agta record ltd

annual report 2019

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record
your global partner for entrance solutions

Management report

Market and Competition

World markets continued to grow at a rate of 1 to 2%. No large newcomers were noticed in the segments pedestrian doors nor industrial doors.

Commercial performance

The Group continued to score higher market shares with order intake in units growing by 4.7% and sales by 6.5%. Value-wise, total order intake increased by 5.2%, with strong performances in France, the U.S., the Netherlands, Germany, Poland and Australia.

Service and maintenance order intake showed a satisfying increase of 6.1%, though still impacted by a lack of technicians.

On 31 December, order book stands at EUR 67.6 million versus EUR 66.4 million a year before and is particularly high in France, Germany and the U.S.

Product order intake of swing doors was among the strong performers (+16.7%), together with high speed doors (+12.0%) and exit lanes (+37.8%).

Financial performance

Total sales were up 7.1% with products up 9.4% and maintenance growing by 5.6%.

Foreign exchange movements had a positive impact of approximately EUR 4 million on sales, due mainly to the Swiss Franc and the US Dollar, while the impact from IFRS 15 was negligible.

The gross margin fell from 73.8% to 72.8% due to the higher proportion of products versus maintenance in consolidated sales (59.7%/ 40.3%).

Personnel costs decreased from EUR 177.6 million in 2018 to EUR 174.1 million. No additional provisions for the phantom share plan were registered (EUR 8.9 million in 2018). In Switzerland a credit of EUR 3.1 million on past pension costs had a positive effect.

Operating expenses were almost flat (EUR 51.7 million versus EUR 51.2 million in 2018). Implementation of IFRS 16 on leasing expenses reduced operating expenses by EUR 3.4 million.

EBITDA showed a very strong increase of 39.5% reaching EUR 70.7 million (EUR 50.7 million in 2018).

Despite the IFRS 16 related increase of depreciation and the goodwill impairment of EUR 1.4 million at record Malaysia, EBIT still rose by 40.2% to EUR 53.0 million (EUR 37.8 million in 2018).

The financial result improved mostly due to an improved forex result (minus EUR 1.1 million versus minus EUR 2.7 million).

The average tax rate decreased from 24.2% to 21.1%. Net profit improved by 55.9% to EUR 40.3 million (EUR 25.9 million in 2018).

Balance Sheet

The financial position of the Group remains extremely strong with net cash of EUR 98.3 million as of 31 December 2019 (EUR 80.3 million at the end of 2018) after capital expenditures for property, plant, equipment and intangible assets of EUR 11.8 million (EUR 9.0 million in 2018), a dividend of EUR 13.5 million (EUR 14.9 million in 2018) and the first-time inclusion of leasing obligations of EUR 13.7 million as financial debt.

Risk factors

Market risk

The business of the Group is relatively diversified in terms of value added: design, engineering, manufacturing, installation, service and maintenance of automatic doors and industrial doors plus maintenance and modernisation of lifts. These activities are offered and sold to different customer segments that are not directly linked to each other: supermarkets, hypermarkets, retail outlets, banks, government offices, industrial and logistics units, railway stations, airports, hospitals, retirement homes, hotels, restaurants, etc. Specific segments may be temporarily affected by a slowdown in investment, but rarely will all of them be simultaneously affected.

The Group operates directly in 17 countries on four continents (Europe, North America, Asia and Australia) through 100%-owned subsidiaries and in all other countries through distributors. Geographical risk is highly diversified. However, one country (France) accounts for 36% of Group sales. A significant slowdown in the French market would have a material impact on Group results.

Risks related to product regulation

Safety standards and regulation governing the use of automatic and industrial doors are extremely strict although they vary between markets. The risk that even stricter standards will be introduced is considered low. If the impact of changed standards on selling prices was very high, the market potential could be negatively affected. However, a slight tightening could even have a beneficial effect on prices and hence on sales.

Product liability risk

Few physical injuries have occurred related to the use of the products sold by group companies. Technological developments in door systems and safety equipment (sensor barriers, radar, opening pressure, obstacle recognition, etc.) are continually making the doors safer.

The potentially most exposed product is the automatic revolving door, which the Group has been manufacturing following acquisitions in Germany (BLASI) and Australia. To increase the safety of revolving doors, the research and development teams have been focused on the transfer of sliding and swing door technology to revolving doors.

The exposure of all Group companies to product related third-party liabilities is covered via a global umbrella insurance policy.

Financial risks

Interest rate risk: Interest rate risk is limited as the Group has less than EUR 14 million of financial debt, consisting almost entirely of leasing obligations. Available funds are kept in cash or invested in low-risk short-term money market instruments.

Credit risk: Credit risk exists related to certain customers, either in terms of defaults on receivables or the impact on profits if a large customer was lost. The risk is limited as no single customer accounts for more than one percent of consolidated sales.

Liquidity risk: Liquidity risk is minimal, given the amount of available cash, the relatively low levels of capital expenditure compared to free cash flow.

Foreign exchange risk: The cost base in Switzerland exposes the Group to movements in the EUR/CHF rate. The growth of the business in the US (12% of Group sales) and the United Kingdom (11% of Group sales) increased the exposure to movements of the USD/EUR and GBP/EUR rates. The effects of currency fluctuations are described further in Note 26 to the consolidated financial statements.

Research & Development

R&D expenses (including amortisation of capitalised cost) totalled EUR 4.4 million (2018: EUR 4.0 million, see also Note 4 to the financial statements). The activities focused on the next generation of sliding and swing doors, as well as revolving and energy-efficient doors. Capitalised development costs remained limited at EUR 1.0 million in 2019.

Events after the balance sheet date

See Note 29 to the financial statements.

Outlook 2020

With the expected closing of the take-over of agta record by ASSA ABLOY, still conditional on approvals from the AMF and the European Commission, it would be difficult to provide accurate expectations of sales and profit growth.

We simply foresee a stable market with a slowdown in the first half followed by a slight surge in the second half.

Annexes to the management report

Environmental data

As the Group is engaged in assembly of components, in installation and in service and maintenance, it operates a "clean", non-polluting business.

Only the manufacturing of circuit boards, centralised in Switzerland, required the installation of extraction and filtering equipment in the area surrounding the tin-soldering work stations to prevent any release of toxic gases.

With regard to subsidiaries, their production processes do not consume water or solvents or a large amount of energy and they do not release toxic substances.

Concerning waste, the cuttings from aluminium profiles are sold for melting. Old batteries are collected from customers by our maintenance service. Subsequently, they are sent to specialist companies to be destroyed or recycled.

Most products have a life span of more than 10 years (which can be extended to 20 years for mechanical parts). 90% of the components are recyclable and have a very low impact on the environment.

The Group is focused on the development of products that consume less energy or increase the energy efficiency of the buildings of customers (e.g. related to heating or air conditioning). The Group is similarly keen on improving its manufacturing operations with a goal to use less material (such as aluminium) or make its products easier to recycle. A good example is the range of new sliding doors with improved insulation performance (THERMCORD+).

Workforce data

Number of employees as of 31 December 2019		2,665 (full time equivalents)
of which	- % women	18%
	- % temporary employees	2%
Average number of employees in 2019		2,659
Training expenses		EUR 708 thousand

The Group primarily employs full-time employees because of the high level of specialisation required.

As the Group includes a significant number of legal entities across 17 countries, compensation policies differ by subsidiary reflecting local regulation and practices customary in the local labour markets.

To date, the Group has not faced any major litigation for non-compliance with labour laws.

Group Governance

The Board of Directors currently has six members. The election of board members and of the Chairman is for a one-year tenure and takes place at the Annual General Meeting, with the possibility of re-election.

Generally, the Chairman of the Board of Directors of agta record is the Chairman of the Board or the equivalent at all subsidiaries. At present, the Boards of the subsidiaries in Sweden, Hungary, Poland, Slovenia, Malaysia, Australia and Canada did not adopt this policy due to their size.

The Chairman has a dual role: he is required to monitor the implementation of the strategy of the Group and to verify that the internal control procedures applied by the subsidiaries are consistent with Group policies.

Where necessary, the Chairman meets the auditors of the subsidiaries. He also verifies that the rules of corporate governance and the limits concerning the delegation of decision-making powers have not been breached.

In 2019, the Board of Directors of agta record met four times. One General Meeting of shareholders was held. No Extraordinary General Meeting of shareholders took place.

At the general meeting on 4 June 2019 Ernst & Young ("EY") was elected as auditor of the consolidated financial statements. EY is not auditing all subsidiaries. In France, where the accounts are audited by NOVANCES, EY supervises the work performed by NOVANCES. This is justified by the importance of the French subsidiaries within the Group (36% of sales).

The Remuneration Committee and the Audit Committee met twice.

In addition to the documents prepared for the board of directors meetings, the members receive a monthly management summary containing:

- Order intake (volume and value) by subsidiary;
- Sales (volume and value) by subsidiary;
- Consolidated income statement.

At any time, the members of the Board of Directors may request a meeting with a senior manager of the Group or general manager of a subsidiary.

Notifications of Board meetings are sent well in advance, later followed by a detailed agenda and all documents or annexes required for decisions.

The Chairman has a casting vote which he did not use in 2019. No particular difficulties arose in relation to the work of the Board of Directors.

Internal control

The conclusions of the Group auditors, which include a statement regarding internal controls, are presented to the Audit Committee and the Board as a comprehensive report.

The Audit Committee reviews with the auditors the annual and half-year financial statements including a risk analysis. It then issues a recommendation to the Board of Directors based on the results of the review.

The rules of internal control of the Group are defined in three documents:

- Responsibilities of the CEO: Organisational Regulations of the Group;
- Responsibilities of general managers of subsidiaries: Business Regulations of the subsidiaries;
- Accounting, financial and consolidation regulation for subsidiaries: Accounting Manual (revised on a continuous basis in line with IFRS standards).

At any time, the Chairman of the Group may verify that the policies of the first two documents are being applied. The Audit Committee is responsible for the supervision of the implementation of the regulation contained in the Accounting Manual. Whenever the Committee considers it necessary, it may request to undertake an in-depth audit of an issue or the processes at a subsidiary. No such in-depth audit was requested in 2019.

One member of the Board supports the Chairman with respect to selected subsidiaries, currently record USA, record UK, PACA, BLASI and record Germany.

As required by the Swiss Code of Obligations, agta record maintains an internal controlling system (ICS). The ICS covers the entire range of procedures, methods and controls established by Group management and approved by the Board. The ICS is intended to help ensure compliance with national laws and regulation, safeguard assets, prevent errors and irregularities and ensure reliable, complete and timely accounting and financial reporting. All risks (even minor ones) are listed, as well as the methods used to control the risks and the employees responsible to manage them. The ICS also covers the preparation of consolidated financial statements. The continuous monitoring and adjustment of the system is supervised by the Group CEO, Group CFO and the Audit Committee.

Audit fees

			2019			2018
in thousand EUR	**EY**	**Others**	**Total**	EY	Others	Total
Audit	**180**	**223**	**403**	148	226	374
Audit related services	**62**	**19**	**81**	59	43	102
Tax services	**12**	**84**	**96**	50	73	123
Other services	**0**	**140**	**140**	35	119	154
Total	**254**	**466**	**720**	292	461	753

Shareholder agreement

Since December 2010, the parties to a shareholder agreement have been holding their agta record shares (7,166,890 shares as of 31 December 2018) via a separate holding company, agta finance. The shareholder agreement was terminated on 6 March 2019 in the context of the expected change of control.

Documents available to the public

The following documents are available at https://www.record.group:

- Media releases including schedule of future releases;
- Financial reports (half-year and year-end);
- Financial profile;
- Documents in preparation of the Annual General Meeting of shareholders;
- Report of sales and purchases of own shares (monthly) and activity of the stock market liquidity provider;
- Articles of Association (in German).

Board of Directors

Name	Company	Position held
Hubert Jouffroy	agta record ltd	Chairman of the Board of Directors
	Sachem & Co.	Chairman of the Board of Directors
Peter Altorfer	agta record ltd	Member of the Board of Directors
	Forbo Holding AG	Vice Chairman of the Board of Directors
	Nomura Bank (Switzerland) Ltd.	Vice Chairman of the Board of Directors
	BIH SA	Member of the Board of Directors
	Privatbank Bellerive AG	Member of the Board of Directors
	Various not-listed companies,incl. one foreign controlled bank, investment and real estate companies and charitable foundations	Member of the Board of Directors
David Dean	agta record ltd	Member of the Board of Directors
	Bossard Holding AG	Member of the Board of Directors
	Burckhardt Compression AG	Member of the Board of Directors
	Haag-Streit Holding AG	Member of the Board of Directors
	Brugg Group AG	Member of the Board of Directors
	Komax AG	Member of the Board of Directors
Bertrand Ghez	agta record ltd	Member of the Board of Directors
	CIC Capital (Suisse) SA	Chairman of the Board of Directors
	NGE SAS	Member of the Strategy Committee
	Altrad Investment Authority SAS	Member of the Board of Directors
	MDA COMPANY SAS	Member of the Strategic Committee
Richard Gruenhagen	agta record ltd	Member of the Board of Directors
Michèle Rota	agta record ltd	Member of the Board of Directors
	Rota Architekten AG	Member of the Board of Directors
	wow!house AG	Chairman of the Board of Directors

Key personnel

Key personnel is defined as the members of the Board of Directors and of the Group Executive Management, 14 individuals in total. The profiles of the Group Executive Management are provided on the agta record Group website.

Share buyback programme

Swiss law allows a company to repurchase up to 10% of its share capital. agta record has undertaken to comply with EU Stock Exchange regulation concerning share buybacks. No buyback programme is currently in place.

Dividends for the past 3 financial years

	2018	2017	2016
Total dividend in million CHF	15.1	17.3	13.3
Dividend per share in CHF	1.13	1.30	1.00

The totals above include treasury shares on which no dividend is paid. For 2019, a dividend of CHF 0.65 per share will be proposed to the 2020 Annual General Meeting.

Results of the past 5 years

	2019	2018	2017	2016	2015
Consolidated profit in thousand EUR	40,328	25,875	32,902	21,775	25,334
Earnings per share in EUR	3.032	1.947	2.478	1.642	1.913

Confirmation by the person responsible for the Annual Report

I hereby certify that, to the best of my knowledge, the consolidated financial statements for the twelve months ended 31 December 2019 have been prepared in accordance with applicable accounting principles and present a true and fair view of the assets and liabilities, financial position and earnings of the Company and all of the companies included in the consolidation scope. I also certify that the activity report presents a true and fair view of the main events occurring during 2019, the impact thereof on the financial statements and the main related party transactions, as well as a description of the main risks and uncertainties.

Fehraltorf, 24 March 2020

Chairman of the Board of Directors

Hubert Jouffroy

Compensation report

The fundamental rules governing compensation in the agta record Group are described in the Articles of Association of agta record ltd, available (in German) on the website and at the company. The Swiss Ordinance against Excessive Remuneration in Listed Companies (“VegüV”) requires listed companies domiciled in Switzerland to annually publish a compensation report. This compensation report contains the compensation principles in more detail and describes the current programs related to the compensation of the Board of Directors and the members of the Group Executive Management. The report also outlines the role of the Remuneration Committee and provides detail around the compensation and payments made to the members of the Board of Directors and of the Group Executive Management in the past year and how the performance of the Group is reflected in the compensation of the Group Executive Management.

Compensation principles

The compensation of the members of the Board of Directors is a fixed amount (“retainer”) in order to emphasise their independence in exercising their supervisory duties. Part of the retainer can be paid in shares restricted for three years. As prescribed by Swiss law, social security contributions on compensation paid to the Board of Directors are incurred partly by agta record ltd and partly by the beneficiary. The Chairman of the Board is allowed to use a company car as a benefit in kind. He is engaged as a consultant to perform special duties that exceed the usual scope of his office.

The compensation programs of the Group Executive Management aim to attract, develop and retain qualified, talented and engaged executives. The programs are designed to motivate executives to achieve the overall business objectives and to create sustainable shareholder value.

Remuneration Committee of the Board of Directors

The Remuneration Committee is elected by the shareholders at the Annual General Meeting. It currently consists of the following three non-executive members: David Dean, Hubert Jouffroy and Michèle Rota.

The main tasks of the Remuneration Committee are defined in the Charter of the Remuneration Committee. The main duties of the Remuneration Committee are

- to review and propose the compensation policies and compensation plans of the agta record Group;
- to review and propose the compensation of the key personnel (members of the Board of Directors and the Group Executive Management) employed by agta record ltd and its subsidiaries;
- to prepare the compensation report.

The aggregate fixed and variable compensation amount paid to the key personnel is approved by the Annual General Meeting as prescribed by the Swiss Ordinance against Excessive Remuneration in Listed Companies and as stipulated in the Articles of Association. Fixed compensation is approved for future periods whereas variable compensation is approved retrospectively. The principles, the components and the target values of the compensation of each member of the Board of Directors and of the Group Executive Management are approved by the Board of Directors based on proposals by the Remuneration Committee. The Chairman of the Board is not attending when the Remuneration Committee discusses his compensation and decides about the pertaining proposal to the Board of Directors for approval. The compensation of a particular year and of an individual executive as proposed by the CEO (or by the Chairman in the case of the CEO) is reviewed by the Remuneration Committee who uses its own benchmarking and does not engage external consultants. The Remuneration Committee meets at least once a year and discusses current issues on an on-going basis. The Chairman of the Board provides a summary of the discussion held at the meeting of the Remuneration Committee at the next meeting of the Board of Directors.

Fixed and variable components of Group Executive Management compensation

The compensation of the Group Executive Management including the CEO consists of a fixed salary and two performance-related components. Changes in fixed salaries of the Group Executive Management become effective on 1 January following the approval of the aggregate fixed compensation by the Annual General Meeting of the previous year. The performance-related cash bonus and the performance-related share bonus are paid and granted, respectively, immediately after the approval of the aggregate amounts by the Annual General Meeting. As prescribed by Swiss law, social security contributions on compensation paid to the Group Executive Management in cash and stock are incurred partly by agta record ltd.

The cash bonus is linked to either only the Group EBITDA or a combination of the Group EBITDA and additional criteria such as working capital and/or product purchases and/or third-party sales and/or EBITDA achieved in the geographic region an executive is operationally responsible for. The target cash bonus of each individual executive is reviewed annually and a proposal for the following financial year is submitted to the Remuneration Committee by the CEO. The Chairman annually proposes the target cash bonus of the CEO to the Remuneration Committee. The actual cash bonus of each individual executive is determined by comparing the budgets and achievements with respect to the criteria stipulated as described above during a particular financial year and in a specific geographic region. The actual cash bonus is capped at 200% of the target cash bonus.

The share bonus is defined in terms of a target number of shares. The size of the actual grant is linked to either only the Group EBITDA or a combination of Group EBITDA and the EBITDA achieved in the geographic region the individual executive is operationally responsible for. The target number of shares of each individual executive is annually reviewed and a proposal for the following financial year is submitted to the Remuneration Committee by the CEO. The Chairman annually proposes the target number of shares of the CEO to the Remuneration Committee. The actual number of shares each individual executive will be granted is determined relative to the budgeted EBITDA of a particular financial year and geographic region and is capped at 200% of the target number of shares. The shares are subject to a lock-up period of three years. The lock-up does not end if a beneficiary is no longer employed by agta record ltd or one of its subsidiaries. The shares required for the share bonus grant are purchased on the market.

The 2015 Annual General Meeting approved a plan based on phantom shares benefitting the Group Executive Management. The phantom share plan was introduced to attract and retain key individuals. Each phantom share granted in July 2015 under the plan gives the right to receive in cash the difference between the share price paid for a change of control and EUR 40. The 276,250 (2018: 276,250) phantom shares are subject to service and performance vesting conditions and expire on 31 December 2021.

The Board of Directors may approve special incentives to one or more members of the Group Executive Management related to the achievement of specifically defined tasks and/or financial goals.

As defined in the Articles of Association, agta record ltd may grant unsecured loans or pledges of up to CHF 1.0 million per person to members of the Board of Directors or the Group Executive Management. No such loans or pledges were granted in 2019 nor 2018. No persons close to the Board of Directors or the Group Executive Management were granted any loans of any kind, nor did they receive any special remuneration of whatever nature.

The details of shareholdings of the members of the Board of Directors, of the Group Executive Management and of closely linked persons are presented in note 8 of the statutory financial statements of agta record ltd.

Remuneration of the Board of Directors

No payments occurred to former members of the Board of Directors of agta record ltd in 2019 or 2018.

2019 in thousand CHF	Retainer	Benefits in kind	Social security	Other*)	Total
H. Jouffroy, Chairman	93	7	0	300	**400**
P. Altorfer	47	0	2	0	**49**
D. Dean	47	0	3	0	**50**
B. Ghez (Crédit Mutuel Equity)	47	0	0	0	**47**
R. Gruenhagen	47	0	3	0	**50**
M. Rota	47	0	3	0	**50**
Total	**328**	**7**	**11**	**300**	**646**

*) Consulting on various matters

2018 in thousand CHF	Retainer	Benefits in kind	Social security	Other*)	Total
H. Jouffroy, Chairman	92	7	0	313	**412**
P. Altorfer	46	0	3	0	**49**
D. Dean	46	0	3	0	**49**
B. Ghez (Crédit Mutuel Equity)	46	0	0	0	**46**
R. Gruenhagen	46	0	3	0	**49**
M. Rota	46	0	3	0	**49**
Total	**322**	**7**	**12**	**313**	**654**

*) Consulting on various matters

Remuneration of the members of the Group Executive Management

As of 31 December 2019, the Group Executive Management (including the CEO) had eight (2018: eight) members who are employed by agta record ltd or subsidiaries of agta record ltd in Switzerland and abroad. No payments occurred to members of the Group Executive Management, who were not on the payroll, in 2019 nor 2018.

In 2019, total compensation paid to the Group Executive Management was slightly higher than in 2018, mostly due to an increase in variable compensation. Share-based compensation increased due to a higher share price and the 7% overachievement in Group EBITDA relative to budget. The overachievement was also the main driver behind the increase in cash bonus payments.

2019 in thousand CHF	**Salary**	**Cash Bonus*)**	**Benefits in kind**	**Pension & social security**	**Share-based compen-sation*)**	**Total**
Group Executive Management	2,045	768	41	773	981	**4,608**
of which the highest individual amount:						
Stefan Riva, Group CEO	461	244	7	212	381	**1,305**

*) Paid and granted, respectively, in 2019 related to 2018 performance goals.

2018 in thousand CHF	**Salary**	**Cash Bonus*)**	**Benefits in kind**	**Pension & social security**	**Share-based compen-sation*)**	**Total**
Group Executive Management	2,032	748	44	760	926	**4,510**
of which the highest individual amount:						
Stefan Riva, Group CEO	461	229	6	207	368	**1,271**

*) Paid and granted, respectively, in 2018 related to 2017 performance goals.

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
Fax: +41 58 286 30 04
www.ey.com/ch

To the General Meeting of
agta record ltd, Fehraltorf

Zurich, 24 March 2020

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of agta record ltd for the year ended 31 December 2019. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained on pages XI to XII of the remuneration report.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility
Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the remuneration report for the year ended 31 December 2019 of agta record ltd complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Licensed audit expert
(Auditor in charge)

Licensed audit expert

Consolidated financial statements

Consolidated statement of financial position

in thousand EUR	Note	**31/12/2019**[1]	31/12/2018
Assets			
Property, plant and equipment	3	**55,571**	54,281
Right-of-use assets	13	**13,479**	0
Goodwill and intangible assets	4	**72,887**	75,026
Non-current financial assets	5	**228**	236
Deferred tax assets	16	**7,905**	7,158
Total non-current assets		**150,070**	136,701
Inventories	6	**56,074**	54,394
Trade receivables	7	**79,619**	74,985
Income tax receivables		**2,685**	4,186
Other current receivables		**2,045**	2,278
Accrued income and prepayments	7	**12,139**	12,637
Current financial assets	5	**1,202**	68
Cash and cash equivalents	8	**110,816**	80,340
Total current assets		**264,580**	228,888
Total assets		**414,650**	365,589
Equity			
Share capital	9	**8,751**	8,751
Other reserves		**20,213**	14,754
Treasury shares	9	**-202**	-635
Retained earnings		**217,282**	208,549
Profit for the period		**40,328**	25,875
Total equity attributable to shareholders		**286,372**	257,294
Liabilities			
Non-current financial liabilities	11	**10**	31
Non-current lease liabilities	11/13	**10,430**	0
Net defined benefit liabilities	14	**19,898**	16,851
Non-current provisions	15	**1,864**	1,545
Deferred tax liabilities	16	**8,292**	9,030
Total non-current liabilities		**40,494**	27,457
Current financial liabilities	11	**0**	5
Current lease liabilities	11/13	**3,284**	0
Trade payables		**23,403**	21,723
Income tax liabilities		**3,612**	2,768
Other current liabilities	17	**20,445**	20,003
Current provisions	15	**1,456**	1,786
Accrued liabilities	18	**35,584**	34,553
Total current liabilities		**87,784**	80,838
Total liabilities		**128,278**	108,295
Total equity and liabilities		**414,650**	365,589

[1] The Group implemented IFRS 16 – Leases in 2019. Prior year figures were not restated (see section “New and revised Standards and Interpretations” for further information). In 2018 the Group implemented IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments.

Consolidated statement of comprehensive income

of the year ended 31 December, in thousand EUR		Note	**2019**[1]	2018
Revenue from sales and services		19	**404,328**	377,609
Raw materials and consumables used			**-109,930**	-100,656
Gross result			**294,398**	276,953
Other operating income		20	**1,045**	2,172
Capitalisation of development costs		4	**1,044**	395
Personnel expenses		21	**-174,063**	-177,550
Other operating expenses		22	**-51,653**	-51,220
Operating profit before depreciation, impairment and amortisation			**70,771**	50,750
Depreciation of property, plant and equipment and right-of-use assets		3/13	**-12,329**	-8,947
Operating profit before impairment and amortisation			**58,442**	41,803
Impairment of goodwill		4	**-1,398**	0
Amortisation of intangible assets		4	**-4,069**	-4,017
Operating profit			**52,975**	37,786
Financial income		23	**298**	130
Financial expense		23	**-1,318**	-2,700
Profit before tax			**51,955**	35,216
Income tax expense		24	**-11,627**	-9,341
Profit for the period			**40,328**	25,875
Other comprehensive income				
Items that will never be reclassified to profit or loss:				
Remeasurements of the defined benefit liability		14	**-4,883**	2,046
Income tax on items that will not be reclassified to profit or loss			**984**	-417
			-3,899	1,629
Items that are or may be reclassified subsequently to profit or loss:				
Exchange differences - foreign operations			**8,206**	7,808
Exchange differences - net investment approach			**-2,747**	-3,900
			5,459	3,908
Other comprehensive income for the period, net of tax			**1,560**	5,537
Total comprehensive income for the period			**41,888**	31,412
Earnings per share (basic / diluted)	(in EUR)	10	**3.032**	1.947

[1] The Group implemented IFRS 16 – Leases in 2019. Prior year figures were not restated (see section “New and revised Standards and Interpretations” for further information). In 2018 the Group implemented IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments.

Consolidated statement of changes in equity

in thousand EUR	Share capital	Share prem-ium	Trans-lation reserve	Trea-sury shares	Retained earnings	Total
Balance at 1 January 2018	**8,751**	**50**	**10,796**	**-884**	**221,321**	**240,034**
Impact adoption of IFRS 9 and 15, net of tax[1]					-49	-49
Restated balance at 1 January 2019	**8,751**	**50**	**10,796**	**-884**	**221,272**	**239,985**
Total comprehensive income for the period						
Profit for the period					25,875	25,875
Total other comprehensive income			3,908		1,629	5,537
Total comprehensive income for the period	**0**	**0**	**3,908**	**0**	**27,504**	**31,412**
Transactions with owners of the company, recognised directly in equity						
Purchase of treasury shares				-314		-314
Sale of treasury shares				167		167
Gain / (loss) from sale of treasury shares net of transaction costs					11	11
Dividends paid to owners					-14,882	-14,882
Share-based compensation				396	519	915
Total transactions with owners of the company	**0**	**0**	**0**	**249**	**-14,352**	**-14,103**
Balance at 31 December 2018	**8,751**	**50**	**14,704**	**-635**	**234,424**	**257,294**
Balance at 1 January 2019	**8,751**	**50**	**14,704**	**-635**	**234,424**	**257,294**
Impact adoption of IFRS 16, net of tax[1]					-124	-124
Restated balance at 1 January 2019	**8,751**	**50**	**14,704**	**-635**	**234,300**	**257,170**
Total comprehensive income for the period						
Profit for the period					40,328	40,328
Total other comprehensive income			5,459		-3,899	1,560
Total comprehensive income for the period	**0**	**0**	**5,459**	**0**	**36,429**	**41,888**
Transactions with owners of the company, recognised directly in equity						
Purchase of treasury shares				-46		-46
Sale of treasury shares				63		63
Gain / (loss) from sale of treasury shares net of transaction costs					1	1
Dividends paid to owners					-13,419	-13,419
Share-based compensation				416	299	715
Total transactions with owners of the company	**0**	**0**	**0**	**433**	**-13,119**	**-12,686**
Balance at 31 December 2019	**8,751**	**50**	**20,163**	**-202**	**257,610**	**286,372**

[1] The Group implemented IFRS 16 – Leases in 2019. Prior year figures were not restated (see section “New and revised Standards and Interpretations” for further information). In 2018 the Group implemented IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments.

The share capital of the holding company (CHF 13 million) was converted into Euro on 1 January 2001, using the historical rate to translate the consolidated accounts into Euro. Foreign currency translation differences arising after this date are recognised in equity (translation reserve).

Consolidated statement of cash flows

in thousand EUR	Note	**2019**	2018
Cash flows from operating activities			
Profit for the period		**40,328**	25,875
Income taxes		**11,627**	9,341
Depreciation and amortisation	3/4/13	**16,398**	12,964
Impairment of intangibles	4	**1,398**	0
Gain(-)/loss(+) on disposal of property, plant, equipment and intangibles	20/22	**216**	75
Net financial result	23	**1,020**	2,570
Share-based payments	9.2	**715**	915
Other non cash items		**-1,474**	-421
Change in inventories		**-800**	-4,596
Change in trade receivables		**-3,698**	3,434
Change in other receivables and accrued income		**1,018**	-7,439
Change in trade payables		**1,456**	-899
Change in other current liabilities and accrued liabilities		**-1,170**	9,284
Income taxes paid		**-9,859**	-10,157
Interest received		**294**	105
Interest paid		**-265**	-29
Net cash from operating activities		**57,204**	41,022
Cash flows from investing activities			
Purchase of property, plant and equipment	3	**-10,874**	-8,557
Purchase of intangible assets	4	**-877**	-471
Acquisitions net of cash acquired	1	**0**	-1,300
Capitalised development costs	4	**-1,044**	-395
Purchase of financial assets	5	**-1,189**	-28
Proceeds from sale of property, plant, equipment and intangibles		**1,013**	1,067
Proceeds from sale of financial assets	5	**54**	51
Net cash used in investing activities		**-12,917**	-9,633
Cash flows from financing activities			
Purchase of treasury shares, less transaction costs	9.1	**-46**	-314
Sale of treasury shares, less transaction costs		**63**	178
Increase of bank liabilities		**0**	1
Repayment of bank liabilities		**-1**	-92
Payment of principal portion of lease liabilities	13	**-3,166**	-23
Dividends paid to owners	9.3	**-13,419**	-14,882
Net cash used in financing activities		**-16,569**	-15,132
Net increase(+)/decrease(-) in cash and cash equivalents		**27,718**	16,257
Cash and cash equivalents at 1 January		**80,340**	62,133
Effect of exchange rate fluctuations on cash held		**2,758**	1,950
Cash and cash equivalents at 31 December		**110,816**	80,340

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

General information

agta record ltd (the "Company") is a company domiciled in Fehraltorf, Switzerland. The consolidated financial statements as at and for the 12 months ended 31 December 2019 comprise the Company and its subsidiaries (hereinafter referred to as “Group”). The Group is dedicated to the manufacturing, distribution, installation and maintenance of automatic door systems.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB and comply with Swiss Law.

The Company’s Board of Directors authorised the consolidated financial statements for issue on 24 March 2020. The consolidated financial statements will be submitted for approval by the shareholders at the General Meeting to be held on 14 May 2020.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the net defined benefit plan liability which is measured as the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets and the contingent considerations measured at fair value.

Functional and Presentation Currency

The functional currency of the Company is the Swiss franc. The consolidated financial statements, however, are presented in Euro, as the Group generates a distinct majority of its revenues in the eurozone. Both income and expenses are predominantly denominated in Euro. All financial information presented in Euro has been rounded to the nearest thousand.

Significant accounting principles

Except as described below, the accounting principles applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2018.

New and revised Standards and Interpretations

The Group has adopted the new accounting standard IFRS 16 – Leases issued by the International Accounting Standards Board, effective since 1 January 2019. Various other new and amended standards became applicable as of 1 January 2019 with no or insignificant impact on the financial statements.

IFRS 16 – Leases

The new lease standard requires lessees to account for all leases applying a single on-balance sheet model. Leases previously classified as finance leases are not affected by the new standard. Leases previously classified as operating leases require the recognition of a right-of-use asset that represents the right to use the underlying asset and a lease liability that represents the obligation for future lease payments. Lease liabilities are recognised based on the present value of the future lease payments, discounted using the incremental borrowing rate at the date of initial recognition. The right-of-use assets of property leases were measured retrospectively as if the standard had been applied since the commencement date. Other right-of-use assets were measured equal to the lease liability. Right-of-use assets are depreciated on a straight-line basis over the lease term. The lease term considers renewal and termination options.

The Group applied the new standard as of 1 January 2019 in accordance with the modified retrospective approach, recognising the cumulative catch-up balance at the date of initial recognition in shareholders’ equity. Under this transition method comparative figures for the previous periods are not restated. Short-term leases amounting to

EUR 1,294 thousand and leases with underlying assets of low value (less than EUR 5 thousand) amounting to EUR 139 thousand were expensed as permitted by the standard.

For the initial adoption of IFRS 16 the weighted average incremental borrowing rate was 1.91%.

The reconciliation between the non-cancellable operating lease commitments as of 31 December 2018 and the lease liabilities as at 1 January 2019 taking into account the reassessment of lease-term extension options is outlined in the following table:

in thousand EUR	
Operating lease commitments as of 31 December 2018	**5,156**
Lease payments for short-term leases	-1,294
Lease payments for low value leases	-139
Reassessment of extension options	10,599
Lease liabilities as at 1 January 2019 - undiscounted	**14,322**
Weighted average incremental borrowing rate as at 1 January 2019	1.91%
Lease liabilities as at 1 January 2019 - discounted	**13,128**
Reclassification finance lease liabilities	25
Lease liabilities as at 1 January 2019	**13,153**

The initial recognition of right-of-use assets under lease contracts and corresponding lease liabilities amounted to EUR 12,977 thousand and EUR 13,128 thousand, respectively. The resulting difference was recognised net of tax in retained earnings and amounted to EUR 124 thousand. Under the new standard lease payments are no longer charged to other operating expenses. As a result other operating expenses decreased and depreciation increased by EUR 3.2 million affecting operating profit before depreciation and amortisation (EBITDA) accordingly in the reporting period. Financial expenses include interest on leasing obligations of EUR 238 thousand having a positive effect on operating profit. The effect on the consolidated cash flow statement was a reduction of cash flow from financing activities and an increase of cash flow from operating activities by EUR 3.2 million. The net impact on deferred taxes was an increase in deferred tax assets by EUR 27 thousand.

Standards issued but not yet effective

There are no plans for the early adoption of published but not yet effective standards prior to the date adoption becomes mandatory. The effect of the implementation of these amendments to the standards are not expected to have a material impact on the Group’s consolidated statement of financial position, the consolidated statement of comprehensive income and the consolidated statement of cash flows.

Estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires estimates and assumptions by the Group Executive Management. These estimates and assumptions might affect the reported amount of assets and liabilities, contingent liabilities and contingent assets at the reporting date as well as income and expenses during the reporting period. The actual outcomes and results may differ from these estimates and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Impacts from revised estimates are recognised in the period in which the estimates are revised and for any future periods affected.

Information about assumptions, estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Intangible assets and goodwill (note 4)

The Group has recognised goodwill and intangible assets originating mostly from business combinations and from capitalised development projects. A detailed impairment test is performed annually for goodwill, intangible assets not yet available for use, and all other intangible assets, if there is any indication that an asset may be impaired. The recoverable amount of goodwill and intangible assets may differ significantly from the estimated value.

Employee benefit obligations (note 14)

Defined benefit obligations are calculated based on various financial and actuarial assumptions. The key assumptions for assessing these obligations are the discount rate, future salary, pension increases and mortality. As a result of future developments in the economic environment actual values may differ from the estimates, which can lead to significant changes in defined benefit obligations.

As market conditions and the economic environment change, and because the number of employees leaving the Group may rise or fall and the pensioners enjoy longer or shorter lives, as well as due to changes in other estimated factors, the actuaries' assumptions may diverge considerably from the actual results. These variations may have an influence on the amounts of plan assets and liabilities recognised in the statement of financial position in future reporting periods.

Provisions (note 15)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Group companies may be involved in litigation as part of their day-to-day business. Provisions for litigation in progress are recognised and measured based on available information as well as predictable outflow of funds.

Provisions for warranties are calculated based on past experience regarding the liability of the Group and the industry average failure rate during a 24-month warranty.

Income taxes / deferred taxes (note 16)

The calculation of current and deferred taxes is subject to interpretations of the tax laws in the respective countries, the appropriateness of which is evaluated in the context of the final assessment or audits performed by tax authorities. These new assessments can entail adjustments to tax charges. Tax loss carry-forwards are recognised only to the extent that it is probable that future taxable profits will be available against which they can be offset.

Principles of consolidation

Business combinations

Business combinations are accounted for by applying the acquisition method. The Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured at the date of obtaining control. When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date.

Transaction costs incurred in connection with a business combination, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Note 30 presents the companies that are included in the scope of consolidation.

Elimination of transactions and balances

Intra-group balances and unrealised income and expenses arising from intra-group transactions are eliminated in the consolidated financial statements.

Foreign currency

Transactions in foreign currencies are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the closing date. The translation differences are recorded in the statement of comprehensive income.

Assets and liabilities of foreign subsidiaries' are translated at closing date exchange rates, income and expenses and the cash flow statements at average rates. Foreign currency translation differences between the balance sheets and statements of comprehensive income are recognised in other comprehensive income.

Long term loans to foreign subsidiaries, for which settlement is neither planned nor likely to occur in the foreseeable future, are part of the net investment in a foreign operation. The foreign currency impact is recognised in other comprehensive income.

The following rates have been applied within the Group to translate the primary currencies:

		Average exchange rates		**Closing date rates**	
		2019	2018	**31/12/19**	31/12/18
1	CHF	**0.90**	0.87	**0.92**	0.89
1	GBP	**1.14**	1.13	**1.18**	1.12
1	USD	**0.89**	0.85	**0.89**	0.87

Valuation principles and definitions

Consolidated statement of financial position

Property, plant and equipment (note 3)

Property and plant, technical equipment/machinery and other equipment (plant equipment, IT hardware and motor vehicles) are measured at acquisition or production cost less accumulated depreciation and accumulated impairment loss. Costs of repairs and maintenance of property, plant and equipment are recognised in profit or loss as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

Depreciation of property, plant and equipment is recognised in profit or loss on a straight-line basis over their estimated useful lifes. The useful lives are:

– Property and plant	20 – 40 years
– Technical equipment and machinery	7 – 10 years
– Other equipment	
▪ Plant equipment	4 – 10 years
▪ IT hardware	7 years
▪ Motor vehicles	3 – 6 years

The useful life is reviewed annually and adjusted if necessary.

Right-of-use assets (note 13)

Righ-of-use assets represent the lessee's right to use an underlying asset for the lease term. They are initially measured at the present value of the corresponding lease liability adjusted by payments made at or before commencement date and less any lease incentives received. Subsequently, the assets are depreciated on a staightline basis over the lease term and adjusted by remeasurements of the corresponding lease liability. An impairment test is performed whenever indications for impairment exist. Right-of-use assets comprise mainly buildings for office and warehouse space and vehicles.

Goodwill and intangible assets (note 4)

Goodwill: Goodwill that arises from acquisitions is presented within intangible assets. Goodwill is stated at cost less accumulated impairment losses.

Software, capitalised development costs and other intangible assets: Purchased intangible assets are recognised at acquisition cost less accumulated amortisation and accumulated impairment losses. Development costs are capitalised only if they can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs, if any. Other development costs are recognised in profit or loss as incurred.

Intangible assets are amortised using the straight-line method based on the following estimated useful lives:

– Software	3 – 8 years
– Capitalised development costs	3 – 7 years
– Other intangible assets	5 – 15 years

The useful life is reviewed annually and adjusted if necessary.

Impairment

Impairment tests of goodwill or intangible assets not yet available for use are performed annually or if there is an indication that an asset may be impaired.

The carrying amounts of property, plant and equipment and intangible assets with a definite useful life are reviewed at each reporting date to determine whether there are any indications of impairment. If any indication of impairment exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of the fair value less cost of disposal and the value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets ("cash generating unit"). If the recoverable amount is less than the carrying amount of the asset or cash generating unit, an impairment loss is recognised as expense.

If there is an indication that an impairment loss recognised in a prior period may no longer exist or may have decreased, the impairment loss is reversed when there has been a change in the estimates used to determine the recoverable amount. An increase in the recoverable amount since an impairment loss was recognised is recognised as income in profit or loss. The amount of the reversal is not increased above the lower of its recoverable amount or the carrying amount that would have been determined if no impairment loss had been recognised for the asset in prior periods. However, an impairment of goodwill cannot be reversed in a subsequent period.

Financial assets (note 5)

Financial assets mainly comprise fixed-term deposits and other non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are at initial recognition classified as subsequently measured at amortised cost using the effective interest method less any impairment losses. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the rights and control over the financial assets are transferred to a third party.

Inventories (note 6)

Inventories are measured at the lower of production or acquisition cost and net realisable value. Production costs comprise all material and direct labour costs as well as proportionate indirect labour costs. Net realisable value is the estimated selling price attainable in the ordinary course of business, less estimated cost of completion and selling expenses. The cost of inventories is based on weighted average prices. Obsolescence, excess stock or lower sales prices are taken into account when an impairment of inventory is evaluated.

Trade receivables and contract assets (note 7)

Trade receivables

Trade and other short-term receivables are financial assets with fixed determinable payments that are not quoted in an active market. Such assets are recognised initially at transaction price. Subsequent to initial recognition, trade receivables are measured at amortised costs using the effective interest method. The amortised cost is reduced by impairment losses. The loss allowance is measured at an amount equal to lifetime expected credit losses.

Contract assets

Contract assets are recognised when goods or services have been transferred to a customer and the right to consideration is conditional on something other than the passage of time. The Group does not recognise contract assets for obtaining a contract as it applies the practical expedient for contracts with durations of one year or less. Contract assets are reported in the statement of financial position on line “Accrued income and prepayments”.

Cash and cash equivalents (note 8)

Cash and cash equivalents is defined as cash on hand, post and bank credit balances and time deposits with a maturity of less than 90 days from the date of acquisition.

Shareholders’ Equity (note 9)

Share capital and treasury shares

Share capital includes all issued shares. Dividends are recognised at the date at which the shareholders’ right to receive the dividend is established.

Transaction costs directly related to the issuance of new shares are charged to "Retained earnings", net of tax effects.

Purchases of treasury shares by the Company or its subsidiaries are recognised in the statement of financial position at the amount of consideration paid including transaction costs, net of tax effects, and are presented as a deduction from equity. Gains or losses from the disposal of treasury shares are recognised in “Retained earnings”.

Other reserves include the share premium and translation reserves.

Share-based compensation

The Group Executive Management and selected general managers of subsidiaries of the Group are eligible to receive bonus shares. The actual amount is determined relative to the achievement of budgets. Bonus shares are not subject to vesting conditions, but are locked for a three-year period.

The Annual General Meeting approves the grant of bonus shares following the year that is relevant to determine the amounts. Bonus shares are recognised as personnel expense based on the fair value (i.e. stock market price) as of the date the granted shares are received by the employees.

Financial liabilities (note 11)

Financial liabilities are classified as subsequently measured at amortised costs using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Financial liabilties are derecognised when the contractual obligations cease. The difference between the carrying amount derecognised and the consideration paid is recognised in profit or loss.

Leases (note 13)

Lease liabilities are initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease and if not readily available using the incremental borrowing rate. Subsequently, lease liabilities are measured at amortised costs using the effective interest method. Lease liabilities are remeasured when lease terms, future lease payments change or options are reassessed.

The Group leases buildings for the use as office and warehouse space. Lease contracts are arranged on an individual basis and consists of a wide range of different terms and conditions. Options to extend the lease term are assessed individually to determine whether it is reasonably certain that the Group exercises the option. Moreover, the group leases vehicles.

Future lease payments are not capitalised for short-term leases with a non-cancellable lease term less than 12 months and for leases where the underlying asset is of low value (less than EUR 5 thousand). Such lease payments are expensed as other operating expenses when incurred.

In 2018 the Group applied IAS 17 for the accounting of lease agreements distinguishing between finance lease and operating lease agreements.

Assets related to finance leases: Lease agreements economically considered as asset purchases with corresponding financing are classified as finance leases. In such leases the Group assumes substantially all the risks and rewards of ownership.

The leased assets are capitalised at the inception of the lease at an amount equal to the lower of the present value of the minimum lease payments and the fair value of the leased asset. Assets held under finance leases are depreciated over the shorter of their expected useful life and the lease term.

Operating leases: Leases are classified as operating leases when not substantially all the risks and rewards of ownership of the asset are transferred to the lessee. Lease payments made under operating leases less lease incentives are expensed on a straight-line basis over the lease term, unless payments are linked to specific conditions.

Employee benefits (note 14)

There are different types of post-employment schemes within the Group. Most of the employee benefit obligation relates to Switzerland, where post-employment plans have been established for employees in accordance with legal requirements and customary practice.

Defined benefit plans

The Group’s net obligation with respect to defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. If the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available to the Group in the form of reductions in future contributions to the defined benefit plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) of the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised as personnel expenses in profit or loss (note 21).

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Defined contribution plans

All other pension plans are defined contribution plans. Pension expenses under these plans correspond to the contribution payments made in the respective accounting period.

Provisions (note 15)

Provisions are recognised if a legal or constructive obligation exists as a result of a past event, an outflow of funds required to settle this obligation is probable, and the amount can be reliably estimated. Provisions reflect the best estimate of the ultimate liability as of the balance sheet date. If the effect of discounting is material, the provision is recorded at its net present value.

Other current liabilities (note 17) **and trade payables**

Trade payables and other current liabilities are measured at amortised cost, normally corresponding to their nominal amount.

Contract liabilities (note 17 and 18**)**

Contract liabilities are advance payments received from customers for installation and maintenance services for which revenue is recognised over time. They do not contain a financing component and are recognised in “Other current liabilities” and “Accrued liabilities and deferred income”, respectively.

Consolidated statement of comprehensive income

Revenue from customer contracts (note 19)

Revenue is measured based on the consideration specified in the contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

Revenue for the various types of performance obligations is recognised as follows:

Door installations

The performance obligation is satisfied over time and payments are generally due upon completion and acceptance by the customer. In practice revenue for door installations with short installation times is recognised when the installation process is completed.

Maintenance services

Maintenance services are provided for a wide range of door types. The performance obligation is satisfied over time. Such revenue is recognised over the duration of the contract based on the time elapsed and in accordance with the agreed contractual terms and conditions.

Delivery of door components

Control is transferred to the customer upon delivery resulting in revenue recognition at a point in time.

Repair services

The customer benefits and obtains control over the door once repair is finished. Revenue is recognised at a point in time.

Research and other development costs (note 4)

Research and other development costs not qualifying for capitalisation are recognised as expenses in profit or loss in the period in which they occur.

Financial income and expenses (note 23)

Financial income includes interest income on bank credit balances and time deposits, gains on foreign currencies and gains from the sale of financial assets.

Interest income is recognised in profit or loss using the effective interest rate method.

Financial expenses include interest expenses for financial liabilities, losses in foreign currencies, and losses on the sale of financial assets. The interest portion of lease payments is recognised as financial expense using the effective interest rate method.

Income taxes (note 24)

Income taxes include both current and deferred income taxes. Income tax expense is recognised in profit or loss, unless it relates to items directly recognised in equity or other comprehensive income, in which case the tax effects are recognised accordingly.

Current tax assets and liabilities comprise the amount expected to be recovered from or paid to tax authorities, calculated with the enacted or substantively enacted tax rates on the reporting date, and possible adjustments from previous years.

Deferred income taxes arise on temporary differences between the carrying amounts of assets and liabilities in the entities' statement of financial position prepared for financial reporting and their tax base, and are determined using the balance sheet liability method. No deferred tax items are recognised for temporary differences on the following items: temporary differences arising on the initial recognition of goodwill; recognition of an asset / a liability affecting neither the consolidated result nor the taxable result at the time of transaction; investments in subsidiaries to the extent that it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Existing deferred tax assets are reviewed at each reporting date and are adjusted to the extent that the related tax benefit is not expected to be realised.

Taxes resulting from dividend payments are recognised at the same time as the liability for the dividend payment is recognised.

1 Change in scope of consolidation

The scope of consolidation remained unchanged in 2019.

On 1 November 2018, record Türautomation AG acquired selected assets related to the service and maintenance business carved out from Bator Industrietore AG (“Bator Service”), a manufacturer of industrial doors located in Herzogenbuchsee, Switzerland, for CHF 1,500 thousand (EUR 1,300 thousand) in cash. Seven employees transitioned to record Türautomation AG. The fair value of the acquired assets mainly consists of maintenance contracts (EUR 2.1 million) and inventory (EUR 197 thousand). The assets were acquired to broaden the service and maintenance offering and to increase the density of the existing repair and maintenance business in Switzerland.

Since the closing of the transaction, Bator Service contributed revenue of EUR 117 thousand and a net loss of EUR -91 thousand (excluding the impact from negative goodwill) to the consolidated results in 2018. Acquisition-related costs are included in other operating expenses and amounted to EUR 11 thousand. If the acquisition had taken place at the beginning of the year, Group revenue would have been EUR 378 million in 2018. The acquisition resulted in negative goodwill of EUR 956 thousand due to the specific economic circumstances of the seller and the longevity of the maintenance contracts acquired.

2 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other constituents of the Group. The operating profit of each segment is reviewed by management on a regular basis to make decisions about the allocation of resources and to assess its performance. The Group is active in automatic door systems and operates in various countries and regions. Consequently, the business is divided into two regions representing operating segments. The "Europe and rest of world" segment includes all European countries, China as well as all other countries served by the Switzerland based export business. The segment "North America" consists of the United States and Canada.

The column “Reconciliation” includes eliminations of intersegment revenues and expenses and intercompany assets and liabilities and deferred and current tax assets and liabilities. The accounting policies of the operating segments are the same as applied in the consolidated financial statements. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill. Inter-segmental transactions are done on an arm's length basis.

No single customer accounts for more than one percent of total Group revenue.

	Europe and rest of world		North America		Reconciliation		Total	
in thousand EUR	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Revenue from sales and services third parties	**355,404**	331,656	**49,351**	43,696	**-427**	2,257	**404,328**	377,609
Sales to other segments	**11,901**	9,873	**36**	12	**-11,937**	-9,885	**0**	0
Revenue from sales and services	**367,305**	341,529	**49,387**	43,708	**-12,364**	-7,628	**404,328**	377,609
Operating profit	**48,023**	33,798	**4,952**	3,988	**0**	0	**52,975**	37,786
Financial income							**298**	130
Financial expenses							**-1,318**	-2,700
Income tax							**-11,627**	-9,341
Profit for the period							**40,328**	25,875
Depreciation	**11,526**	8,253	**803**	694			**12,329**	8,947
Amortisation	**3,998**	3,932	**71**	85			**4,069**	4,017
Impairment of goodwill and intangible assets	**-1,398**	0					**-1,398**	0
Charges related to share-based compensation					**715**	915	**715**	915
Segment assets *)	**380,642**	335,491	**39,742**	33,872	**-5,734**	-3,774	**414,650**	365,589
Segment liabilities **)	**99,103**	92,663	**3,916**	3,162	**25,259**	12,470	**128,278**	108,295
Capital expenditure	**12,070**	8,977	**725**	484	**0**	0	**12,795**	9,461

*) Deferred and current income tax assets are included in the column "Reconciliation".

**) Current and non-current financial liabilities as well as deferred and current income taxes are included in the column "Reconciliation".

3 Property, plant and equipment

Reporting year:

in thousand EUR	Buildings and plant	Technical equipment/ machinery	Other equipment	Total
Acquisition cost				
At 1 January 2019	55,629	10,613	57,781	124,023
Effect adoption IFRS 16	-7	0	-78	-85
At 1 January 2019, restated	55,622	10,613	57,703	123,938
Exchange differences	1,321	111	527	1,959
Additions	915	1,440	8,519	10,874
Disposals	0	-167	-7,201	-7,368
At 31 December 2019	**57,858**	**11,997**	**59,548**	**129,403**
Accumulated depreciation and impairment loss				
At 1 January 2019	26,920	7,329	35,493	69,742
Effect adoption IFRS 16	-7	0	-40	-47
At 1 January 2019, restated	26,913	7,329	35,453	69,695
Exchange differences	746	85	375	1,206
Additions	1,626	829	6,625	9,080
Disposals	0	-152	-5,997	-6,149
At 31 December 2019	**29,285**	**8,091**	**36,456**	**73,832**
Carrying amount				
Restated balance at 1 January 2019	28,709	3,284	22,250	54,243
At 31 December 2019	**28,573**	**3,906**	**23,092**	**55,571**

The additions to fixed assets mainly relate to purchases of motor vehicles (EUR 6,584 thousand), technical equipment (EUR 1,440 thousand), and plant equipment (EUR 523 thousand).

The restated balances at 1 January 2019 exclude assets under finance lease agreements under IAS 17.

Previous year:

in thousand EUR	Buildings and plant	Technical equipment/ machinery	Other equipment	Total
Acquisition cost				
At 1 January 2018	54,087	9,991	55,317	119,395
Exchange differences	1,235	91	437	1,763
Increase in scope of consolidation	0	10	27	37
Additions	307	678	7,610	8,595
Disposals	0	-122	-5,645	-5,767
Transfers	0	-35	35	0
At 31 December 2018	**55,629**	**10,613**	**57,781**	**124,023**
Accumulated depreciation and impairment loss				
At 1 January 2018	24,604	6,539	33,202	64,345
Exchange differences	688	74	320	1,082
Additions	1,628	824	6,495	8,947
Disposals	0	-108	-4,524	-4,632
At 31 December 2018	**26,920**	**7,329**	**35,493**	**69,742**
Carrying amount				
At 1 January 2018	29,483	3,452	22,115	55,050
At 31 December 2018	**28,709**	**3,284**	**22,288**	**54,281**
thereof finance leases				37

The additions to fixed assets mainly relate to purchases of motor vehicles (EUR 6,176 thousand), technical equipment (EUR 688 thousand), and plant equipment (EUR 535 thousand).

4 Goodwill and intangible assets

Reporting year:

in thousand EUR	Goodwill	Capitalised develop-ment costs	IT Software	Other intangible assets	Total
Acquisition cost					
At 1 January 2019	52,936	9,622	5,893	57,731	126,182
Exchange differences	855	394	98	1,084	2,431
Additions	0	1,044	665	212	1,921
Disposals	0	0	-250	-110	-360
At 31 December 2019	**53,791**	**11,060**	**6,406**	**58,917**	**130,174**
Amortisation and impairment loss					
At 1 January 2019	10,900	7,614	4,631	28,011	51,156
Exchange differences	53	299	60	601	1,013
Impairment	1,398	0	0	0	1,398
Additions	0	331	415	3,323	4,069
Disposals	0	0	-235	-114	-349
At 31 December 2019	**12,351**	**8,244**	**4,871**	**31,821**	**57,287**
Carrying amount					
At 1 January 2019	42,036	2,008	1,262	29,720	75,026
At 31 December 2019	**41,440**	**2,816**	**1,535**	**27,096**	**72,887**

Other intangible assets include acquired maintenance contracts and customer lists.

Previous year:

in thousand EUR	Goodwill	Capitalised develop-ment costs	IT Software	Other intangible assets	Total
Acquisition cost					
At 1 January 2018	52,227	8,877	5,445	55,486	122,035
Exchange differences	709	350	36	184	1,279
Increase in scope of consolidation	0	0	0	2,027	2,027
Additions	0	395	417	54	866
Disposals	0	0	-5	-20	-25
At 31 December 2018	**52,936**	**9,622**	**5,893**	**57,731**	**126,182**
Amortisation and impairment loss					
At 1 January 2018	10,823	6,985	4,189	24,541	46,538
Exchange differences	77	277	35	216	605
Impairment	0	0	0	0	0
Additions	0	352	411	3,254	4,017
Disposals	0	0	-4	0	-4
At 31 December 2018	**10,900**	**7,614**	**4,631**	**28,011**	**51,156**
Carrying amount					
At 1 January 2018	41,404	1,892	1,256	30,945	75,497
At 31 December 2018	**42,036**	**2,008**	**1,262**	**29,720**	**75,026**

Other intangible assets include acquired maintenance contracts and customer lists.

Research and development costs

in thousand EUR	2019	2018
External project costs	**281**	345
Internal costs	**3,769**	3,339
Amortisation of capitalised development costs	**331**	352
Subtotal	**4,381**	4,036
Capitalised development costs	**-1,044**	-395
Total expensed development costs	**3,337**	3,641

Research and development costs in 2019 amounted to EUR 4,050 thousand (2018: EUR 3,684 thousand) excluding amortisation and represent 1.0% of sales (2018: 1.0%).

Impairment testing of cash-generating units containing goodwill

The carrying amounts of goodwill are allocated to the following cash-generating units:

Cash-generating unit	2019			2018		
	Goodwill in thousand EUR	**Discount rate pre-tax**	**Rate of sales growth (p.a.)**	**Goodwill** in thousand EUR	**Discount rate pre-tax**	**Rate of sales growth (p.a.)**
Elevator Service Business	12,752	8.7%	2.8%	12,752	9.1%	3.4%
UK Business	12,996	9.0%	1.5%	12,474	9.6%	3.7%
North American Business	10,316	11.1%	2.5%	10,089	11.7%	3.4%
	36,064			35,315		
Various units without significant goodwill	5,376			6,721		
Total carrying amount	**41,440**			**42,036**		

The Elevator Service Business consists of PACA Ascenseurs Services SAS and MP2 SAS. The North American Business consists of record USA Inc., record automatic doors Inc. and record automatic doors (Canada) Inc. The UK Business consists of record UK Ltd. and High Performance Door Solutions Ltd. Impairment testing is performed on these three groups of entities in order to reflect the integrated nature of the business as a market organisation including the synergies within.

For the purpose of impairment testing the recoverable amount of a cash-generating unit (CGU) is compared to the carrying amount. The recoverable amount is determined based on the value in use, using the discounted cash flow method. The cash flow projections cover 5 years and are based on the budget approved by the Board of Directors. The projected cash flows are discounted using a post-tax weighted average cost of capital (WACC) that reflects current market data.

Key assumptions used in the calculation of recoverable amounts are discount rates, terminal value growth rates and rates of sales growth.

Cash flows beyond the forecast period are extrapolated using a terminal value growth rate of 2.0% (2018: 2.0%). A test of the sensitivity of the value in use to the terminal value growth rate has been performed for the units with significant goodwill; even a reduction by 17.80 percentage points (2018: reduction by 9.99 percentage points) would not cause the carrying amount to exceed the recoverable amount for any material CGU.

The testing further includes for each CGU an analysis to determine the changes in rates of sales growth and discount rates that could cause the carrying amounts to exceed recoverable amounts. With respect to the UK business the sensitivity analysis showed that an increase of the discount rate by 10.4% or a reduction in the rate of sales growth by 10.8% would result in the carrying value and the recoverable amount to be equal. At the other two CGUs with significant goodwill even larger increases in the discount rate or more significant reductions in the sales growth rate did not result in the carrying value and the recoverable amount to be equal.

Based on the impairment testing (value in use) it was necessary to recognise an impairment loss of EUR 1.4 million at record Malaysia in 2019. The carrying amount is now EUR 1.6 million. record Malaysia is active in sales to end-customer and distributors, installation and service and maintenance. record Malaysia was built from two acquisitions in 2015 and 2014. The subsequent protracted downturn of the Malaysian economy and the highly competitive nature of the Malaysian market with many foreign suppliers reduced the absolute and relative profitability. These market-driven circumstances are expected to prevail in the foreseeable future. No impairment loss had to be recognized in 2018.

5 Financial assets

Reporting year:

in thousand EUR	Loans and receivables
Acquisition cost	
At 1 January 2019	304
Exchange differences	-9
Additions	1,189
Disposals	-54
At 31 December 2019	**1,430**
Carrying amounts	
At 1 January 2019	304
At 31 December 2019	**1,430**
Non-current	228
Current	1,202
	1,430

Previous year:

in thousand EUR	Loans and receivables
Acquisition cost	
At 1 January 2018	327
Exchange differences	0
Additions	28
Disposals	-51
At 31 December 2018	**304**
Carrying amounts	
At 1 January 2018	327
At 31 December 2018	**304**
Non-current	236
Current	68
	304

6 Inventories

in thousand EUR	**2019**	2018
Finished, semi-finished products and raw material	**51,201**	48,342
Work in progress	**8,412**	9,432
Valuation allowance	**-3,539**	-3,380
Total	**56,074**	54,394

7 Trade receivables and contract assets

Trade receivables

in thousand EUR	**2019**	2018
Trade receivables	**85,054**	80,648
Allowance for doubtful receivables	**-5,435**	-5,663
Total	**79,619**	74,985

Contract assets

in thousand EUR	**2019**	2018
Contract assets	**9,377**	8,917
Allowance on contract assets	**-641**	-47
Total	**8,736**	8,870
Prepayments	**3,403**	3,767
Accrued income and prepayments	**12,139**	12,637

Trade receivables are generally on terms of 30 to 90 days and non-interest bearing.

The contract assets primarily relate to the Group's rights to consideration for installation work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. There was no impact on the contract assets as a result of an acquisition of a subsidiary.

Trade receivables

As of the reporting date, the receivables have the following ageing:

2019

in thousand EUR	Expected credit loss rate	Gross trade receivables	Bad debt allowance	Net trade receivables
Current	0.3%	52,861	145	52,716
Days past due				
Up to 30 days	1.0%	11,599	114	11,485
31 to 90 days	1.3%	8,197	107	8,090
91 to 180 days	6.7%	4,060	274	3,786
181 to 360 days	18.1%	1,845	334	1,511
More than 360 days	68.7%	6,492	4,461	2,031
Total carrying amounts		**85,054**	**5,435**	**79,619**

2018

in thousand EUR	Expected credit loss rate	Gross trade receivables	Bad debt allowance	Net trade receivables
Current	0.3%	50,088	127	49,961
Days past due				
Up to 30 days	1.7%	9,874	170	9,704
31 to 90 days	2.4%	7,498	179	7,319
91 to 180 days	6.0%	3,724	224	3,500
181 to 360 days	18.0%	1,427	257	1,170
More than 360 days	58.6%	8,037	4,706	3,331
Total carrying amounts		**80,648**	**5,663**	**74,985**

Allowance on trade receivables and contract assets

in thousand EUR	**2019**	2018
Balance at 01/01/	**5,710**	5,628
Change	**366**	82
Balance at 31/12/	**6,076**	5,710

The risk of default of most customers of the Group is considered to be low. Most trade receivables not past due pertain to long-standing customer relationships. Taking the risk of default and past experience with specific customers into consideration, the Group believes that no further impairment allowance is required with respect to not past due or not impaired trade receivables.

8 Cash and cash equivalents

in thousand EUR	**Effective interest rate**	**2019**	Effective interest rate	2018
Cash, post and bank balances	**0.00%**	**80,306**	0.01%	67,102
Term deposits with a maximum original maturity of 3 months from acquisition date	**0.97%**	**30,510**	2.75%	13,238
Total		**110,816**		80,340

The average remaining time to maturity of the term deposits in 2019 is 25 days (2018: 18 days).

9 Shareholders' equity

9.1 Number of shares

The share capital consists of 13,334,200 (2018: 13,334,200) fully paid, unregistered shares with a nominal value of CHF 1.00 each. The share capital is translated into the Group's presentation currency at historical cost.

At the Extraordinary General Meeting on 13 October 2000, shareholders approved contingent capital of CHF 1 million (1,000,000 unregistered shares with a nominal value of CHF 1.00 each after the stock split of 15 September 2004) reserved for the exercise of share options. Potential beneficiaries are senior managers of agta record ltd, general managers of subsidiaries and members of the Board of Directors of agta record ltd. Subscription rights of existing shareholders are excluded. Until 31 December 2019, 334,200 shares (2018: 334,200) have been issued. The unused balance of the contingent capital amounts to CHF 665,800 as of 31 December 2019 (2018: CHF 665,800).

Treasury shares

in thousand EUR	**Quantity**	**2019 Value**	Quantity	2018 Value
Balance at 01/01/	38,430	635	49,334	884
Purchases *)	667	46	4,721	314
Sales	-942	-63	-2,717	-167
Distributed as share-based compensation	-13,092	-416	-12,908	-396
Balance at 31/12/	25,063	202	38,430	635

*) At applicable market price.

9.2 Share-based compensation

In 2019, EUR 715 thousand (2018: EUR 915 thousand) was expensed for share-based compensation. 13,092 bonus shares (2018: 12,908) were transferred to members of senior management in recognition of the performance achieved in the previous year.

A phantom share plan benefitting the Group Executive Management was approved in 2015. The phantom share plan was introduced to attract and retain key individuals. Each phantom share granted in July 2015 under the plan gives the right to receive the difference between the share price at which a change of control would directly or indirectly occur and EUR 40. The 276,250 (2018: 276,250) phantom shares are subject to service and performance vesting conditions and expire on 31 December 2021.

Related to the offer made by ASSA ABLOY Holding AB to the majority shareholders of agta record on 6 March 2019, an expense of EUR 8,853 thousand was recorded in 2018. Based on the provision of the phantom share plan no additional expense was incurred in 2019.

9.3 Dividend

The Board of Directors will propose to the Annual General Meeting that an ordinary dividend of CHF 0.65 per share be paid for the financial year 2019. This will result in a total dividend payment of CHF 8.7 million (EUR 8.0 million).

Based on the resolution by the Annual General Meeting on 4 June 2019, agta record ltd paid a dividend of CHF 15.1 million (EUR 13.4 million, no dividend on treasury shares) or CHF 1.13 per share for the financial year 2018.

9.4 Major shareholders

	2019 %	2018 %
agta finance	**54**	54
Assa Abloy AB	**39**	39
Public	**7**	7
Total	**100**	100

10 Earnings per share

	2019	2018
Profit for the period, in thousand EUR	**40,328**	25,875
Shares issued as of 31/12/	**13,334,200**	13,334,200
Treasury shares as of 31/12/	**-25,063**	-38,430
Shares outstanding as of 31/12/	**13,309,137**	13,295,770
Average number of shares outstanding	**13,301,976**	13,291,039
Basic and diluted profit per share (EUR per share)	**3.032**	1.947

No dilutive effects from the potential issuance of shares have been included in the EPS calculation in 2019 or 2018. Basic and diluted profit per share equals the profit of the Group divided by the average number of shares outstanding.

11 Financial liabilities

in thousand EUR	**2019**	2018
Current financial liabilities		
Lease liabilities	**3,284**	5
Total current financial liabilities	**3,284**	5
Non-current financial liabilities		
Other financial liabilities	**10**	11
Lease liabilities	**10,430**	20
Total non-current financial liabilities	**10,440**	31

Financial liabilities - terms and conditions

31/12/2019 in thousand EUR	**Weighted average effective interest rate**	**Total**	**Up to 1 year**	**1 to 5 years**	**More than 5 years**
Total other financial liabilities	0.00%	**10**	0	10	0
Lease liabilities	1.74%	**13,714**	3,284	8,467	1,963
Total financial liabilities		**13,724**	**3,284**	**8,477**	**1,963**

31/12/2018 in thousand EUR	**Weighted average effective interest rate**	**Total**	**Up to 1 year**	**1 to 5 years**	**More than 5 years**
Total other financial liabilities	0.00%	11	0	11	0
Lease liabilities	4.66%	25	5	20	0
Total financial liabilities		36	5	31	0

12 Categories of financial instruments

in thousand EUR	**2019**	2018
Financial assets		
Cash and cash equivalents	**110,816**	80,340
Financial assets	**1,430**	304
Trade receivables	**79,619**	74,985
Other current receivables	**935**	943
Amortised costs	**192,800**	156,572
Financial liablities		
Current bank liabilities	**0**	0
Trade payables	**23,403**	21,723
Lease liabilities	**13,714**	25
Other current financial liabilities	**737**	506
Accrued liabilities	**2,611**	2,262
Non-current financial liabilities	**10**	11
Other financial liabilities	**40,475**	24,527
Contingent consideration	**0**	108
Fair value through profit or loss	**0**	108

The Group measured the contingent consideration liability at fair value through profit or loss (Level 3) in 2018. Contingent consideration and other financial current liabilities are part of “other current liabilities”, line item “other liabilities” (see note 17). All other financial instruments are measured at amortised cost in 2019 and 2018.

13 Leases

The following are the amounts recognised in the consolidated statement of comprehensive income:

in thousand EUR	**2019**
Lease payments relating to short-term leases	1,294
Lease payments relating to low-value leases	139
Lease related expenses	**1,433**
Depreciation	**3,249**
Interest expenses on lease liabilities	**238**
Total amount expensed	**4,920**

Right-of-use assets

in thousand EUR	Buildings	Vehicles	Other equip-ment	**Total**
Net book values 2019				
At 1 January 2019	0	0	0	**0**
Effect adoption IFRS 16	11,637	1,231	147	**13,015**
At 1 January 2019, restated	11,637	1,231	147	**13,015**
Additions	2,974	570	146	**3,690**
Disposals	0	-31	-12	**-43**
Depreciation	-2,608	-578	-63	**-3,249**
Exchange differences	32	34	0	**66**
At 31 December 2019	**12,035**	**1,226**	**218**	**13,479**
Cost	14,655	1,839	292	**16,786**
Accumulated depreciation	-2,620	-613	-74	**-3,307**
At 31 December 2019	**12,035**	**1,226**	**218**	**13,479**

Lease liabilities

in thousand EUR	**Total**
At 1 January 2019	**0**
Effect adoption IFRS 16	**13,153**
At 1 January 2019, restated	**13,153**
Payment of lease liabilities including interest	**-3,404**
Non-cash items	
Additions	**3,690**
Interest	**238**
Disposals	**-32**
Exchange differences	**69**
At 31 December 2019	**13,714**

In the consolidated cash flow statement, the payment of the principal portion of lease liabilities is reported as cash flow from financing activities. Interest paid on lease liabilities is included in interest paid within the cash flow from operating activities. Total cash outflows for the Group’s leasing activities in the reporting year amount to EUR 4,837 thousand.

14 Defined benefit plan obligations

Defined benefit plans exist for employees in Switzerland, France and Austria.

The Swiss pension scheme has been outsourced to and is operated by one of the largest Swiss insurance companies. As a result, the coverage ratio of the pension plan according to the Swiss Federal Law on Occupational Retirement, Survivors’, and Disability Pension Plans (“BVG”) equals 100% at any time. The risk exists that the insurance coverage is only temporary. Moreover, the inherent risks of the pension plan might result in increased insurance premiums in the future.

While BVG determines the minimum requirements of the defined benefits of the plan, the ultimate responsibility for the regulation of the pension plan lies with the board of trustees. It is composed of equal numbers of employee and employer representatives.

The plan members are insured against the financial consequences of old age, disability and death. The annual retirement benefits are determined on the basis of the amount of individual accumulated savings at the time of retirement multiplied by the conversion rates specified in the plan policy.

Yearly contributions are determined as a percentage of the insured salary and are funded by the employee and the employer. More than 50% of the funding is borne by the employer.

The defined benefit plans operated in France consist of long-service gratuities payable at retirement.

Movement in present value of employee benefit obligations

in thousand EUR	**Defined benefit obligation**		**Fair value plan assets**		**Net defined benefit liability (asset)**	
	2019	2018	**2019**	2018	**2019**	2018
Balance at 01/01/	**58,030**	56,441	**-41,179**	-38,945	**16,851**	17,496
Included in profit or loss						
Current service cost	**2,337**	2,250	**0**	0	**2,337**	2,250
Interest cost (income)	**424**	424	**-275**	-276	**149**	148
Plan amendments	**-3,064**	0			**-3,064**	0
	-303	2,674	**-275**	-276	**-578**	2,398
Included in OCI						
Actuarial gains and losses arising from changes in						
- demographic assumptions	**-154**	-204	**0**	0	**-154**	-204
- financial assumptions	**4,299**	-2,113	**0**	0	**4,299**	-2,113
- experience adjustments	**1,311**	308	**0**	0	**1,311**	308
Return on plan assets excluding interest income			**-573**	-37	**-573**	-37
Exchange differences	**2,148**	2,008	**-1,606**	-1,511	**542**	497
	7,604	-1	**-2,179**	-1,548	**5,425**	-1,549
Other						
Employer contributions	**0**	0	**-1,800**	-1,494	**-1,800**	-1,494
Employee contributions	**1,113**	1,000	**-1,113**	-1,000	**0**	0
Benefit paid	**-2,471**	-2,084	**2,471**	2,084	**0**	0
	-1,358	-1,084	**-442**	-410	**-1,800**	-1,494
Balance at 31/12/	**63,973**	58,030	**-44,075**	-41,179	**19,898**	16,851

Swiss, French, and Austrian plans have been included in the calculation of the defined benefit plan obligation pursuant to IAS 19.

The net defined benefit liability of the Swiss pension plan amounts to EUR 15,376 thousand (2018: EUR 12,920 thousand). The regular employer's contribution to defined benefit plans is expected to be EUR 1,682 thousand in 2020. In 2019, the Swiss pension fund reduced the conversion rate which resulted in a credit to past service cost of EUR 3,064 thousand.

The actuarial assumptions are reviewed and adjusted at the end of each financial year. The actuarial assumptions disclosed for any financial year are applied to determine the defined benefit obligation as at year-end and the pension costs in the following year.

Actuarial assumptions

Assumptions for the calculation of obligations

	2019	2018
Discount rate at 31/12/	**0.29%**	0.90%
Future salary increase	**0.98%**	0.98%

Sensitivity analysis

	Defined benefit obligation 2019	
in thousand EUR	**Increase**	**Decrease**
Discount rate (0.5% movement)	**-5,411**	**6,052**
Future salary growth (0.5% movement)	**670**	**-667**

	Defined benefit obligaton	
in thousand EUR		2018
	Increase	Decrease
Discount rate (0.5% movement)	-4,684	5,342
Future salary growth (0.5% movement)	470	-468

Plan assets comprise

	2019	2018
Insurance policy	**43,857**	40,509
Equity investments	**0**	0
Fixed-term deposits	**219**	670

Equity investments and fixed-term deposits are valued at market price. The insurance policy is not quoted at market price.

The weighted average duration of the Group's defined benefit obligation amounts to 17.9 years in 2019 (2018: 17.2 years).

Personnel expenses include expenses for defined contribution plans of EUR 1,845 thousand (2018: EUR 1,810 thousand).

15 Provisions

in thousand EUR	**Warranties**	**Legal claims**	**Other provisions**	**2019**	2018
Balance at 01/01/	2,708	178	445	**3,331**	3,711
Exchange differences	45	0	6	**51**	9
Additions	1,803	17	0	**1,820**	2,262
Use	-1,447	-61	-92	**-1,600**	-1,928
Release	-282	0	0	**-282**	-723
Balance at 31/12/	**2,827**	**134**	**359**	**3,320**	3,331
Non-current	1,765	0	99	**1,864**	1,545
Current	1,062	134	260	**1,456**	1,786
	2,827	**134**	**359**	**3,320**	3,331

Provisions to cover legal claims relate to disputes with business partners and employees in various subsidiaries. The cash outflow related to warranty claims is expected to occur within the next two years.

16 Deferred tax assets and liabilities

Deferred tax assets and liabilities apply to the following balance sheet items:

	Tax assets		Tax liabilities		Net amount	
in thousand EUR	**2019**	2018	**2019**	2018	**2019**	2018
Trade receivables (net)	**634**	528	**-123**	-115	**511**	413
Inventories	**4,396**	4,460	**-672**	-815	**3,724**	3,645
Other current receivables	**3**	4	**-397**	-663	**-394**	-659
Other current liabilities	**588**	33	**0**	-4	**588**	29
Accrued liabilities & current provisions	**223**	264	**-79**	-74	**144**	190
On current assets and liabilities	**5,844**	5,289	**-1,271**	-1,671	**4,573**	3,618
Property, plant and equipment	**96**	104	**-3,630**	-1,114	**-3,534**	-1,010
Financial assets	**34**	34	**-943**	-939	**-909**	-905
Intangible assets	**26**	35	**-6,678**	-7,114	**-6,652**	-7,079
Provisions for warranties	**126**	237	**-451**	-440	**-325**	-203
Defined benefit plans	**4,624**	3,982	**-332**	-319	**4,292**	3,663
Other provisions	**2,424**	71	**-488**	-459	**1,936**	-388
On non-current assets and liabilities	**7,330**	4,463	**-12,522**	-10,385	**-5,192**	-5,922
Total deferred tax assets / liabilities	**13,174**	9,752	**-13,793**	-12,056		
Tax loss carryforwards	**232**	432				
Offset	**-5,501**	-3,026	**5,501**	3,026		
Net deferred tax assets / liabilities	**7,905**	7,158	**-8,292**	-9,030		

Deferred tax assets for unused tax loss carry-forwards are recognised if it is probable that future taxable profit will be available and the benefits can be utilised.

No deferred tax assets have been recognised for tax loss carry-forwards with the following expiration dates:

in thousand EUR	**2019**	2018
Expiry next 5 years	**682**	982
Expiry after 5 and more years	**0**	285
No expiry	**597**	597
Total	**1,279**	1,864

Tax loss carry-forwards of EUR 26 thousand expired during the financial year under review (2018: EUR 0).

17 Other current liabilities

in thousand EUR	**2019**	2018
Contract liabilities - door installations	**4,562**	4,887
Tax liabilities (VAT)	**9,132**	8,374
Social insurance	**4,323**	3,863
Other liabilities	**2,428**	2,879
Total	**20,445**	20,003

18 Accrued liabilities

in thousand EUR	**2019**	2018
Contract liabilites - maintenance contracts	**10,969**	10,494
Accruals for personnel expenses	**20,499**	19,850
Other accrued liabilities	**4,116**	4,209
Total	**35,584**	34,553

Contract liabilties arising from door installations (note 17) and maintenance contracts (note 18) combined amount to EUR 15,531 thousand (2018: EUR 15,381 thousand).

The amount of EUR 16,756 thousand recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 31 December 2019 (2018: EUR 10,795 thousand).

The amount of revenue recognised in the period ended 31 December 2019 from performance obligations satisfied (or partially satisfied) in previous periods is EUR 2,525 thousand (2018: EUR 2,978 thousand).

No information is provided about remaining performance obligations at 31 December 2019 that have an original expected duration of one year or less, as permitted by IFRS 15.

Accruals for personnel expenses comprise accruals for bonus and vacancies.

19 Revenue from sales and services

in thousand EUR	2019	2018
Revenue from customer contracts	**404,755**	375,352
Increase(+)/decrease(-) work in progress	**-675**	2,154
Capitalised costs	**248**	103
Total	**404,328**	377,609

Disaggregated revenue information

Revenue from contracts with customers disaggregates approximately as set out below:

	Europe and rest of world		**North America**		**Total**	
in thousand EUR	**2019**	2018	**2019**	2018	**2019**	2018
Products and services	**355,404**	331,656	**49,351**	43,696	**404,755**	375,352
Timing of revenue recognition						
Goods transferred at a point in time	**132,457**	130,092	**10,137**	25,617	**142,594**	155,709
Goods or services transferred over time	**222,947**	201,564	**39,214**	18,079	**262,161**	219,643
Revenue from customer contracts	**355,404**	331,656	**49,351**	43,696	**404,755**	375,352

20 Other operating income

in thousand EUR	2019	2018
Gains on disposal of property, plant and equipment, and intangibles	**619**	739
Miscellaneous operating income	**426**	1,433
Total	**1,045**	2,172

Miscellaneous operating income

in thousand EUR	2019	2018
Income from negative goodwill	**0**	956
Waste recycling	**152**	181
Rent	**14**	14
Insurance income	**57**	43
Other income	**203**	239
Total	**426**	1,433

21 Personnel expenses

in thousand EUR	Note	**2019**	2018
Wages and salaries		**118,026**	120,277
Wages and salaries of temporary personnel		**2,819**	2,915
Social security expense		**25,738**	25,537
Share-based compensation	9.2	**715**	915
Pension expenses (defined benefit plans)	14	**-578**	2,398
Pension expenses (defined contribution plans)		**1,845**	1,810
External work force		**19,340**	18,353
Other personnel expenses		**6,158**	5,345
Total		**174,063**	177,550

During the financial year under review, the Group employed 2,659 employees on average (2018: 2,599).

22 Other operating expenses

in thousand EUR	**2019**	2018
Operating lease and rent expenses	**0**	4,599
Short-term and low value lease expenses	**1,433**	0
Maintenance and repairs	**14,689**	14,284
Loss on disposal of property, plant and equipment, and intangibles	**835**	814
Administrative expenses	**10,583**	9,708
Advertising expenses	**1,005**	975
Travelling expenses	**6,311**	5,851
Other sales expenses	**10,054**	9,058
Miscellaneous operating expenses	**6,743**	5,931
Total	**51,653**	51,220

23 Financial result

Financial income

in thousand EUR	**2019**	2018
Interest income	**298**	130
Total	**298**	130

Financial expenses

in thousand EUR	**2019**	2018
Interest expenses	**25**	31
Interest expenses - leases	**238**	0
Net foreign currency result	**1,055**	2,669
Total	**1,318**	2,700

24 Income taxes

Income tax recognised in profit for the period:

in thousand EUR	**2019**	2018
Current income taxes	**12,178**	9,727
Deferred income taxes	**-551**	-386
Total	**11,627**	9,341

Deferred income taxes are calculated applying the "balance sheet liability" method and are recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The measurement of deferred tax assets and liabilities is based on the expected tax rates of the countries affected, based on the laws that have been enacted or substantively enacted by the reporting date.

In 2019, EUR 1,004 thousand of deferred income tax has been recognized directly in other comprehensive income (2018: EUR -393 thousand).

Income tax expense can be analysed as follows:

in thousand EUR	**2019**	2018
Profit before taxes	**51,955**	35,216
Group average tax rate	**21.1%**	24.2%
Expected tax charge at the applicable tax rate	**10,963**	8,508
Non-deductible expenses for tax purposes	**1,164**	69
Income exempt from tax charges and tax reductions	**-257**	604
Application / Renunciation of tax loss carry-forwards	**-80**	58
Under / (over) provided in prior periods	**-163**	102
Income tax expense	**11,627**	9,341

The Group is subject to income taxes in different tax jurisdictions. The Group calculates its average expected tax rate as a weighted average of the tax rates in the tax jurisdictions in which the Group operates. This rate changes from year to year due to changes in the mix of the Group’s taxable income and changes in local tax rates.

25 Contingent liabilities

Like in the prior year, there were no material contingent liabilities.

26 Risk assessment and financial risk management

The Board of Directors has the ultimate responsibility for risk management. Financial risk management within the Group is carried out in accordance with the principles established by the Group Executive Management. The principles determine how market risk (currency, interest rate and other price risk) and credit risk are to be managed. There are also principles for the administration of cash and cash equivalents and for short and long-term financing (liquidity risk). The Board of Directors has commissioned the Audit Committee to monitor the development and implementation of these risk management principles.

The established risk management principles are directed towards identifying and analyzing the risks, which the Group is subject to, and establishing control mechanisms. The risk management principles and the procedures adopted are regularly reviewed in order to take account of changes in the market environment and in the activities of the Group. The aim is to develop a control environment that guarantees risk awareness and reduces financial risk, while weighing it against the costs of hedging and the risk incurred.

The Audit Committee is supported in its monitoring duties by the CFO.

The following sections give an overview of the extent of the individual types of risk and the objectives, principles and procedures for measuring, monitoring and hedging financial risk.

Credit risk

Credit risk is the risk of suffering financial loss if a customer or the counterparty of a financial instrument fails to meet its contractual obligations. The Group’s credit risk arises principally from trade receivables and credit balances with banks.

The Group keeps its liquid funds predominantly with leading banks rated at least “A”. In accordance with the investment policy of the Group, transactions are entered into only with major creditworthy financial institutions. These holdings generally have durations of less than twelve months.

The concentration risk of trade receivables is limited due to the large number of customers located in various geographical regions. The extent of credit risk is principally determined by the individual characteristics of each customer. Every Group company carries out risk assessments of its customers, involving checks of the customer’s creditworthiness based on experience and on the customer’s financial situation.

The maximum credit risk of a financial instrument corresponds to the carrying amount of the individual asset. The maximum credit exposure as of the balance sheet date was as follows:

in thousand EUR	**2019**	2018
Cash and cash equivalents	**110,816**	80,340
Trade receivables	**79,619**	74,985
Other current receivables	**935**	943
Financial assets	**1,430**	304
Contract assets	**8,736**	8,870
Total	**201,536**	165,442

Market risk

Market risk is the risk that changes in market prices such as exchange rates, interest rates and share prices have an impact on profits and on the fair value of financial instruments held. The aim of managing market risk is to monitor and control such risks, in order to ensure that they do not exceed a certain magnitude.

Foreign currency exchange risk

The Group is subject to foreign currency exchange risk due to the global nature of its business. Financial risk of this kind occurs in association with transactions effected in currencies other than the functional currency of Group companies. Such transactions are mainly denominated in Swiss Francs, Euro, US Dollars and Pound Sterling.

To the extent possible Group companies reduce their foreign currency exchange risk by sourcing and manufacturing products in their functional currencies.

The table below shows the most important foreign currency exchange risks arising from financial instruments denominated in currencies other than the functional currency of the entity holding the instrument:

2019

in thousand EUR	CHF/EUR	CHF/USD	CHF/GBP
Cash and cash equivalents	25,851	9,908	7,746
Trade receivables	1,691	191	27
Intercompany receivables	11,831	468	5,146
Trade payables	-1,109	-312	0
Current financial liabilities	-76	0	0
Intercompany liabilities	-716	-2,507	-9
Total foreign currency exposure	**37,472**	**7,748**	**12,910**

2018

in thousand EUR	CHF/EUR	CHF/USD	CHF/GBP
Cash and cash equivalents	21,282	10,423	5,897
Trade receivables	2,194	2,817	0
Intercompany receivables	11,338	0	5,328
Trade payables	-879	-690	0
Current financial liabilities	-123	0	0
Intercompany liabilities	-629	-3,453	0
Total foreign currency exposure	**33,183**	**9,097**	**11,225**

A favourable or adverse exchange rate movement of 5% would have increased or reduced the net profit of the year by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain unchanged. The calculations are based on a tax rate of 25%.

Sensitivity analysis

2019

in thousand EUR	CHF/EUR	CHF/USD	CHF/GBP
Change +/-	5%	5%	5%
Effect from increase in exchange rate on profit for the period	1,405	291	484
Effect from decrease in exchange rate on profit for the period	-1,405	-291	-484

2018

in thousand EUR	CHF/EUR	CHF/USD	CHF/GBP
Change +/-	5%	5%	5%
Effect from increase in exchange rate on profit for the period	1,244	341	421
Effect from decrease in exchange rate on profit for the period	-1,244	-341	-421

Except for the effect on profit there is no further impact on shareholders’ equity.

Interest rate risk

Interest rate risk is composed of changes in future interest payments as a result of fluctuations in market interest rates and interest rate related risk of a change in fair value, i.e. the risk that the fair value of a financial instrument may change as a result of fluctuations in the market interest rate.

Financing is mainly short term and at variable interest rates.

Cash flow sensitivity analysis of floating rate financial instruments:

The exposure of financial instruments with variable interest rates, which predominantly consist of cash held at banks, amounts to EUR 57,874 thousand (2018: EUR 53,244 thousand). An increase of 0.1% in interest rates would have resulted in a favourable effect of EUR 43 thousand (2018: EUR 40 thousand) on the consolidated profit of the year. A decline in interest rates by the same amount would have resulted in an adverse effect of the same magnitude. This analysis assumes that all other relevant factors remain unchanged. Except for the profit there is no further impact on shareholders' equity.

Equity price risk

The Group does not hold any listed shares except treasury shares, and consequently is not subject to any risk related to stock market prices.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. Measures to safeguard liquidity are subject to permanent monitoring. Sufficient cash is held in order to deal with the fluctuations in the requirement of funds. The Group has unused credit lines of EUR 10,809 thousand (2018: EUR 10,639 thousand) in order to be able to manage larger fluctuations.

The following tables show the contractual maturities (including interest payments) of the financial liabilities recognised by the Group:

2019 in thousand EUR	**Carrying amounts**	**Contractual cash flows**	**Up to 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**
Trade payables	23,403	**23,403**	23,403	0	0	0
Lease liabilities	13,714	**14,186**	1,673	1,610	3,879	7,024
Other current liabilities	737	**737**	737	0	0	0
Accrued liabilities	2,611	**2,611**	2,455	156	0	0
Non-current financial liabilities	10	**10**	0	0	0	10
Total	**40,475**	**40,947**	**28,268**	**1,766**	**3,879**	**7,034**

2018 in thousand EUR	**Carrying amounts**	**Contractual cash flows**	**Up to 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**
Trade payables	21,723	**21,723**	21,723	0	0	0

Lease liabilities	25	**25**	4	1	20	0
Other current liabilities	506	**506**	506	0	0	0
Accrued liabilities	2,262	**2,262**	2,122	140	0	0
Non-current financial liabilities	11	**11**	0	0	0	11
Total	**24,527**	**24,527**	**24,355**	**141**	**20**	**11**

Fair Value

As the fair values of the financial instruments are close to their carrying amounts, no separate presentation has been made.

27 Capital management

The Group's objectives in managing net debt are:

- to maintain a sound financial position
- to preserve sufficient financial leeway for acquisitions
- to achieve a rate of return appropriate to the risks taken
- to distribute at least 30% of the annual consolidated profit as a dividend.

Financial leverage is monitored based on gearing. Gearing is an indicator of the degree of indebtedness and represents the ratio between interest-bearing net debt (ie. financial debt after the deduction of cash and cash equivalents) and equity. As of 31 December 2019, the gearing was –34.3% (2018: -31.2%).

28 Related parties

Related parties consist of the major shareholders including the companies controlled by them and associated to them, the Board of Directors and the Group Executive Management including persons close to them such as their families.

The following transactions with related parties took place:

in thousand EUR	**2019**	2018
CIC - interest on short-term deposits	**213**	69
CIC - cash and fixed term deposits	**41,728**	27,058
CIC – guarantees related to projects	**1,899**	1,592
Hubert Jouffroy, Chairman - consultant on various matters	**300**	271

Crédit Mutuel Equity is one of three shareholders of agta finance SAS, the controlling shareholder of agta record ltd. Crédit Mutuel Equity is part of the Crédit Mutuel group in France. The Crédit Mutuel group conducts its business through a large network of bank branches and includes CIC. All transactions with related parties including those with entities of the Crédit Mutuel group are effected at arm's length basis.

For the financial year under review, EUR 4,447 thousand (2018: EUR 4,198 thousand) was paid as compensation to the Board of Directors and the Group Executive Management:

in thousand EUR	**2019**	2018
Current remuneration	**2,865**	2,728
Post-employment benefits	**706**	670
Share-based payments	**876**	800
Total	**4,447**	4,198

Detailed disclosure of the compensation and shareholdings of the Board of Directors and of the Group Executive Management is provided in the compensation report and in Note 8 of the statutory financial statements of agta record ltd.

29 Events after the balance sheet date

On 27 February 2020, the EU Commission approved under conditions the acquisition of the indirect majority of agta record by ASSA ABLOY, announced on 6 March 2019. To address the competition concerns of the EU Commission, ASSA ABLOY and agta record committed to the sale of certain agta record and ASSA ABLOY businesses to third parties. agta record will have to divest the operations in the Netherlands, Austria, Hungary and Slovenia as well as the high-speed door business in France. The closing of the acquisition is expected in the second half of 2020 after all remaining closing conditions and the EU Commission requirements have been fulfilled.

The governments of Switzerland and many other countries imposed the closing of most agta record customers in the retail and hospitality sectors, in the case of Switzerland at least until 19 April 2020. Customers in other sectors such as transport or government allow only necessary repairs. While construction sites are not closed, agta record expects a slowdown in activity especially in the maintenance business until the governments lift the restrictions.

No other events that could have a material effect on the consolidated financial statements or that would require to be disclosed in this report occurred between the balance sheet date and the date on which the accounts were approved by the Board of Directors.

30 Group entities

The following companies have been included in the scope of the consolidated financial statements:

	Country	Segment		Nominal capital	Equity interest 2019	2018	Type of consolidation
agta record ltd, Fehraltorf *)	CH		CHF	13,334,200			F
agtatec ag, Fehraltorf **)	CH	1	CHF	4,000,000	100%	100%	F
record Türautomation AG, Fehraltorf **)	CH	1	CHF	500,000	100%	100%	F
record international ag, Fehraltorf **)	CH	1	CHF	600,000	100%	100%	F
record Austria GmbH, Perchtoldsdorf **)	AT	1	EUR	727,000	100%	100%	F
record Türautomation GmbH, Wuppertal **)	DE	1	EUR	1,500,000	100%	100%	F
BLASI GmbH, Mahlberg	DE	1	EUR	500,000	100%	100%	F
KOS Spezialtüren GmbH, Schermbeck	DE	1	EUR	25,000	100%	100%	F
record Holding Nederland B.V., Doorwerth**)	NL	1	EUR	450,000	100%	100%	F
record automatische deuren B.V., Doorwerth	NL	1	EUR	400,000	100%	100%	F
record UK Ltd., Blantyre **)	GB	1	GBP	1,000,000	100%	100%	F
High Performance Door Solutions Ltd., Walsall	GB	1	GBP	100	100%	100%	F
Cordver SAS, Neyron**)	FR	1	EUR	4,000,000	100%	100%	F
record Portes Automatiques SAS, Champlan	FR	1	EUR	10,000,000	100%	100%	F
Automatismes Bâtiment SAS, Champlan	FR	1	EUR	100,000	100%	100%	F
Svaton SAS, Bondy	FR	1	EUR	50,000	100%	100%	F
ISEA SAS, Noyarey	FR	1	EUR	40,000	100%	100%	F
record Industry SAS, Crémieu	FR	1	EUR	750,000	100%	100%	F
MP2 SAS, Marseille	FR	1	EUR	4,500,000	100%	100%	F
PACA Ascenseurs Services SAS, Marseille	FR	1	EUR	600,000	100%	100%	F
record puertas automáticas SA, Sant Cugat del Valles	ES	1	EUR	1,800,000	100%	100%	F
record Danmark A/S, Hvidovre**)	DK	1	DKK	3,000,000	100%	100%	F
record Sverige AB, Stockholm	SE	1	SEK	100,000	100%	100%	F
record Drzwi Automatyczne Sp.zo.o., Piaseczno	PL	1	PLN	650,000	100%	100%	F
record ajtó Kft, Szigetszentmiklós	HU	1	HUF	3,000,000	100%	100%	F
record avtomatska vrata d.o.o., Sencur**)	SI	1	EUR	381,000	100%	100%	F
record Türautomation CZ s.r.o., Opava	CZ	1	CZK	300,000	100%	100%	F
record North America Inc., New York**)	US	2	USD	3,000,000	100%	100%	F
record USA Inc., Monroe	US	2	USD	3,000,000	100%	100%	F
record automatic doors, Inc., Pleasant Hill	US	2	USD	-	100%	100%	F
record automatic doors (Canada), Inc., Mississauga**)	CA	2	CAD	20,000	100%	100%	F

	Country	Segment	Nominal capital		Equity interest 2019	2018	Type of consolidation
record Automatic Doors (Australia) Pty Ltd, Seven Hills, NSW**)	AU	1	AUD	100	100%	100%	F
Doorways Pty Ltd, Campbellfield, VIC	AU	1	AUD	909,998	100%	100%	F
Advanced Automatic Door Solutions Pty Ltd, Essendon North, VIC	AU	1	AUD	100	100%	100%	F
record Automatic Doors (M) Sdn Bhd, Petaling Jaya**)	MY	1	MYR	1,000,000	100%	100%	F
Paxter Security & Automation Sdn Bhd, Petaling Jaya	MY	1	MYR	1,000,000	100%	100%	F
record Automatic Door (Hong Kong) Ltd., Hong Kong**)	CN	1	EUR	3,000,000	100%	100%	F
record Automatic Door (Shanghai) Co., Ltd., Shanghai	CN	1	EUR	3,000,000	100%	100%	F

*) Holding company of the Group

**) Subsidiary directly held by agta record ltd

Segment:	1	=	Europe and rest of world
	2	=	North America
Type of consolidation:	F	=	full consolidation

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
Fax: +41 58 286 30 04
www.ey.com/ch

To the General Meeting of
agta record ltd, Fehraltorf

Zurich, 24 March 2020

Statutory auditor's report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of agta record ltd and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 1 to 43) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Recoverability of Goodwill

Risk	agta record ltd has recognized significant goodwill in the consolidated financial statements in the amount of EUR 41.4 million as of 31 December 2019. As stated in Note 4 to the consolidated financial statements, the Group performs annually an impairment test for goodwill. In performing the impairment test, the recoverable amount of each cash-generating unit (CGU) is determined by Management to be the higher of fair value less costs of disposal or value in use, using the discounted cash flow method. Key assumptions concerning the impairment test are disclosed in Note 4 to the consolidated financial statements. The assessment of the recoverable amounts of the CGUs requires significant Management judgment, in particular in relation to the budgeted cash flows, future growth rates and the discount rates applied. Due to the significance of the carrying amount of Goodwill and the judgment involved in performing the impairment test this matter was considered significant to our audit.
Our audit response	Our audit procedures included, amongst others, evaluating the methodical and mathematical accuracy of the model used for the impairment tests, the appropriateness of the assumptions used, and the methodology used by Management to prepare its cash flow budgets. For a sample of CGUs selected, based on quantitative and qualitative factors, we performed the following audit procedures: • We assessed the historical accuracy of the company's estimates and considered its ability to produce accurate long-term forecasts; • We compared budgeted cash flows data against the latest approved budget by the Board of Directors; • We involved valuation specialists to support our evaluation of the assumptions used in respect of future growth rates and the discount rates applied; • We recalculated the difference between the carrying amount and the recoverable amount to assess the headroom or potential impairment loss; and • We tested the sensitivity analyses prepared by Management. We also considered the appropriateness of disclosures in relation to the impairment loss and sensitivities in the consolidated financial statements. Our audit procedures did not lead to any reservations concerning the valuation of goodwill.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Licensed audit expert (Auditor in charge)	Licensed audit expert

Statutory financial statements of agta record ltd

Balance sheet of agta record ltd

in thousand CHF	Note	**31/12/2019**	31/12/2018
Assets			
Cash and cash equivalents		**20,379**	21,700
Securities and term deposits		**20,384**	1,968
Other current receivables	1	**9,130**	5,848
Accrued income		**15**	31
Total current assets		**49,908**	29,547
Financial assets	2	**114,852**	117,684
Investments	3	**45,446**	45,446
Tangible assets		**1**	18
Total non-current assets		**160,299**	163,148
Total assets		**210,207**	192,695
Liabilities			
Trade payables	4	**302**	368
Current interest-bearing liabilities		**27,709**	14,546
Other current liabilities		**874**	1,668
Accrued liabilities		**10,526**	10,936
Total current liabilities		**39,411**	27,518
Equity			
Share capital		**13,334**	13,334
Legal capital reserve			
Capital contribution reserves		**54**	54
Statutory reserves		**1,850**	1,850
Other reserves		**8,000**	8,000
Retained earnings			
Retained earnings brought forward		**127,960**	137,101
Net profit for the period		**20,647**	5,896
Treasury shares	5	**-1,049**	-1,058
Total equity		**170,796**	165,177
Total equity and liabilities		**210,207**	192,695

Income statement of agta record ltd

in thousand CHF	Note	**2019**	2018
Dividend income		**20,280**	20,461
Other income from companies in which the entity holds an investment		**4,834**	4,501
Total income		**25,114**	24,962
Personnel expenses		**-3,599**	-13,790
Other expenses		**-953**	-1,019
Depreciation on tangible assets		**-16**	-28
Result before interest and taxes		**20,546**	10,125
Financial result			
Interest expenses		**-49**	-56
Interest income		**3,194**	3,229
Foreign exchange result		**-3,432**	-5,081
Extraordinary and one-time effects	6	**474**	-2,254
Profit before taxes		**20,733**	5,963
Taxes		**-86**	-67
Profit for the period		**20,647**	5,896

Notes to the financial statements of agta record ltd

Significant accounting principles

General information

The financial statements of agta record ltd have been prepared in compliance with the Swiss Code of Obligations. Only those valuation principles are described below that are essential and not defined in the Code of Obligations or that deviate from the principles defined in the notes to the consolidated financial statements.

Financial assets

Financial assets include non-current loans to direct and indirect subsidiaries. They are valued and annually reviewed for potential impairment on an individual basis, if they are material. Loans in foreign currency are translated into Swiss francs at the year-end rate under consideration of the imparity principle.

Investments

Investments are included at cost at the time of recognition. Investments are valued and annually reviewed for potential impairment on an individual basis, if they are material.

Treasury shares

Treasury shares are valued at cost at the time of recognition and are disclosed as a negative item in shareholders' equity. Gains and losses arising from the disposal of treasury shares are recognized in retained earnings.

Other income

Other income includes recharges and cost allocations to companies in which the entity holds an investment.

Cash flow statement

agta record ltd as holding company of agta record Group does not prepare a separate cash flow statement in addition to the cash flow statement and the additional disclosures presented in the consolidated financial statements.

Information and explanations relating to items on the balance sheet and in the income statement

1. **Other current receivables**

in thousand CHF	**2019**	2018
Other current receivables third parties	**645**	715
Other current receivables of companies in which the entity holds an investment	**8,485**	5,133
Total	**9,130**	5,848

2. **Financial assets**

in thousand CHF	**2019**	2018
Loans to companies in which the entity holds an investment	**114,852**	117,684
Total	**114,852**	117,684

3. Investments

Direct investments are presented below. Indirect investments are listed in Note 30 to the consolidated financial statements.

Company and registered office	Country		Nominal capital	Equity interest 2019	2018
agtatec ag, Fehraltorf	CH	CHF	4,000,000	100%	100%
record Türautomation AG, Fehraltorf	CH	CHF	500,000	100%	100%
record international ag, Fehraltorf	CH	CHF	600,000	100%	100%
record Austria GmbH, Perchtoldsdorf	AT	EUR	727,000	100%	100%
record avtomatska vrata d.o.o., Ljubljana	SI	EUR	381,000	100%	100%
record Türautomation GmbH, Wuppertal	DE	EUR	1,500,000	100%	100%
record Holding Nederland B.V., Doorwerth	NL	EUR	450,000	100%	100%
record UK Ltd., Blantyre	GB	GBP	1,000,000	100%	100%
record Danmark A/S, Hvidovre	DK	DKK	3,000,000	100%	100%
Cordver SAS, Neyron	FR	EUR	4,000,000	100%	100%
record North America Inc., New York	US	USD	3,000,000	100%	100%
record Automatic Door (Hong Kong) Ltd., Hong Kong	CN	EUR	3,000,000	100%	100%
record Automatic Doors (M) Sdn Bhd, Petaling Jaya	MY	MYR	1,000,000	100%	100%
record automatic doors (Canada), Inc., Mississauga	CA	CAD	20,000	100%	100%
record Automatic Doors (Australia) Pty Ltd, Seven Hills	AU	AUD	100	100%	100%

4. Trade payables

in thousand CHF	**2019**	2018
Other liabilities to third parties	**180**	263
Other liabilities to companies in which the entity holds an investment	**100**	104
Liabilities to related parties and auditors	**22**	1
Total	**302**	368

5. Treasury shares

The nominal value is CHF 1.00 per bearer share.

	Total number of shares	**Total nominal value** TCHF	**Total carrying amounts** TCHF
Balance at 1 January 2019	**38,430**	**38**	**1,058**
Acquisitions*)	667	1	51
Disposals / sales*)	-14,034	-14	-534
Release of provision			474
Balance at 31 December 2019	**25,063**	**25**	**1,049**

*) At applicable market price.

6. Extraordinary and one-time effects

in thousand CHF	**2019**	2018
Impairment of loan	0	2,254
Release of provision for treasury shares	-474	0
Total	**-474**	**2,254**

7. Collateral to third parties

in thousand CHF	**2019**	2018
Guarantees	**1,948**	2,019
thereof used	**481**	499

8. Shareholdings of board members, Group Executive Management and closely linked persons

Closely linked persons encompass the majority shareholders including the companies controlled by and associated to them, the Board of Directors, the Group Executive Management and persons close to them such as their families. All transactions with closely linked persons are effected at market conditions.

Shares owned by board members and persons closely linked to them

	Number of shares	
	2019	2018
H. Jouffroy, Chairman	**0**	0
P. Altorfer	**10,000**	10,000
D. Dean	**3,957**	3,957
B. Ghez (Crédit Mutuel Equity)	**2,489,539**	2,489,539
R. Gruenhagen	**0**	0
M. Rota	**1,566,099**	1,566,099

Shares owned by Group Executive Management and persons closely linked to them

	Number of shares	
	2019	2018
S. Riva, CEO	**52,488**	47,551
R. Scheffrahn, CFO	**16,733**	14,527
F. Eigl, Supply Chain	**10,577**	9,445
F. van Hooft, Marketing	**1,669**	1,242
M. Hirt, Region Eastern Europe	**1,567,986**	1,567,452
M. Kast, Region Europe I	**8,547**	7,535
L. Bouzy, Region Europe II	**9,523**	8,179
M. Licciardello, Region North America	**11,696**	10,593

9. Significant shareholders

Significant shareholders are disclosed in Note 9.4 to the consolidated financial statements.

10. Workforce data

The company employs less than 10 full-time employees on average.

11. Events after the balance sheet date

On 27 February 2020, the EU Commission approved under conditions the acquisition of the indirect majority of agta record by ASSA ABLOY, announced on 6 March 2019. To address the competition con-cerns of the EU Commission, ASSA ABLOY and agta record committed to the sale of certain agta record and ASSA ABLOY businesses to third parties. agta record will have to divest the operations in the Neth-erlands, Austria, Hungary and Slovenia as well as the high-speed door business in France. The closing of the acquisition is expected in the second half of 2020 after all remaining closing conditions and the EU Commission requirements have been fulfilled.

The governments of Switzerland and many other countries imposed the closing of most agta record customers in the retail and hospitality sectors, in the case of Switzerland at least until 19 April 2020. Customers in other sectors such as transport or government allow only necessary repairs. While construction sites are not closed, agta record expects a slowdown in activity especially in the maintenance business until the governments lift the restrictions.

No other events that could have a material effect on the financial statements or that would require to be disclosed in this report occurred between the balance sheet date and the date on which the accounts were approved.

Proposed appropriation of earnings

in thousand CHF	**2019**
Available earnings	
Net profit for the period	**20,647**
Retained earnings brought forward*)	**127,960**
Total available earnings	**148,607**
Appropriation of available earnings	
Payment of a dividend of CHF 0.65 on 13,334,200 shares*) out of retained earnings	**8,667**
To be carried forward	**139,940**
Total appropriation of available earnings	**148,607**

A dividend of CHF 1.13 per share was paid in the previous year.

*) No dividend is paid on treasury shares. For reasons of practicality and materiality, the total dividend is calculated based on the number of shares issued.

Building a better working world

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
Fax: +41 58 286 30 04
www.ey.com/ch

To the General Meeting of
agta record ltd, Fehraltorf

Zurich, 24 March 2020

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of agta record ltd, which comprise the balance sheet, income statement and notes (pages 48 to 53), for the year ended 31 December 2019.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2019 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each

matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Recoverability of investments and financial assets

Risk	The amounts included in the financial statements of agta record ltd are CHF 45.5 million of investments in subsidiaries and CHF 114.9 million of financial assets (loans to companies in which the entity holds an investment). Investments and financial assets are recognized at cost and are annually reviewed for potential impairment. The Company performed an annual recoverability test of all significant investments and loans. In determining the fair value of the investments and loans, the company must apply judgment in estimating, amongst other factors, future revenues and margins, discount rates and multiples. Due to the significance of the carrying values of investments in subsidiaries and financial assets and the judgment involved in performing the impairment test this matter was considered significant to our audit.
Our audit response	Our audit procedures included, amongst others, evaluating the methodical and mathematical accuracy of the model used for the impairment tests, the appropriateness of the assumptions used, and the methodology used by management to prepare its cash flow budgets. Refer to Note 3 of agta record ltd's financial statements for the company's disclosures on investments in subsidiaries. For a sample of investments and financial assets, selected based on quantitative and qualitative factors, we performed the following audit procedures: • We assessed the historical accuracy of the company's estimates and considered its ability to produce accurate long-term forecasts; • We compared budgeted cash flows data against the latest management approved budget; • We involved valuation specialists to support our evaluation of the assumptions used in respect of future growth rates and the discount rates applied; and • We recalculated the difference between the carrying amount and the recoverable amount to assess the headroom or potential impairment loss.

We also considered the appropriateness of disclosures in relation to investments and financial assets.

Our audit procedures did not lead to any reservations concerning the recoverability of investments and financial assets.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Licensed audit expert (Auditor in charge)	Licensed audit expert

→ Headquarters
agta record ltd – Allmendstrasse 24 – 8320 Fehraltorf – Switzerland
tel.: +41 44 954 91 91 – e-mail: info@record.group – www.record.group