |
| --- | --- | --- |
| Automotive | 41.9 | 43.7 |
| Industry | 16.7 | 12.2 |
| Other | 6.0 | 3.5 |
| | **64.6** | **59.4** |

For the main markets of Germany, the rest of Europe and Asia, there was a significant increase in sales compared to the first half of the previous year. The highest growth was recorded in the Europe sales region (excluding Germany) with +27.2 percent, followed by Asia with +16.1 percent and Germany with +7.1 percent. Exports to America and other exporting countries, on the other hand, declined by -37.0 percent. 64.6 percent of sales were attributable to Germany and Europe (first half of 2021: 62.6 percent), 30.2 percent to Asia (first half of 2021: 28.3 percent) and 5.3 percent to America/Other countries (first half of 2021: 9.1 percent). Overall, the share of sales in the market regions outside Germany increased from 52.9 percent to 53.6 percent in comparison to the first half of 2021.

**Sales by region**




| in EUR millions | 2022 | 2021 |
|---|---|---|
| Germany | 30.0 | 28.0 |
| Europe (w/o Germany) | 11.7 | 9.2 |
| Asia | 19.5 | 16.8 |
| America | 3.3 | 5.1 |
| Other | 0.1 | 0.3 |
| | **64.6** | **59.4** |

### POSITIVE EBITDA AT THE SCHRAMBERG SITE DESPITE RISING MATERIAL AND ENERGY COSTS

Gross profit amounted to EUR -4.3 million in the first half of the year (first half of 2021: EUR -2.5 million), which corresponds to a negative gross margin of -6.6 percent (first half of 2021: -4.2 percent). The production of the plant in China contributed to this development compared to the first half of 2022 with an increase in gross profit loss by EUR -1.8 million to EUR -9.9 million. The sales volume achieved at the China plant combined with sharply increased costs for supplier materials and the higher reject rates in connection with technologically increasing requirements for a more complex product portfolio have not yet led to any significant fixed cost coverage. The Group's gross profit excluding China amounted to EUR +5.6 million, which corresponds to the amount of the first half of the previous year. The significant cost increases in raw materials, transport and energy costs were almost offset by selective increases in sales prices and the good capacity utilisation situation at the Schramberg site. Other operating income increased by EUR +0.8 million in comparison to the same period of the previous year to EUR 2.5 million. The functional costs of sales and administration as well as operating expenses increased overall by EUR +1.5 million to EUR 11.5 million compared to the first half of the previous year, corresponding to +15.5 percent. Earnings before depreciation, interest and taxes (EBITDA) amounted to EUR -7.1 million (first half of 2021: EUR -5.2 million). The EBITDA ratio is -11.0 percent (first half of 2021: -8.8 percent). The Group excluding China achieved an EBITDA of EUR +1.6 million (first half of 2021: EUR +3.9 million).

The operating result (EBIT) amounted to EUR -13.2 million (first half of 2021: EUR -10.7 million) and was therefore EUR -2.5 million lower than in the first half of the previous year. Depreciation amounted to EUR -6.1 million (first half of 2021: EUR -5.5 million). The Group excluding China achieved EBIT of EUR -1.6 million in the first half of the year (first half of 2021: EUR +0.6 million). Compared to the first half of the previous year, Group net income fell by EUR -4.5 million to EUR -16.1 million. The capitalisation of deferred taxes of EUR +2.8 million included in the tax result of the previous year was largely reversed in the 2021 annual financial statements. Deferred taxes on tax loss carryforwards as at 30 June 2022 were not recognised.

### DEBT RATIO INCREASED AS A RESULT OF PLANNED INVESTMENTS AND EARNINGS TREND IN CHINA

Compared to the situation at the end of 2021, total assets decreased by EUR -4.2 million to EUR 178.1 million. Non-current assets increased by EUR +5.1 million to EUR 122.2 million. The main causes were the increase in property, plant and equipment as a result of the investments made for the China site. The carrying amount of property, plant and equipment and intangible assets increased by EUR +6.0 million to EUR 107.7 million. The planned capital expenditures to expand production at the China site and the capital expenditures at the Schramberg site amounted to EUR 10.0 million (first half of 2021: EUR 9.1 million).

Compared to the situation at year-end, current assets decreased by EUR -9.3 million to EUR 55.8 million. The key factor here was the reduction in cash and cash equivalents of EUR -9.6 million in the first half of the year. Liquid funds amounted to EUR 4.8 million at the end of the first half of the financial year (31 December 2021: EUR 14.4 million). Equity decreased mainly due to the negative Group net income to EUR 6.8 million (31 December 2021: EUR 9.7 million). Other income had a positive effect with a contribution of EUR +2.6 million. The equity ratio fell by -1.5 percentage points to 3.8 percent. In January 2022, anchor shareholder WUS Printed Circuit (Kunshan) Co., Ltd. invested in Schweizer Electronic AG by way of a capital increase of 12.8 percent of the nominal capital of the Chinese subsidiary and paid a purchase price of CNY 75 million for this, which represents an inflow of around EUR 10.6 million.

Non-current financial liabilities increased overall by EUR -14.3 million to EUR 95.4 million as a result of the planned utilisation of local credit lines in China for investments. The decrease in current financial liabilities was largely due to the timely repayment of the loan from KfW's special programme in the amount of EUR 7.1 million by the parent company. Overall, financial liabilities increased by EUR +4.7 million. Net debt increased by +17.9 percent to EUR 94.3 million (31 December 2021: EUR 80.0 million). The increase in other non-current liabilities was mainly due to the reclassification of an agreed comparable obligation from non-current other provisions. Trade payables decreased by EUR -3.6 million to EUR 28.6 million (31 December 2021: EUR 32.3 million).

Cash flow from operating activities amounted to EUR -10.6 million in the first half of the year and reduced by EUR -7.6 million in the first half of the previous year (first half of 2021: EUR -2.9 million). In addition to the EUR -1.9 million lower EBITDA, the higher capital commitment due to working capital in particular had an impact compared to the first half of the previous year in the amount of EUR -8.2 million. The change in capital release due to the reduction in trade receivables and other assets was -11.6 million lower than in the same period of the previous year. In contrast, there was a positive change in inventories in the amount of EUR +3.5 million compared with the previous year. The total cash investments including exchange rate effects amounted to EUR -11.2 million. These mainly concerned the cash acquisition of tangible and intangible assets for the production site in China. In addition to the purchase price flow of EUR 10.6 million from the holding of the WUS Group, further funds from the long-term loan commitments of the local consortium of local banks in China in the amount of EUR 13.0 million were raised in the first half of the year. This new debt was offset by principal payments and interest of EUR -9.2 million, of which EUR -7.1 million corresponded to the repayment of the loan under the KfW Special Programme. Cash flow from financing activities thus amounted to EUR +12.1 million (first half of 2021: EUR +4.0 million). In total, the exchange rate-adjusted change in the cash and cash equivalents amounted to EUR -9.6 million (first half of 2021: EUR +1.5 million).

## OPPORTUNITIES AND RISKS REPORT

### IMPACT OF A POTENTIAL GAS SUPPLY CRISIS AS A RESULT OF THE UKRAINE WAR

On 30 March 2022, the Federal Ministry for Economic Affairs declared the early warning stage of the gas contingency plan. This precautionary measure is intended to enable the German economy to prepare for the event of a supply interruption and the resulting possible bottlenecks in gas supply. The Energy Industry Act (EnWG) obliges gas network operators to take prescribed measures to ensure a secure supply of gas. In the event of a supply interruption, the supply to so-called protected customers must be maintained for as long as the supply is economically reasonable. There is currently no supply bottleneck.

The plant in Schramberg uses approx. two thirds of its gas supply for the operation of a combined heat and power plant for the generation of operating power. One third of the purchased volume is used for process engineering and heating of the production and administration areas. In the event of a supply bottleneck, operation of the combined heat and power plant could be discontinued and the energy requirement compensated for by means of a direct electricity purchase. In the event of a potential restriction of the gas supply below 30 percent due to an corresponding allocation by the authorities, the production operation at the Schramberg site could not be maintained in the short term, as certain environmental conditions such as room temperature and air humidity must prevail for production. A lost day would correspond to a daily gross profit loss of EUR 130 thousand for in-house manufactured PCBs. Compared to the situation in March of this year, the risk of a noticeably restricted gas supply in the second half of the year or at the end of the year appears to be somewhat lower, as there has not yet been any interruption to deliveries from Russia with the exception of the maintenance-related breaks in the transmission via the pipelines and higher storage levels have been reached again. In addition, the measures taken to land liquefied petroleum gas will have an increasingly compensating effect against a potential supply restriction.

### MEETING THE CAPITAL REQUIREMENTS OF THE SUBSIDIARY IN CHINA

The subsidiary in China is still in a development phase, which is characterised by high start-up losses in the past four financial years. Due to its financial choices, the company has a significant influence on the net assets, financial position and results of operations of the Group in the first half of 2022 and is also of high strategic importance for the further business development of the Group. Due to the sales opportunities with the Group’s regular customers, which are to be regarded as high, it can be assumed that the subsidiary in China will have a positive earnings situation in the medium term.

Due to the cumulative losses and the associated negative cash flows, the previously paid-up capital has been used up in full. Liquidity amounted to EUR 2.9 million at the end of June 2022. For the forecast capital requirement of EUR 8.6 million to cover short-term liabilities in the second half of 2022, equity and debt capital measures to generate liquid funds will be evaluated and implemented. The events and circumstances at the Chinese subsidiary indicate the existence of significant uncertainty, which poses a risk to the existence of the subsidiary.

There are currently intensive and promising negotiations with other investors who want to invest in Schweizer Electronic (Jiangsu) Co., Ltd. in the coming months. When implemented, this transaction will strengthen both the equity ratio and the liquidity position of the unit in the second half of the year (see further explanations in the forecast report). Various approaches are being pursued for debt financing, including the expansion of the leasing framework, factoring and the granting of working capital lines from other banks. It is also expected further incentives will be received from the government.

If no or only part of the measures take effect by the end of the year, it is possible to implement equity financing through a further deposit payment by Schweizer Electronic AG by means of a capital increase in Germany or the issue of promissory note loans.

Based on the circumstances presented, the financing of the company for 2022 appears to be secured. The availability of means of payment should meet existing or future payment obligations in accordance with the developments foreseeable today.

With regard to further opportunities and risks, please refer to our explanations in the 2021 Annual Report on pages 66 et seqq. The remaining situation described therein has not changed significantly.

## FORECAST REPORT

In the European Commission's summer forecast, the expectations for growth in economic development in Europe are 2.7 percent relative to the year as a whole. With growth of 1.4 percent, Germany is expected to be at the bottom of the list.

Onerous factors for the second half of 2022 will be the impact of Russia's war of aggression against Ukraine and strong inflation, which will climb to 8.3 per cent in the EU in 2022. Higher prices and rising interest rates will have a negative impact on consumer behaviour in both private households and industry. In addition, further negative impetus is provided by the continued slowdown in growth in the USA and the still strictly pursued zero-COVID policy in China. The latter may have an increased impact in the second half of the year, as the more easily transferable virus variants dominate in China and thus the probability of local outbreaks increases significantly.

Contrary to the original forecasts, the recovery in the semiconductor supply sector, in particular for the European automotive industry, does not appear to be materialising by the end of 2022 as hoped. The unavailability of cars and rising prices will dampen demand. Accordingly, the forecasts for sales figures have been revised downwards (VDA). A stagnation is expected for Europe and even a recession in the automotive sector for China. Global automotive sales will also shrink by 1 percent compared to the previous year. This means that automotive sales would still be 13 percent below the 2019 level.

## SALES FORECAST

We expect sales growth of +5 to +15 percent for the 2022 financial year, which corresponds to sales of almost EUR 130 to 140 million for the 2022 financial year.

As in the previous year, we are therefore forecasting significantly stronger growth than the overall market. The market share gains are realised by expanding business with existing customers and acquiring new customers. The plant in China will enable the largest share of growth, with which Schweizer will be able to address larger shares of the total demand, particularly among existing customers, but also tap into new customer groups. The gradual increase in series sales with chip embedding technology, which optimises the efficiency of hybrid vehicles, will also have a positive effect. Due to the expansion of sales activities in the American market, we expect additional positive impetus from the increasing globalisation of our sales territories.

The updated sales forecast for 2022 remains below our forecast from April 2022. There are two main reasons for this. Firstly, according to the forecasts of leading economic research institutes, macroeconomic expectations have deteriorated further in recent weeks. Not only for Germany, but also globally. Inflation is galloping, interest rates are rising and the shortage of components is still having a strong dampening effect on possible growth. Secondly, as part of a programme to improve earnings at our plant in China, a number of non-profitable products were discontinued as far as contractually possible. As long as follow-up orders are not yet secured, this will lead to a limitation of sales.

## RESULTS FORECAST

We expect EBITDA to improve in the second half of 2022 compared to the first half of 2022. We now forecast the EBITDA margin for the 2022 financial year at -4 to -8 percent (previous forecast according to the 2021 Annual Report: -4 to +1 percent).

This forecast is based on the positive effects of the restructuring programme at Schweizer Electronic (Jiangsu) Co., Ltd. in China, which will show its full effect in the second half of the year. This resulted in measures with an impact on earnings of approx. EUR 3 million for the second half of the year. We also expect positive impetus from an improved product mix from production at the Schramberg plant.

The situation in the raw materials market is and remains highly volatile. Although there has been some easing in the key commodities and precious metals, we do not initially expect a noticeable reduction in procurement prices for purchasing materials, as these are also heavily dependent on the development of energy prices and other inflation-related cost increases.

For the second half of the year, we expect a strain due to rising energy prices for gas and electricity and continued high logistics costs. The reduced sales forecast due to the factors described will also have a negative impact on the earnings situation.

## FINANCIAL SITUATION AND LIQUIDITY

Due to the operational loss situation, the second half of the year will also lead to a reduction in equity and liquidity in the Group. Investments in both China and Germany are only small for the second half of the year, as these investments have already been made in China in the first six months. The focus of the measures to support equity and provide sufficient funds in China will be to carry out a further capital increase through direct investment in the Chinese subsidiary. Promising discussions are underway with various investors from Asia. Provided that the discussions are successful and the equity contribution to Schweizer Electronic (Jiangsu) Co., Ltd. in China is successful, the Group equity ratio will be between 6 and 11 percent at the end of the year, as previously forecast. Since the capital contribution by cash contribution is planned, sufficient liquidity supply for the company in China would also be ensured. For the Schramberg site, a gradual improvement in the liquidity situation from operating business and a reduction in tied-up short-term capital are expected in the second half of the year. The latter is subject to a gradual normalisation of the international supply chain.

Schramberg, 29 July 2022

Schweizer Electronic AG
The Executive Board

(N. F. Schweizer) (M. Bunz)

# CONSOLI-DATED INTERIM FINANCIAL STATEMENTS

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## CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022

| | 01/01 - 30/06/2022 EUR thousands | 01/01 - 30/06/2021 EUR thousands |
|---|---|---|
| Sales revenue | 64,579 | 59,368 |
| Cost of sales \| Cost of goods and services provided to generate sales | -68,866 | -61,859 |
| **Gross profit** | **-4,287** | **-2,491** |
| | | |
| Distribution costs | -2,772 | -2,491 |
| Administration expenses | -7,443 | -6,675 |
| Other operating income | 2,535 | 1,703 |
| Other operating expenses | -1,260 | -770 |
| **Operating results** | **-13,227** | **-10,724** |
| | | |
| Financial income | 6 | 21 |
| Financial expenses | -2,519 | -1,740 |
| **Earnings before taxes on income and revenue** | **-15,740** | **-12,443** |
| | | |
| Taxes on income and revenue | -332 | 913 |
| | | |
| **Consolidated result** | **-16,072** | **-11,530** |
| Of which attributable to: | | |
| Shareholders of the parent company | -14,112 | -11,529 |
| Non-controlling interests | -1,960 | -1 |
| | | |
| Earning per share | | |
| Basic (=diluted) shareholding (units) | 3,770,713 | 3,770,713 |
| Basic, based on the profit attributable to holders of ordinary shares of the parent company (EUR) | -3.74 | -3.06 |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022

| | 01/01 - 30/06/2022<br>EUR thousands | 01/01 - 30/06/2021<br>EUR thousands |
|---|---|---|
| **Consolidated result** | **-16,072** | **-11,530** |
| | | |
| **Other income** | | |
| **Other income to be reclassified to profit or loss in subsequent periods (after taxes):** | **202** | **842** |
| Currency translation of foreign operations | 202 | 842 |
| Net-(losses)/gains on financial assets available for sale | 0 | 0 |
| **Other income not to be reclassified to profit or loss in subsequent periods (after taxes):** | **2,339** | **1,083** |
| Gains/(losses) on the revaluation of defined benefit pension plans | 3,300 | 1,528 |
| and similar obligations | 0 | 0 |
| Gains/(losses) on assets measured at fair value recognised directly in equity | 0 | 0 |
| Tax of profits | -961 | -445 |
| **Other results after tax** | **2,541** | **1,925** |
| | | |
| **Overall result after taxes** | **-13,531** | **-9,605** |
| | | |
| Of which attributable to: | | |
| Shareholders of the parent company | -11,415 | -9,605 |
| Non-controlling interests | -2,115 | 0 |

# CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2022

| | 30/06/2022 EUR thousands | 31/12/2021 EUR thousands |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | **122,238** | **117,139** |
| Tangible assets | 105,235 | 99,875 |
| Intangible assets | 2,426 | 1,739 |
| Other participating interests | 12 | 12 |
| Other financial assets | 5 | 5 |
| Other assets | 679 | 702 |
| Deferred tax assets | 3,311 | 3,641 |
| Right of use pursuant to IFRS 16 | 10,570 | 11,165 |
| | | |
| **Short-term assets** | **55,820** | **65,163** |
| Inventories | 20,110 | 18,137 |
| Trade receivables | 15,940 | 16,980 |
| Contract assets | 6,459 | 7,474 |
| Tax receivables | 0 | 5 |
| Other financial assets | 1,526 | 830 |
| Other assets | 6,993 | 7,315 |
| Cash and cash equivalents | 4,792 | 14,422 |
| **Total assets** | **178,058** | **182,302** |
| | | |
| **Equity and liabilities** | | |
| **Equity** | **6,812** | **9,721** |
| Subscribed capital | 9,664 | 9,664 |
| Own shares | -24 | -24 |
| Capital reserves | 24,900 | 21,779 |
| Profit reserves | -25,577 | -21,698 |
| Equity attributable to shareholders of the parent company | 8,963 | 9,721 |
| Non-controlling interests | -2,151 | 0 |
| | | |
| **Non-current liabilities** | **127,336** | **116,423** |
| Financial liabilities | 95,404 | 81,127 |
| Other financial liabilities | 7,934 | 8,579 |
| Provision for defined benefit pension plans | 18,246 | 21,514 |
| Trade payables | 0 | 89 |
| Other liabilities | 3,139 | 578 |
| Other provisions | 972 | 3,749 |
| Deferred tax liabilities | 1,641 | 787 |
| | | |
| **Current liabilities** | **43,910** | **56,158** |
| Financial liabilities | 3,667 | 13,248 |
| Other financial liabilities | 2,192 | 2,049 |
| Provision for defined benefit pension plans | 943 | 943 |
| Trade payables | 28,624 | 32,224 |
| Other liabilities | 4,473 | 4,503 |
| Tax liabilities | 178 | 201 |
| Other provisions | 3,833 | 2,990 |
| | | |
| Total liabilities | 171,246 | 172,581 |
| **Total equity and liabilities** | **178,058** | **182,302** |

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022

| | 01/01-30/06/2022 EUR thousands | 01/01-30/06/2021 EUR thousands |
|---|---|---|
| **Operating activities** | | |
| **Earnings before tax** | **-15,740** | **-12,443** |
| Adjustment to reconcile earnings before taxes to net cash flows: | | |
| Financial income | -6 | -21 |
| Financial expenses | 2,519 | 1,740 |
| Amortisation and impairment of tangible and intangible assets | 6,119 | 5,483 |
| Other non-cash income/expenses | -238 | -764 |
| Gains (-)/ losses (+) from the disposal of property, plant and equipment and other non-current assets | 20 | 0 |
| Changes in the provision for defined benefit pension plans (without changes recognised directly in equity) | 32 | -252 |
| Changes in other provisions | 844 | 1,120 |
| Payments received from government grants | 291 | 108 |
| Changes in trade receivables and other assets | 694 | 12,245 |
| Change in inventories | -1,416 | -4,866 |
| Changes in trade and other payables | -3,509 | -3,402 |
| Interest received | -4 | -21 |
| Paid / refund taxes on income and revenue | -164 | -1,847 |
| **Cash flow from operating activities** | **-10,558** | **-2,920** |
| | | |
| **Investment activities** | | |
| Proceeds from the sale of tangible assets | 45 | 4,865 |
| Payments to acquire tangible assets and intangible assets | -11,281 | -16,756 |
| Payments received from government grants | 0 | 11,900 |
| **Cash flow from investing activities** | **-11,236** | **9** |
| | | |
| **Financing activities** | | |
| Proceeds from equity contributions from other shareholders | 10,586 | 0 |
| Incoming payments from the take-up of loans | 12,980 | 7,735 |
| Payments from the repayment of loans | -8,283 | -1,781 |
| Payments from finance leases liabilities | -951 | -207 |
| Interest paid | -2,239 | -1,740 |
| **Cash flow from financing activities** | **12,093** | **4,007** |
| | | |
| Net change in cash and cash equivalents | -9,701 | 1,096 |
| Changes in cash and cash equivalents owing to exchange rates | 71 | 362 |
| | | |
| **Cash and cash equivalents as at 1 January** | **14,422** | **22,973** |
| **Cash and cash equivalents as at 30 June** | **4,792** | **24,431** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| in EUR thousands | Subscribed capital | Own shares | Capital reserve | Profit reserves |
|---|---|---|---|---|
| **As of 1 January 2021** | **9,664** | **-24** | **21,795** | **2,748** |
| Consolidated result | | | | -11,530 |
| Other income | | | | 1,925 |
| **Overall result** | **0** | **0** | **0** | **-9,605** |
| Non-controlling interests arising on a business combination | | | | |
| Change in own shares | | | | |
| Long-Term Incentives | | | | |
| Dividend payment | | | | |
| Allocation to reserves | | | | |
| Other changes | | | | |
| **As of 30 June 2021** | **9,664** | **-24** | **21,795** | **-6,857** |
| | | | | |
| **As of 1 January 2022** | **9,664** | **-24** | **21,779** | **-21,698** |
| Consolidated result | | | | -14,112 |
| Other income | | | | 2,696 |
| **Overall result** | **0** | **0** | **0** | **-11,416** |
| Change in minority interests | | | | 8,077 |
| Change in own shares | | | | |
| Long-Term Incentives | | | | |
| Dividend payment | | | | |
| Allocation to reserves | | | 2,580 | |
| Other changes | | | | |
| **As of 30 June 2022** | **9,664** | **-24** | **24,359** | **-25,037** |

| included in profit reserves: | | | | | | |
|---|---|---|---|---|---|---|
| **Profit/(Loss) on remeasuring defined benefit pension plans and comparable obligations** | **Change in the value of financial assets available for sales** | **Currency translation difference** | **Consolidated result (attributable to shareholders of SEAG)** | **Equity attributable to share-holders of the parent company** | **Minority interests** | **Equity** |
| **-6,504** | **274** | **-830** | **-37,601** | **34,183** | **91** | **34,274** |
| | | | -11,530 | -11,530 | | -11,530 |
| 1,083 | | 842 | | 1,925 | | 1,925 |
| **1,083** | **0** | **842** | **-11,530** | **-9,605** | **0** | **-9,605** |
| **-5,421** | **274** | **12** | **-49,131** | **24,578** | **91** | **24,669** |
| **-5,641** | **274** | **-348** | **-63,788** | **9,722** | **0** | **9,722** |
| | | | -14,112 | -14,112 | -1,960 | -16,072 |
| 2,339 | | 357 | | 2,696 | -155 | 2,541 |
| **2,339** | **0** | **357** | **-14,112** | **-11,416** | **-2,115** | **-13,531** |
| | | | 8,077 | 8,077 | -8,077 | |
| | | | | 2,580 | 541 | 3,121 |
| | | | | | 7,500 | 7,500 |
| **-3,302** | **274** | **9** | **-69,823** | **8,963** | **-2,151** | **6,812** |

# 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 interim financial statements of the SCHWEIZER Group for the first six months of 2022 were prepared and approved for publication by the Executive Board on 29 July 2022.

**Basis of preparation of the condensed consolidated interim financial statements**

The condensed consolidated interim 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 2021.

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 condensed 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.

The condensed consolidated financial statements have been prepared under the going concern assumption. For further explanations on this topic, please refer to the “Opportunity & Risk Report” section of the interim Group management report.

## 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:

| Number of fully consolidated companies | 31 December 2021 | Included for the first time in financial year 2022 | Eliminated in financial year 2022 | 30 June 2022 |
|---|---|---|---|---|
| National | 1 | 0 | 0 | 1 |
| International | 5 | 0 | 0 | 5 |
| **Total** | **6** | **0** | **0** | **6** |

In the first half of 2022, 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 | Year-end rate | | Average rate | |
|---|---|---|---|---|
| EUR | 30 June 2022 | 31 December 2021 | 1st HY 2022 | 1st HY 2021 |
| USD USA | 1.0387 | 1.1326 | 1.0939 | 1.2056 |
| CNY China | 6.9624 | 7.194 | 7.0827 | 7.7980 |
| SGD Singapore | 1.4483 | 1.5279 | 1.4925 | 1.6061 |

### 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 2021, which were described in detail from page 120 of the 2021 Annual Report.

## 3. NOTES TO THE CONSOLIDATED INTERIM INCOME STATEMENT

### 3.1 Sales revenue

Sales revenue is divided as follows:

| | 1 January to 30 June 2022<br>EUR millions | 1 January to 30 June 2021<br>EUR millions |
|---|---|---|
| **By field of activity** | | |
| Metallised circuits | 7.3 | 12.1 |
| Non-metallised circuits | 3.1 | 4.4 |
| Multilayer/HDI | 53.4 | 41.7 |
| Other | 0.8 | 1.2 |
| | **64.6** | **59.4** |
| | | |
| **By region** | | |
| National | 30.0 | 28.0 |
| Europe (excl. Germany) | 11.7 | 9.2 |
| America | 3.3 | 5.1 |
| Asia | 19.5 | 16.8 |
| Other countries | 0.1 | 0.3 |
| | **64.6** | **59.4** |

The sales revenue is broken down by customer location.

### 3.2 Other operating income

Other operating income is comprised as follows:

| | 1 January to 30 June 2022<br>EUR thousands | 1 January to 30 June 2021<br>EUR thousands |
|---|---|---|
| Waste revenues | 620 | 668 |
| Currency gains | 1,125 | 452 |
| Income from the reversal of provisions | 1 | 24 |
| Income from the reversal of specific valuation allowances | 260 | 29 |
| Income from subsidies | 291 | 75 |
| Other income | 238 | 455 |
| **Total** | **2,535** | **1,703** |

### 3.3 Other operating expenses

Other operating expenses are composed as follows:

| | 1 January to 30 June 2022<br>EUR thousands | 1 January to 30 June 2021<br>EUR thousands |
|---|---|---|
| Currency losses | 1,102 | 351 |
| Losses on receivables | 120 | 15 |
| Other expenses | 38 | 404 |
| **Total** | **1,260** | **770** |

### 3.4 Financial income

Financial income is made up as follows:

| | 1 January to 30 June 2022<br>EUR thousands | 1 January to 30 June 2021<br>EUR thousands |
|---|---|---|
| Other interest and similar income | 6 | 21 |

### 3.5 Financial expenses

Financial expenses are made up as follows:

| | 1 January to 30 June 2022<br>EUR thousands | 1 January to 30 June 2021<br>EUR thousands |
|---|---|---|
| Interest paid | 2,194 | 1,722 |
| Other interest and similar expenses | 325 | 18 |
| **Total** | **2,519** | **1,740** |

The interest paid is attributable to the local investment loan for the Jintan site in the amount of EUR 1,478 thousand (2021: EUR 1,152 thousand) and to interest for other financial liabilities in the amount of EUR 716 thousand (2021: EUR 570 thousand).

### 3.6 Personnel expenses

Personnel expenses are made up as follows:

| | 1 January to 30 June 2022<br>EUR thousands | 1 January to 30 June 2021<br>EUR thousands |
|---|---|---|
| Wages and salaries | 20,483 | 19,490 |
| Social security costs | 3,748 | 3,504 |
| Pensions | 408 | 308 |
| **Total** | **24,639** | **23,302** |

### 3.7 Taxes on income and earnings

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

| | 1 January to 30 June 2022<br>EUR thousands | 1 January to 30 June 2021<br>EUR thousands |
|---|---|---|
| Current taxes related to the reporting period | 85 | 81 |
| Taxes on income from other periods | 24 | 1,767 |
| Expenses from deferred taxes | 223 | 0 |
| Deferred tax assets | 0 | -2,761 |
| **Total** | **332** | **-913** |

Income taxes relating to other periods included subsequent taxation of benefits in the prior-year period from 01/01 - 30/06/2021 for the acquisition of land use rights at the Jintan site in 2018.

The expense for deferred taxes includes temporary differences between the tax balance sheet and IFRS consolidated balance sheet.

A change in the assumptions and estimates of the use of tax loss carryforwards of Schweizer Electronic (Jiangsu) Co., Ltd. did not occur as at 30 June 2022; accordingly, no income from deferred tax assets on loss carryforwards was taken into account, contrary to the previous year's reporting date.

With regard to the assumptions made, we refer to pages 139 et seqq. of the 2021 Annual Report.

### 3.8 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 2022 | 1 January to 30 June 2021 |
|---|---|---|
| Earnings attributable to holders of ordinary shares of the parent company | -14,112 | -11,529 |
| Weighted average number of ordinary shares | 3,770,713 | 3,770,713 |
| **Earnings per share in EUR** | **-3.74** | **-3.06** |

## 4. NOTES ON THE CONSOLIDATED INTERIM BALANCE SHEET

### 4.1 Tangible and intangible assets

The major changes in fixed assets are due to the plant in Jintan, China. Assets under construction increased by EUR 6.6 million to EUR 11.9 million (31 December 2021: EUR 5.3 million) resulting from advance payments made. At the site in Jintan, production-related software in the amount of EUR 787 thousand was capitalised.

### 4.2 Other assets

Other financial assets are comprised as follows:

| | 30 June 2022<br>EUR thousands | 31 December 2021<br>EUR thousands |
|---|---:|---:|
| Vendors with debit balances | 71 | 110 |
| Financial receivables | 1,284 | 524 |
| Miscellaneous other financial assets | 176 | 201 |
| **Total other financial assets** | **1,531** | **835** |
| Non-current | 5 | 5 |
| Current | 1,526 | 830 |

The financial receivables result from a measure to optimise working capital from the area of receivables management.

Other assets are comprised as follows:

| | 30 June 2022<br>EUR thousands | 31 December 2021<br>EUR thousands |
|---|---:|---:|
| Turnover tax claims from investments | 370 | 1,274 |
| Receivables from government grants | 3,352 | 4,506 |
| Prepayments and accrued income | 1,773 | 1,054 |
| Receivables from tax refunds | 505 | 353 |
| Miscellaneous other assets | 1,672 | 830 |
| **Total other assets** | **7,672** | **8,017** |
| Non-current | 679 | 702 |
| Current | 6,993 | 7,315 |

### 4.3 Financial liabilities

Financial liabilities as of 30 June 2022 exclusively include bank loans in the amount of EUR 99,071 thousand (31 December 2021: EUR 94,375 thousand).

The change in financial liabilities as at 30 June 2022 of EUR 4,696 thousand results from the repayment of KfW loans of EUR 7,100 thousand in Schramberg and borrowings of EUR 7,100 thousand from Schweizer Electronic (Jiangsu) Co., Ltd., China, as well as from repayments on loans from Schweizer Electronic AG in the amount of EUR 1,183 thousand.

### 4.4 Other financial liabilities

Other financial liabilities are comprised as follows:

| | 30 June 2022<br>EUR thousands | 31 December 2021<br>EUR thousands |
|---|---|---|
| Lease liabilities | 10,016 | 10,492 |
| Derivatives with negative market value | 103 | 79 |
| Miscellaneous other financial liabilities | 7 | 57 |
| **Total other financial liabilities** | **10,126** | **10,628** |
| Non-current | 7,934 | 8,579 |
| Current | 2,192 | 2,049 |

### 4.5 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 157 et seqq. of the 2021 Annual Report). The effects from the change in actuarial losses due to the change in the market interest rate from 2.36 to 3.36 percent as of 30 June 2022 (31 December 2021: 1.00 percent) are included in other comprehensive income at EUR 3,300 thousand.

**4.6 Other provisions**

Other provisions are comprised as follows:

| | 30 June 2022<br>EUR thousands | 31 December 2021<br>EUR thousands |
|---|---|---|
| Obligations vis-à-vis employees | 2,497 | 1,389 |
| Guarantees | 288 | 288 |
| Additional provisions | 2,020 | 5,062 |
| **Total** | **4,805** | **6,739** |
| Non-current | 972 | 3,749 |
| Current | 3,833 | 2,990 |

The obligations to employees include holiday entitlements of employees in the amount of EUR 1,311 thousand (31 December 2021: EUR 172 thousand) and provisions for obligations arising from a works agreement for partial retirement provisions, which amounted to EUR 667 thousand as at the reporting date (31 December 2021: EUR 837 thousand), the chargeable reinsurance credit is EUR 375 thousand (31 December 2021: EUR 535 thousand). Furthermore, provisions are included for time credits of EUR 580 thousand (31 December 2021: EUR 499 thousand) and outstanding anniversary bonuses of EUR 44 thousand (31 December 2021: EUR 44 thousand).

Provisions in connection with the restructuring for severance payments amount to EUR 130 thousand (31 December 2021: EUR 0 thousand).

Other provisions mainly include costs for outstanding cost accounting in the amount of EUR 92 thousand (31 December 2021: EUR 351 thousand), costs in connection with the 2021 and 2022 annual financial statements amounting to EUR 547 thousand (31 December 2021: EUR 348 thousand), for Supervisory Board remuneration of EUR 90 thousand (31 December 2021: EUR 180 thousand). Furthermore, the obligation for the compensation payment to the former Chairman of the Executive Board Dr Maren Schweizer in the amount of EUR 2,777 thousand from the other provisions was reclassified to other liabilities.

### 4.7 Trade and other payables

The decrease in trade payables to EUR 28,624 thousand (31 December 2021: EUR 32,324 thousand) is mainly due to the change in liabilities in connection with the investment measures at the new production site in Jintan, China.

Other liabilities are comprised as follows:

| | 30 June 2022<br>EUR thousands | 31 December 2021<br>EUR thousands |
|---|---|---|
| Liabilities from salary and wage accounting | 2,582 | 2,395 |
| Liabilities from other taxes | 1,347 | 1,287 |
| Liabilities within the context of social security | 175 | 46 |
| Upfront liability | 645 | 608 |
| Miscellaneous other liabilities | 2,863 | 745 |
| **Total other liabilities** | **7,612** | **5,081** |
| Non-current | 3,139 | 578 |
| Current | 4,473 | 4,503 |

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 2022.

The upfront liability is based on a deferred payment receipt for anticipated price discounts from a supplier (upfront payment) of EUR 645 thousand (31 December 2021: EUR 608 thousand).

Other liabilities include the reclassification of liability to a former member of the Executive Board in the amount of EUR 2,777 thousand (31 December 2021: EUR 0 thousand)

### 4.8 Grants from public authorities

The grants from public authorities relate as before to funded investments for buildings and machinery made by Schweizer Electronic (Jiangsu) Co., Ltd., China.

### 4.9 Additional information concerning financial instruments

**30 June 2022**

| in EUR thousand | Fair value | 1st level | 2nd level | 3rd level | Amortised cost | not within the scope of IFRS 7 | Carrying amount |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| **Participating interests** | **12** | **0** | **0** | **12** | **0** | **0** | **12** |
| at fair value through equity | | | | | | | |
| Amortised cost | 12 | | | 12 | | | 12 |
| **Trade receivables** | **15,932** | **0** | **0** | **0** | **15,932** | **0** | **15,932** |
| Amortised cost | 15,932 | | | | 15,932 | | 15,932 |
| **Other derivative financial assets** | **3** | **0** | **3** | **0** | **0** | **0** | **3** |
| at fair value through profit or loss | 3 | | 3 | | | | 3 |
| Amortised cost | | | | | | | |
| **Other non-derivative financial assets** | **1,531** | **0** | **0** | **0** | **1,531** | **0** | **1,531** |
| at fair value through equity | | | | | | | |
| Amortised cost | 1,531 | | | | 1,531 | | 1,531 |
| **Cash and cash equivalents** | **4,792** | **0** | **0** | **0** | **4,792** | **0** | **4,792** |
| Amortised cost | 4,792 | | | | 4,792 | | 4,792 |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| **Financial liabilities** | **99,071** | **0** | **0** | **0** | **99,071** | **0** | **99,071** |
| Amortised cost | 99,071 | | | | 99,071 | | 99,071 |
| **Trade payables** | **28,624** | **0** | **0** | **0** | **28,624** | **0** | **28,624** |
| Amortised cost | 28,624 | | | | 28,624 | | 28,624 |
| **Other derivative financial liabilities** | **103** | **0** | **103** | **0** | **0** | **0** | **103** |
| at fair value through profit or loss | 103 | | 103 | | | | 103 |
| Amortised cost | | | | | | | |
| **Other non-derivative financial liabilities** | **7** | **0** | **0** | **0** | **7** | **0** | **7** |
| **Lease liabilities** | **10,016** | **0** | **0** | **0** | **10,016** | **0** | **10,016** |

**31 December 2021**

| in EUR thousand | Fair value | 1st level | 2nd level | 3rd level | Amortised cost | not within the scope of IFRS 7 | Carrying amount |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| **Participating interests** | **12** | **0** | **0** | **12** | **0** | **0** | **12** |
| at fair value through equity | | | | | | | |
| Amortised cost | 12 | | | 12 | | | 12 |
| **Trade receivables** | **16,980** | **0** | **0** | **0** | **16,980** | **0** | **16,980** |
| Amortised cost | 16,980 | | | | 16,980 | | 16,980 |
| **Other derivative financial assets** | **24** | **0** | **24** | **0** | **0** | **0** | **24** |
| at fair value through profit or loss | 24 | | 24 | | | | 24 |
| Amortised cost | | | | | | | |
| **Other non-derivative financial assets** | **835** | **0** | **0** | **0** | **835** | **0** | **835** |
| at fair value through equity | | | | | | | |
| Amortised cost | 835 | | | | 835 | | 835 |
| **Cash and cash equivalents** | **14,422** | **0** | **0** | **0** | **14,422** | **0** | **14,422** |
| Amortised cost | 14,422 | | | | 14,422 | | 14,422 |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| **Financial liabilities** | **94,375** | **0** | **0** | **0** | **94,375** | **0** | **94,375** |
| Amortised cost | 94,375 | | | | 94,375 | | 94,375 |
| **Trade payables** | **32,313** | **0** | **0** | **0** | **32,313** | **0** | **32,313** |
| Amortised cost | 32,313 | | | | 32,313 | | 32,313 |
| **Other derivative financial liabilities** | **79** | **0** | **79** | **0** | **0** | **0** | **79** |
| at fair value through profit or loss | 79 | | 79 | | | | 79 |
| Amortised cost | | | | | | | |
| **Other non-derivative financial liabilities** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Lease liabilities** | **10,492** | **0** | **0** | **0** | **10,492** | **0** | **10,492** |

Lease liabilities are not included in the financial liabilities measured at amortised cost as they do not fall within the area of application of IFRS 9. 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 current non-derivative financial liabilities and other current liabilities, it is assumed, on the basis of the short maturities, that the carrying amounts of these instruments correspond to the fair values.

As at 30 June 2022, the derivative financial instruments comprised raw material hedges. The commodity hedges involve commodity derivatives (gold and palladium swaps), with a fixed price being paid for gold and the bank paying variable amounts. Measurement of the derivatives was based on Level 2 input factors using values from active markets for identical assets.

**Net losses and gains from financial instruments by measurement category in accordance with IFRS 9 as of the balance sheet date 30 June 2022**

| in EUR thousand | Fair value | Value adjustment | from interest | from dividends | Net result |
|---|---|---|---|---|---|
| Financial assets measured at amortised cost | -8 | 260 | -8 | | 244 |
| Financial assets measured at fair value through profit or loss (FVTPL) | | | | | 0 |
| Financial assets (equity instruments) measured at fair value through other comprehensive income (FVOCI) | | | | | 0 |
| Financial liabilities measured at amortised cost | | | -2,164 | | -2,164 |
| | | | | | - |
| Financial liabilities measured at fair value through profit or loss (FVTPL) | | -39 | | | -39 |
| **Total** | **-8** | **221** | **-2,172** | **0** | **-1,958** |

**Net losses and gains on financial instruments by measurement category in accordance with IFRS 9 for end of financial year 2021**

| in EUR thousand | Fair value | Value adjustment | from interest | from dividends | Net result |
|---|---|---|---|---|---|
| Financial assets measured at amortised cost | | -38 | 13 | | -25 |
| Financial assets measured at fair value through profit or loss (FVTPL) | | | | | 0 |
| Financial assets (equity instruments) measured at fair value through other comprehensive income (FVOCI) | | | | | 0 |
| Financial liabilities measured at amortised cost | | | -3,708 | | -3,708 |
| Financial liabilities measured at fair value through profit or loss (FVTPL) | | -83 | | | -83 |
| **Total** | **0** | **-121** | **-3,695** | **0** | **-3,816** |

**4.10 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 2021, with the following exception.

With regard to the letter of comfort to a supplier of Schweizer Electronic Singapore Pte. Ltd. from the 2015 financial year, there were no liabilities as at 30 June 2022 (31 December 2021: EUR 0 thousand).

**4.11 Information on related party transactions**

With the exception of the transactions described below, there were no significant business transactions with related parties in the reporting period from 01/01 to 30/06/2022.

In January 2022, WUS Printed Circuit (Kunshan) Co., Ltd., China, which is controlled by a member of the Supervisory Board of Schweizer Electronic AG, invested in Schweizer Electronic (Jiangsu) Co., Ltd. (see Section 4.12). Furthermore, WUS Printed Circuit (Kunshan) Co., Ltd. goods in the reporting period in the amount of EUR 10,906 thousand (31 December 2021: EUR 23,484 thousand) were purchased and sales revenue made of EUR 5,586 thousand (31 December 2021: EUR 9,806 thousand). As of 30 June 2022, there were liabilities of EUR 7,466 thousand (31 December 2021: EUR 12,963 thousand) and receivables in the amount of EUR 1,649 thousand (31 December: EUR 1,648 thousand).

Dr Krauss, a partner of the law firm KRAUSS LAW in Lahr in the Black Forest, advises the company in the areas of individual and collective labour law. During the reporting period, services in the amount of EUR 5 thousand were purchased; there are no outstanding receivables.

Dr Marquardt has been a member of the Supervisory Board since 24 June 2022. Since then, sales of EUR 24 thousand have been generated with the Marquardt Group. Receivables amounted to EUR 167 thousand.

### 4.12 Shareholdings as at 30 June 2022

| Name | Headquarters | Share of equity (in %) |
|---|---|---|
| **Fully consolidated subsidiaries** | | |
| Schweizer Pte. Ltd. | Singapore | 100.0 |
| Schweizer Electronic Singapore Pte. Ltd. | Singapore | 100.0 |
| Schweizer Energy Production Singapore Pte. Ltd. | Singapore | 100.0 |
| Unterstützungskasse Christoph Schweizer e.V. (provident fund) | Schramberg, Germany | 100.0 |
| Schweizer Electronic (Jiangsu) Co., Ltd. | Jiangsu / China | 87.2 |
| Schweizer Electronic Americas Inc. | New Castle / USA | 100.0 |
| **Other participating interests** | | |
| SCHRAMBERGER WOHNUNGSBAU GmbH | Schramberg, Germany | 1.3 |

In the course of a 12.8 percent capital increase, WUS Printed Circuit (Kunshan) Co., Ltd. invested in Schweizer Electronic (Jiangsu) Co., Ltd. in January 2022. The cash inflow from this capital increase was CNY 75 million, equivalent to EUR 10.6 million.

## 5. EVENTS AFTER THE REPORTING PERIOD

There were no significant reportable events after the balance sheet date as at 30 June 2022.

Schramberg, 29 July 2022

Schweizer Electronic AG
The Executive Board

(N. F. Schweizer) (M. Bunz)

## AUDITORS' REVIEW CERTIFICATE

To Schweizer Electronic AG, Schramberg

We have reviewed the condensed consolidated financial statements – comprising the income statement, the statement of comprehensive income, the balance sheet, the cash flow statement, the statement of changes in equity and the notes – and the Group interim management report of Schweizer Electronic AG, Schramberg (hereinafter shortened to SEAG), for the period from 1 January to 30 June 2022, which form part of the half-year financial report in accordance with Section 115 WpHG. The preparation of the condensed consolidated financial statements in accordance with the International Accounting Standard IAS 34 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 IAS 34 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 IAS 34 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 im Breisgau, 30 July 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft [Audit firm]

| | |
|---|---|
| Laubert | Armbruster |
| Auditor | Auditor |

## 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, 29 July 2022

Schweizer Electronic AG
The Executive Board

Nicolas-Fabian Schweizer Marc Bunz

# INFOR-
# MATION

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# LEGAL NOTICE

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In order to ensure better readability, gender-differentiated wording was not used. The relevant terms apply within the meaning of gender equality. The shortened form is only used for editorial purposes.

In this report, Schweizer Electronic AG is also referred to as SCHWEIZER .
In this report, WUS Printed Circuit (Kunshan) Co., Ltd. is also referred to as WUS.

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

**Picture credits**
Conducting paths, p. 01, 09 © Starline — freepik

The English version is for convinience only - should there be discrepancies between the German and English version of the report, the German version shall prevail.

# 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 does not obligate itself and does not intend to revise or correct these forward-looking statements in light of developments which differ from those anticipated.

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