

**Groupe Acrotec SA  
Develier**

---

**Statutory Auditor's Report**  
Consolidated Financial Statements  
December 31, 2021

---

## **Report of the statutory auditor to the General Meeting of Groupe Acrotec SA, Develier**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of Groupe Acrotec SA, Develier and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2021, consolidated income statement, consolidated statement of cash flows, consolidated statement of changes in equity for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

#### **Basis for Opinion**

We conducted our audit in accordance with Swiss law 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 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** (based on the circular 1/2015 of the Federal Audit Oversight Authority)

- Acquisition of companies
- Carrying value of goodwill
- Valuation of inventories

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.

## Acquisition of companies

---

### Areas of focus

The Group completed three acquisitions during the year 2021 including five legal entities. The group acquired 100% of the share capital of MICROWELD SAS, Politrempe SA and RC5 Holding SA which holds 100% of the share capital of easyDec SA & AlphaDec SA. The total purchase price for the acquisitions of these companies amounted to CHF 27.6 million. The acquisitions resulted in the recognition of a goodwill of CHF 16.2 million.

These transactions required management to assess the fair value of the obligation contingent to the realization of future level of financial performance (earn-out based on EBITDA level) and to perform a purchase price allocation exercise to fair value the assets and liabilities of the acquired entities. This requires exercise of judgement over the accounting for these transactions.

### Our audit response

We performed audit procedures to assess the Purchase Price Allocations (PPA) with regards to these acquisitions. We reviewed the sale and purchase agreement to understand the key terms and conditions, and confirming our understanding of the transactions with management. This included an analysis of the fair value of the assets acquired and of the liabilities assumed supporting the purchase price allocation at the acquisition date.

As part of our procedures, we agreed the considerations paid back to the Sale and Purchase Agreements and to supporting evidences for the acquisition costs as well as the cash disbursements. We audited the contingent obligation recognized based on the business plans developed at acquisition date and with 2021 actual financial figures of the corresponding entity. We gained an understanding of the principles applied by the Board of Directors in determining their acquisition date fair value information. In respect of significant adjustments, we audited the Group's assumptions based on our knowledge and experience of the industry in which Groupe Acrotec SA operates. We agreed significant transactions to supporting documentation, such as underlying contracts, third party confirmations and valuation reports.

To assess the valuation of production equipment, we used our own valuation expertise and experience to assess the underlying valuation methodology.

We also considered the adequacy of the Group's disclosures in respect of the acquisitions and the related judgements.

For further information on Acquisition of companies, refer to the following:

- Note 27, « Business combinations »

## Carrying value of goodwill

---

### Areas of focus

Carrying value of goodwill was deemed a key audit matter as goodwill is significant to the consolidated financial statements, with a value of CHF 247.5 million representing more than 41% of total assets. The determination of the amortization period of acquired goodwill, the identification of impairment indicators and the performance of the impairment test give significant scope for judgement to the Board of Directors and management. In assessing the recoverable value of goodwill, the Board of Directors and management are required to estimate future cash flows and to make assumptions relating to future profitability, including revenue growth and operating margins. They are also required to determine an appropriate discount rate. The outcome of the impairment assessments and by the same way the carrying value of goodwill could vary significant if different judgements are applied.

### Our audit response

Goodwill is amortized in accordance with group accounting policies over a 20 years period. The identification of impairment indicators and the performance of impairment testing of goodwill are based on a process defined by the Board of Directors. The identification of impairment indicators is done with the EBITDA multiple method. In case of impairment indicators, the recoverable value of the corresponding goodwill is determined based on management's estimation of the future cash flows.

We considered the controls implemented by management for the annual review of the goodwill useful lives, the identification of impairment indicators and in determining the recoverable value of goodwill presenting impairment indicators.

We assessed the factor used by management in applying the EBITDA multiple method based on reliable and independent data.

For goodwill presenting impairment indicators, we assessed the accuracy of the impairment test applied to significant amounts of goodwill, the appropriateness of the assumptions and the methodology used by management to prepare its cash-flows forecasts. We challenged management as to the feasibility of reaching the expected cash flows. In addition, we assessed the main parameters used in the calculation of the weighted average cost of capital from which the discount rate is derived.

For further information on Carrying value of goodwill, refer to the following:

- Note 2.k, "Summary of significant accounting policies" – "Intangible assets"
- Note 12, "Intangible assets"

## Valuation of inventories

---

### Areas of focus

Inventory of CHF 71.6 million is a material balance for the Group, which requires management judgement in determining an appropriate costing basis for each subsidiary depending on its activity and assessing if the value is lower than the net realizable value of the inventory on hand at year-end.

There are also judgements required in determining inventory excess and obsolescence provisions as these are based on forecast inventory usage and assessing if the provision level is adequate.

Since the Group is in a phase of growth, including through acquisition, the costing is improved progressively. As observed in the past, management pursued the improvement of the costing in various production entities to be fully aligned with Group requirements.

### Our audit response

We performed the following audit procedures to assess the valuation of the inventories:

We compared the inventory excess and obsolescence provisions to the group's policy and audited management's judgement by performing a review of the level of provisions as well as understanding the levels of demand for significant items. We investigated manual adjustments made to the mechanical application of the inventory obsolescence provisioning policy and assessed whether they were valid and in line with the final excess and obsolescence provision.

We verified that the costing methods implemented in several entities during the year, as well as the accounting treatment of the change and the corresponding disclosures were aligned with Swiss GAAP FER and Group accounting policies requirements.

For further information on Valuation of inventories, refer to the following:

- Note 2.h, "Summary of significant accounting policies" – "Inventories"
- Note 8, "Inventories"
- Note 26, "Extraordinary result"

### 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 Swiss GAAP FER 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 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.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

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 consolidated financial statements according to the instructions of the Board of Directors.

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

MAZARS SA



Michael Ackermann  
Licensed Audit Expert  
(Auditor in Charge)



Fiona Giotto  
Licensed Audit Expert

Lausanne, April 27, 2022

## Enclosure

- Consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the consolidated financial statements)

## Consolidated Balance sheet

Assets (CHF)	Notes	31/12/2021	31/12/2020
Cash and cash equivalents		39'047'492	64'475'312
Financial assets	10	55'630	894'364
Receivables from goods and services	6	31'782'561	30'133'825
Other short-term receivables	7	3'844'135	3'621'120
Inventories	8	71'641'511	58'373'944
Prepayments and accrued income	9	2'763'919	2'538'741
<b>Current assets</b>		<b>149'135'248</b>	<b>160'037'305</b>
Financial assets	10	4'276'824	7'491'115
Property, plant and equipment	11	175'273'985	150'738'062
Intangible assets	12	273'240'056	273'730'214
Deferred tax assets	18	2'113'768	1'850'406
<b>Non-current assets</b>		<b>454'904'633</b>	<b>433'809'797</b>
<b>Assets</b>		<b>604'039'881</b>	<b>593'847'102</b>
Liabilities and equity (CHF)	Notes	31/12/2021	31/12/2020
Payables from goods and services	13	13'472'706	8'816'343
Financial liabilities	14	18'181'906	138'629'425
Other short-term liabilities	15	14'984'638	10'577'646
Accrued liabilities and deferred income	16	7'388'944	7'516'765
Short-term provisions	17	11'732'321	7'410'018
<b>Current liabilities</b>		<b>65'760'514</b>	<b>172'950'197</b>
Financial liabilities	14	319'832'973	187'827'951
Deferred tax liabilities	18	24'293'600	22'704'735
Other long-term liabilities	15	1'035'977	950'421
Long-term provisions	17	211'000	3'313'000
<b>Non-current liabilities</b>		<b>345'373'550</b>	<b>214'796'107</b>
<b>Liabilities</b>		<b>411'134'064</b>	<b>387'746'304</b>
Share capital	19	100'000	100'000
Capital reserves		160'210'894	160'210'894
Retained earnings		32'874'852	44'803'694
Translation differences		-1'901'578	-819'720
<b>Equity attributable to owner of Acrotec Group</b>		<b>191'284'167</b>	<b>204'294'868</b>
<b>Non-controlling interests</b>		<b>1'621'650</b>	<b>1'805'930</b>
<b>Liabilities and equity</b>		<b>604'039'881</b>	<b>593'847'102</b>



## Consolidated income statement

in CHF	Notes	2021	2020
Net sales from goods and services	3 / 20	306'918'144	244'303'836
Other operating income		96'338	184'499
Change in inventory of finished and unfinished goods	8	7'470'845	71'014
<b>Operating revenues</b>		<b>314'485'327</b>	<b>244'559'350</b>
Material purchases	21	-98'976'436	-74'804'798
Personnel expenses	22	-113'293'858	-92'686'030
Other operating expenses	23	-21'925'082	-19'166'548
<b>Operating expenses</b>		<b>-234'195'376</b>	<b>-186'657'376</b>
<b>Earnings before interest, tax and amortisation (EBITDA)</b>		<b>80'289'951</b>	<b>57'901'973</b>
Depreciation and impairment on tangible fixed assets	11	-21'322'095	-18'923'145
Amortisation and impairment on intangible fixed assets	12	-21'424'445	-20'270'431
<b>Total amortisation and depreciation</b>		<b>-42'746'540</b>	<b>-39'193'576</b>
<b>Earnings before interest and tax (EBIT)</b>		<b>37'543'411</b>	<b>18'708'397</b>
Net financial result	24	-21'632'701	-11'256'616
<b>Ordinary profit</b>		<b>15'910'710</b>	<b>7'451'781</b>
Non-operating result	25	-18'474'381	289'197
Extraordinary result	26	-378'916	1'196'778
<b>Profit before income taxes</b>		<b>-2'942'587</b>	<b>8'937'757</b>
Income taxes	18	-8'555'075	-5'048'256
<b>Profit for the year</b>		<b>-11'497'662</b>	<b>3'889'500</b>
Attributable to shareholders of Groupe Acrotec SA		-11'928'842	3'502'130
Attributable to non-controlling interests		431'180	387'370
<b>Earnings per shares (EPS) - in CHF per share :</b>			
<b>Bearer shares</b>			
Basic earnings per share	4	-11'929	3'502
Diluted earnings per share	4	-11'929	3'502

## Consolidated statement of cash flows

in CHF	Notes	2021	2020
<b>Profit for the year</b>		<b>-11'497'662</b>	<b>3'889'500</b>
Depreciation and impairment on tangible fixed assets	11	21'322'095	18'923'145
Amortisation and impairment on intangible fixed assets	12	21'424'445	20'270'431
Change in bad debt allowance	23	-126'092	-48'746
Result on the disposal of PPE	11	-164'276	450'529
Changes in deferred tax	18	-543'091	-1'304'214
Financial costs	24	19'588'325	11'256'616
Other expense / income without cash impact		1'912'863	2'306'884
Changes in short term provisions	17	9'713'781	-89'704
Changes in long term provisions	17	-3'102'000	-135'000
Changes in working capital		-4'895'941	-1'589'279
Changes in other long-term liabilities		41'103	50'719
<b>Cash flow from operating activities</b>		<b>53'673'552</b>	<b>53'980'882</b>
Acquisition of financial assets		-415'961	-325'849
Proceeds from the disposal of financial assets		3'793'615	402'486
Proceeds from disposal of property, plant and equipment	11	493'296	5'740'580
Purchase of property, plant and equipment	11	-15'714'288	-8'537'053
Purchase of intangible assets	12	-4'620'857	-3'863'308
Acquisition of subsidiaries, net of cash acquired	27	-21'164'811	-32'199'522
Price adjustment of acquisitions through income statement	17	-5'500'000	-
<b>Cash flow from investing activities</b>		<b>-43'129'005</b>	<b>-39'330'166</b>
Dividends paid to non-controlling interests		-615'460	-
Changes in short-term financial liabilities		-126'492'819	117'115'043
Changes in long-term financial liabilities		111'526'760	-120'902'930
Interest paid		-19'588'325	-11'256'616
<b>Cash from financing activities</b>		<b>-35'169'844</b>	<b>-15'044'503</b>
<b>Change in cash and cash equivalents</b>		<b>-24'625'298</b>	<b>-393'787</b>
At beginning of year		64'475'312	64'916'827
Net foreign exchange difference		-802'522	-47'728
At end of year		39'047'492	64'475'312
<b>Change in cash and cash equivalents</b>		<b>-24'625'298</b>	<b>-393'787</b>

## Consolidated statement of change in equity

In CHF	Attributable to the equity holders of the parent					Non-controlling interests	Total equity
	Share capital	Capital reserves	Cumulative translation differences	Retained earnings	Total		
<b>Balance at 1 January 2020</b>	<b>100'000</b>	<b>160'210'894</b>	<b>-539'785</b>	<b>41'301'564</b>	<b>201'072'673</b>	<b>1'418'560</b>	<b>202'491'233</b>
Net income	-	-	-	3'502'130	3'502'130	387'370	3'889'500
Translation differences	-	-	-279'935	-	-279'935	-	-279'935
<b>Balance at 31 December 2020</b>	<b>100'000</b>	<b>160'210'894</b>	<b>-819'720</b>	<b>44'803'694</b>	<b>204'294'868</b>	<b>1'805'930</b>	<b>206'100'798</b>
Net income	-	-	-	-11'928'842	-11'928'842	431'180	-11'497'662
Dividends paid	-	-	-	-	-	-615'460	-615'460
Translation differences	-	-	-1'081'859	-	-1'081'859	-	-1'081'859
<b>Balance at 31 December 2021</b>	<b>100'000</b>	<b>160'210'894</b>	<b>-1'901'578</b>	<b>32'874'852</b>	<b>191'284'167</b>	<b>1'621'650</b>	<b>192'905'817</b>

## **Notes to the consolidated financial statements**

### **1. Corporate information**

---

Groupe Acrotec SA (the Company) and its subsidiaries (collectively the Group) are operating in the medical, micromechanical and watchmaking sectors. The Group supplies high quality Swiss made products to a diverse customer base.

The Company is a limited company incorporated and domiciled in Switzerland. Its registered office is located at Chemin de la Combatte 7, 2802 Develier.

These consolidated financial statements were approved for issue by the Board of Directors on 26 April 2022.

### **2. Summary of significant accounting policies**

---

#### **a. Basis of preparation**

These consolidated financial statements provide a true and fair view of Groupe Acrotec's assets, financial position and earnings, and have been drawn up in accordance with all of the existing guidelines of the accounting and reporting recommendations of Swiss GAAP FER. The consolidated financial statements of the Group are based upon the financial statements of the Group companies as at 31 December and are established in accordance with the standardized reporting and accounting policies. The financial statements are based on the principle of historical acquisition costs and on the going concern principle. The statements are presented in Swiss francs (CHF) without cents which may create some insignificant differences due to roundings.

#### **b. Consolidation policies; business combinations and goodwill**

The Group companies include all companies that are directly or indirectly controlled by Groupe Acrotec SA. Companies over which the Group exercises joint control are consolidated by the proportional method. In this respect, control is defined as the ability to control the financial and operating activities of the respective company, so as to obtain benefits from its operations. This control is normally evidenced by the holding of more than half of the voting rights of share capital of an entity. Group companies are consolidated from the date on which control is transferred to the Group. Subsidiaries intended for disposal are excluded from the consolidation from the date on which control ceases. Companies acquired over the course of the year are revalued and consolidated in accordance with Group principles upon the date of acquisition. The difference between the acquisition costs and the proportional revalued net assets is referred to as goodwill. The goodwill resulting from acquisitions is recognized in the non-current assets. The Notes to the consolidated financial statements disclose the effects of capitalization and amortization of the acquired goodwill (see Note 27). Adjustments to the purchase price of an investment after more than 12 months from the date of acquisition, such as earnouts, are recognized in non-operating expenses. In the event that shares are sold, the difference between the proceeds from the sale and the proportional book value of the net assets, including historical goodwill, is recognized as a gain or loss in the income statement.

Non-controlling interests in equity and in net income are disclosed separately in the consolidated balance sheet and the consolidated income statement. Changes in ownership interests in subsidiaries are recognized as equity transactions, provided that control continues. Intercompany transactions, balances and unrealized gains and losses from transactions between Group companies are eliminated in full. Representation on the Board of Directors or access to the current financial information of a company are also indicators of significant influence.

## Notes to the consolidated financial statements

### c. Scope of consolidation

At 31 December 2021, the Group's consolidation structure comprised 35 legal entities (2020: 35), 34 are fully consolidated and one is proportionally consolidated. Note 28 includes a complete list of Group companies.

### d. Accounting estimates and judgments

The preparation of consolidated financial statements in conformity with Swiss GAAP FER requires the use of certain accounting estimates and judgments. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are assumed to be reasonable under the given circumstances. Real results may differ from these estimates. Management continuously reviews and, if necessary, adapts the estimates and underlying assumptions. Any changes are recognized in the period in which the estimate is revised.

### e. Foreign currency translation

#### Foreign currency translation

Transactions in foreign currencies are translated to Swiss francs at their respective spot rate at transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Swiss francs at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Swiss francs at foreign exchange rates ruling at the dates the values were determined.

#### Conversion of financial statements of foreign subsidiaries

Assets and liabilities of foreign subsidiaries are translated at rates of exchange ruling at the balance sheet date, while items of income statement are translated at average exchange rates of the year. The conversion of equity is carried out at historical rates. Foreign currency translation gains or losses due to the conversion of financial statements are offset against shareholders' equity, through a Cumulative Translation Adjustment Reserve.

The following exchange rates against Swiss Francs have been used to translate consolidated financial statements:

Currency	Unit	Average rate	Prevailing	Average rate	Prevailing
		2021	31/12/2021	2020	31/12/2020
		CHF	CHF	CHF	CHF
EUR	1.00	1.0339	1.0810	1.0822	1.0705
USD	1.00	0.9127	0.9143	0.8812	0.9381

## Notes to the consolidated financial statements

### f. Cash and cash equivalents

Cash and cash equivalents on the balance sheet comprise petty cash, cash at banks and short-term deposits with an original maturity of three months or less. They are recorded at their nominal value. In the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

### g. Receivables from goods and services

Receivables from goods and services are recognized and carried at the original net invoice amount less an allowance for any specifically impaired receivables. Impairment is charged for receivables which are either more than 12 months overdue or for which specific risks have been identified. Bad debts are written off when there is objective evidence that the Group will not be able to collect the receivables. Allowances for impaired receivables as well as losses on trade receivables are recognized as other operating expenses.

### h. Inventories

Inventories are valued at the lower of acquisition or production cost and fair value less cost to sell. Any discounts received are treated as cost reductions. Manufacturing costs comprise all costs directly attributable to material and production, as well as overhead costs incurred in building up the inventory at its current location and/or to its current condition. Acquisition costs are determined according to the weighted average cost method, although some production companies value their own produced inventories using the standard cost method or the retail method depending on their activity. As these costs and the margin for the retail method are regularly reviewed and updated, this method approximates the result of the weighted average method.

### i. Financial assets

Long term financial assets are recognized at nominal values. Any transaction income incurred is posted directly in the income statement. Financial assets are shown on the balance sheet as non-current assets. Financial assets which are convertible to cash at least 12 months after the balance sheet date are presented as current assets and are evaluated at current value.

### j. Property, plant and equipment

Property, plant and equipment are recorded on the balance sheet at historical cost less accumulated depreciation and any impairments. Acquisition costs comprise the purchase price as well as the costs directly attributable to the utilization of the property, plant and equipment. Investments in existing property, plant and equipment are only capitalized if their value in use is sustainably increased or their useful life is extended considerably. Self-constructed assets are only capitalized if they are clearly identifiable and the costs can be reliably determined, and if the assets generate measurable benefits for the Group over a period of several years. Maintenance and repair costs that do not add value are charged directly to the profit and loss account for the period.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, as follows:

– Land	none
– Buildings	50 years
– Vehicles	4 years
– Machines and technical equipment	10, 15 and 20 years according to the type of machines
– Measuring instruments, tools and processing equipment	10 years
– Furniture	2, 5 and 10 years according to the type of furniture
– IT equipment	3 years

The residual values and the remaining useful life of property, plant and equipment are reviewed yearly and adjusted where necessary. The Group does not capitalize any interest expenses incurred during the construction period.

## Notes to the consolidated financial statements

### k. Intangible assets

#### Goodwill

The difference between the acquisition costs and the actual value of the net identifiable assets of the acquired company at the time of the purchase represents goodwill from business combinations. However, the adjustment of the purchase price of an investment after more than 12 months from the date of acquisition, e.g. earnout, is recognized in non-operating expenses. The goodwill resulting from acquisitions is recognized in Group long term assets at the time of the acquisition and amortized over a 20 years period.

#### Capitalized development costs

Research costs are expensed when incurred. Development costs are only capitalized if they can be identified as intangible assets that will generate economic benefits in the future and the costs can be measured reliably. Other development costs, as validation by competent authorities, are expensed when incurred. Once a product enters commercial production, the capitalized development costs are amortized on a straight-line basis over the estimated useful life that may vary from 2 to 5 years.

#### Customer relationship

Customer relationships are acquired through business combinations and are amortised on a straight-line basis over the estimate useful life of 10 years.

#### Software

Purchased licenses giving the right to use new technologies or software are capitalized and are amortized over their estimated life, which is three years. Internally developed software is capitalized if it is probable that future economic benefits will be generated. The costs include the costs of in-house software development personnel and the direct share of related overheads. Costs capitalized on the balance sheet are amortized on a straight-line basis over the economic life (maximum three years).

#### Other intangible assets

Other intangible assets relate licenses and rights of use as well as prepayments of intangible assets. Licences and right of use are amortized on a straight-line basis over the estimated useful life that may vary from 2 to 5 years.

### l. Impairment of assets

The recoverable value of non-current assets (including goodwill) is verified at every balance sheet date. If there are indications of a sustained impairment, the recoverable amount of the respective assets will be determined. The recoverable amount is the higher of the net selling price and value in use. If the recoverable amount of an individual asset cannot be determined, the Group estimates the recoverable amount of the smallest group of assets to which the individual asset belongs. If the book value of an asset exceeds the recoverable amount, an impairment loss is recognized separately in the income statement. In the event that a Group company is sold, any goodwill acquired at an earlier point in time is taken into consideration when determining the gain or loss in the income statement.

### m. Provisions

Provisions are recognized:

- when the Group has a present legal or constructive obligation as a result of past events,
- when it is probable that an outflow of resources will be required to settle the obligation, and
- when a reliable estimate of the amount of the obligation can be made.

The expense relating to any provision is presented in the income statement, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted, using a current discount rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision in function of time is recognized as interest expense.

## Notes to the consolidated financial statements

### n. Financial liabilities

Financial debts are recognized as nominal values. Any transaction costs incurred are posted directly to the income statement, except for the cost of bonds that are capitalized as financial investment and recognized as a financial expense over the duration of the liability. Financial debts are shown on the balance sheet as current liabilities, unless the Group has an unconditional right to postpone the settlement of the debt until at least 12 months after the balance sheet date.

### o. Income taxes

The tax expense for the period comprises current income taxes and deferred taxes. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized directly in equity.

#### Current income tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

#### Deferred tax

Deferred tax is recognized in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax regulations and rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply. Deferred tax assets are recognized for all deductible temporary differences, carry forward tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax is recognized on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is not intended that the temporary difference will reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### p. Pensions and other post-employment benefits

#### Pension obligations

Group companies operate various pension schemes, which conform to the legal regulations and provisions in force. The actual economic effects of pension schemes on the Group are calculated at the balance sheet date. An economic obligation is recognized as a liability if the requirements for the recognition of a liability are met. An economic benefit is capitalized provided that this can be used for future Group pension contributions. Freely available employer contribution reserves are capitalized.

Employees of Acrotec Group companies are insured as part of separate legal entities and financed by contributions from both employers and employees. Surpluses or deficits are calculated based on the Pension Fund's financial statements, which have been drawn up in accordance with Swiss GAAP FER 26. The Group's pension costs include the employer contributions accrued in the period as well as any economic effects from the excess/shortfall and the change in employer contribution reserves.



**Notes to the consolidated financial statements****q. Share capital and treasury shares**

Shares issued by Acrotec Group are recognized in equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Share capital consists of registered shares, each with a nominal value of CHF 100. Each share carries one vote and confer equal entitlement to dividends.

Own equity instruments that are reacquired (treasury shares) are deducted from equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. In the event of a resale at a later point in time, a gain or loss is recognized as an addition to or reduction of capital reserves.

**r. Sales and revenue recognition**

Net sales include the inflow of economic benefits from the sale of goods and services within the scope of ordinary business during the period under review. Sales reductions such as discounts, rebates and other concessions as well as payments to third parties such as commissions, credit card fees and any value added tax have been deducted from net sales reported. All intercompany sales are eliminated during consolidation.

Revenues are reported if a Group company has transferred the significant risks and rewards of ownership of products sold to the client, and the collectability of the related receivables is reasonably secured. Revenue from services is recognized in the accounting period in which the service is rendered. Accruals for discounts granted to clients are established during the same period as the sales which gave rise to the discounts under the terms of the contract.

**s. Dividends**

Dividend payments to shareholders are recognized in the Group's financial statements in the period in which the Annual General Meeting of the holding company has given its approval.

**t. Leases****Finance leases**

A finance lease is where the lessor transfers to the lessee practically all of the risks and rewards associated with the ownership of the leased item. At the beginning of the term of the lease contract, the lower of the fair value of the leased item or net present value of the future lease payments is shown on the balance sheet as assets and liabilities. Each lease payment is apportioned between the finance charges and the reduction of the lease liability, so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recorded directly in the income statement as expenditure. Capitalized leased assets are depreciated over the lower of estimated economic useful life of the asset or contract period.

**Operating leases**

An operating lease is where a significant portion of the risks and rewards of ownership are retained by the lessor. Operating lease payments are recognized as expenses in the income statement on a straight-line basis over the lease term.

**u. Non-operating activities**

Non-operating result is expense and income which arise from events or transactions that clearly differ from the usual business activities of the organisation. Expense and income from non-operating tangible fixed assets also form part of the non-operating result.

**v. Extraordinary**

Expense and income which arise extremely rarely in the context of the ordinary operations and which are not predictable are considered as extraordinary.

## Notes to the consolidated financial statements

## 3. Segment information

## a. Operating segment information

Operating segments are reported consistently with the internal reporting provided to the Management Board. Although the Group operates in different sectors, its various activities are aggregated in three reportable operating segments that are:

<b>Watches &amp; Jewellery</b>	Shock absorbers, spring barrels, oscillating weights, manufacturing jewels, microengineering, precise and adapted tools for Swiss horology manufacturers and various other mission-critical components and products for the jewellery sector.
<b>Precision High Tech</b>	High value added connectors for various end-markets such as automotive, aerospace and metal cut parts that go into turbochargers.
<b>MedTech</b>	High value added components for various MedTech sub-sectors such as hospital equipment (including dialysis and diagnostics machinery), trauma, dental and surgery.

The reportable operating segments mainly generate their revenues from the manufacture and the sale of products to third parties. Corporate services do not qualify as a segment but are shown separately. They include the activities of the Group's holding, finance and other administrative services.

2021 in CHF	Watches & Jewellery	Precision High Tech	MedTech	Corporate Services	Elimination	Total
- Third parties	155'859'183	82'241'641	66'930'311	-	-	305'031'135
- Parents companies	1'564'189	-	-	-	-	1'564'189
- Shareholders of the ultimate parent	-	-	322'819	-	-	322'819
<b>Net Sales</b>	<b>157'423'372</b>	<b>82'241'641</b>	<b>67'253'131</b>	<b>-</b>	<b>-</b>	<b>306'918'144</b>
<b>Operating result</b>	<b>44'937'917</b>	<b>17'486'751</b>	<b>16'679'142</b>	<b>1'186'140</b>	<b>-</b>	<b>80'289'951</b>
In % of net sales	28.5%	21.3%	24.8%			26.2%

Inter-company transactions are presented net of impact.

2020 in CHF	Watches & Jewellery	Precision High Tech	MedTech	Corporate Services	Elimination	Total
- Third parties	121'692'209	63'338'923	57'438'426	-	-	242'469'559
- Parents companies	1'311'543	-	-	-	-	1'311'543
- Shareholders of the ultimate parent	-	-	522'734	-	-	522'734
<b>Net Sales</b>	<b>123'003'753</b>	<b>63'338'923</b>	<b>57'961'160</b>	<b>-</b>	<b>-</b>	<b>244'303'836</b>
<b>Operating result</b>	<b>34'368'661</b>	<b>11'776'790</b>	<b>12'318'466</b>	<b>-561'945</b>	<b>-</b>	<b>57'901'973</b>
In % of net sales	27.9%	18.6%	21.3%			23.7%

Inter-company transactions are presented net of impact.

## b. Information on geographical regions

	2021		2020	
in CHF	Net Sales	Operating result *	Net Sales	Operating result *
- Switzerland	182'944'370	55'220'722	149'654'734	42'738'900
- Other Europe	97'122'226	19'878'162	73'061'691	11'984'912
<b>Total Europe</b>	<b>280'066'595</b>	<b>75'098'884</b>	<b>222'716'424</b>	<b>54'723'812</b>
<b>Total America</b>	<b>22'612'259</b>	<b>4'454'712</b>	<b>16'447'216</b>	<b>2'492'772</b>
<b>Total Asia</b>	<b>4'194'861</b>	<b>726'783</b>	<b>5'137'898</b>	<b>685'124</b>
<b>Total Rest of the world</b>	<b>44'429</b>	<b>9'572</b>	<b>2'298</b>	<b>265</b>
Total Oceania	44'429	9'572	2'298	265
<b>Total:</b>	<b>306'918'144</b>	<b>80'289'951</b>	<b>244'303'836</b>	<b>57'901'973</b>

\* Operating result is calculated on the basis of the percentage of EBITDA of individual companies.

## Notes to the consolidated financial statements

## 4. Earnings per share

## a) Basic

	2021	2020
Net income attributable to shareholders of Groupe Acrotec SA (in CHF)	-11'928'842	3'502'130
Percentage of registered shares outstanding in comparison with the share capital outstanding	100%	100%
Percentage of bearer shares outstanding in comparison with the share capital outstanding	0%	0%
<b>Registered shares</b>		
Net income attributable to registered shareholders	-11'928'842	3'502'130
Average number of shares outstanding	1'000	1'000
<b>Basic earnings per shares (in CHF)</b>	<b>-11'929</b>	<b>3'502</b>
<b>Bearer shares</b>		
Net income attributable to bearer shareholders	-	-
Average number of shares outstanding	-	-
<b>Basic earnings per shares (in CHF)</b>	<b>-</b>	<b>-</b>

## b) Diluted

	2021	2020
<b>Registered shares</b>		
Net income attributable to registered shareholders	-11'928'842	3'502'130
Average number of shares outstanding (basic)	1'000	1'000
Potential number of shares from options outstanding	-	-
Average potential number of shares outstanding (diluted)	1'000	1'000
<b>Diluted earnings per shares (in CHF)</b>	<b>-11'929</b>	<b>3'502</b>
<b>Bearer shares</b>		
Net income attributable to bearer shareholders	-	-
Average number of shares outstanding (basic)	-	-
Potential number of shares from options outstanding	-	-
Average potential number of shares outstanding (diluted)	-	-
<b>Diluted earnings per shares (in CHF)</b>	<b>-</b>	<b>-</b>

## 5. Dividends paid and proposed

The Annual General Meeting approved that no dividends be paid during 2021 and 2020.

## Notes to the consolidated financial statements

6. Receivables from goods and services	31/12/2021	31/12/2020
Trade receivables from third parties - gross value	32'729'475	31'104'498
Trade receivables from parents companies	1'759	227'721
Trade receivables from shareholders of the ultimate parent	15'385	426
Allowance for impaired receivables	-964'058	-1'198'820
	<b>31'782'561</b>	<b>30'133'825</b>
7. Other short-term receivables	31/12/2021	31/12/2020
Other receivables from third parties	3'824'071	3'601'194
Other receivables from shareholders of the ultimate parent	20'064	19'926
	<b>3'844'135</b>	<b>3'621'120</b>
8. Inventories	31/12/2021	31/12/2020
Raw materials, auxiliary material and supplies	22'571'392	16'658'562
WIP (Work in progress)	31'829'339	29'305'569
Advanced payment related to goods in progress	-1'128'520	-3'769'429
Finished goods	28'645'603	26'832'869
Allowance for impaired inventories	-10'276'304	-10'653'628
	<b>71'641'511</b>	<b>58'373'944</b>
8.1 Explanation of balance sheet variation		
Change in inventory of finished and unfinished goods as well as unbilled goods and services	7'470'845	71'014
Change in inventory of raw material expense	5'284'195	36'344
Net change in estimate for inventories valuation (Note 26)	-77'133	710'370
Purchase / (sale) of gold (Note 31.d)	-	547'500
Acquisition of subsidiaries (Note 27)	815'795	-
Exchange rate impact	-226'134	31'007
	<b>13'267'567</b>	<b>1'396'236</b>
9. Prepayments and accrued income	31/12/2021	31/12/2020
Prepayment and accrued income from third parties	2'745'379	2'538'741
Prepayment and accrued income to shareholders of the ultimate parent	18'539	-
	<b>2'763'919</b>	<b>2'538'741</b>
10. Financial assets	31/12/2021	31/12/2020
Investment portfolio	60'071	610'095
Financial assets to third parties	684'943	3'887'238
Allowance for impaired financial assets	-92'977	-365'477
Financial assets to shareholders of the ultimate parent	30'000	-
Capitalized financial expenses	230'745	1'169'097
Assets from employers contributions reserves to pension institutions (refer to note 29)	3'419'673	3'084'526
	<b>4'332'454</b>	<b>8'385'479</b>
Current	<b>55'630</b>	<b>894'364</b>
Non-current	<b>4'276'824</b>	<b>7'491'115</b>

## Notes to the consolidated financial statements

## 11. Property, plant and equipment

	Undeveloped Land	Land, buildings and properties	Technical equipment & machinery	Other equipment & fixtures	In progress	Total
<b>Historical cost, 31 December 2020</b>	<b>262'366</b>	<b>77'523'129</b>	<b>212'130'900</b>	<b>33'537'358</b>	<b>1'992'242</b>	<b>325'445'997</b>
Acquisition of subsidiaries (Note 27)	100'000	8'519'003	17'027'096	3'596'267	-	29'242'366
Additions	-	2'937'244	20'547'579	2'373'028	2'827'466	28'685'318
Disposals	-	-	-4'420'393	-1'369'475	-27'868	-5'817'735
Transfers	-	15'840	1'435'147	27'352	-1'478'339	-
Exchange rate impact	-	-137'747	-1'282'218	-465'932	-495	-1'886'392
<b>Historical cost, 31 December 2021</b>	<b>362'366</b>	<b>88'857'470</b>	<b>245'438'112</b>	<b>37'698'598</b>	<b>3'313'006</b>	<b>375'669'552</b>
<b>Accumulated depreciation, 31 December 2020</b>	<b>-</b>	<b>-30'681'980</b>	<b>-120'425'439</b>	<b>-23'600'514</b>	<b>-</b>	<b>-174'707'934</b>
Acquisition of subsidiaries (Note 27)	-	-819'907	-8'448'334	-608'453	-	-9'876'693
Annual depreciation	-	-1'460'104	-16'670'001	-3'191'990	-	-21'322'095
Depreciation on disposals	-	-	3'360'555	922'438	-	4'282'993
Transfers	-	-	406	-406	-	-
Exchange rate impact	-	33'157	785'644	409'362	-	1'228'163
<b>Accumulated depreciation, 31 December 2021</b>	<b>-</b>	<b>-32'928'835</b>	<b>-141'397'169</b>	<b>-26'069'562</b>	<b>-</b>	<b>-200'395'566</b>
Net book values :						
<b>Balance at 31 December 2020</b>	<b>262'366</b>	<b>46'841'149</b>	<b>91'705'461</b>	<b>9'936'844</b>	<b>1'992'242</b>	<b>150'738'062</b>
<b>Balance at 31 December 2021</b>	<b>362'366</b>	<b>55'928'635</b>	<b>104'040'943</b>	<b>11'629'036</b>	<b>3'313'006</b>	<b>175'273'985</b>

These figures included leased machinery for CHF 35'803'329 (CHF 48'382'332 less accumulated depreciation of CHF 12'579'002), leased equipment for CHF 2'956'260 (CHF 4'236'288 less accumulated depreciation of CHF 1'280'028), leased vehicles for CHF 2'383'459 (CHF 3'949'149 less accumulated depreciation of CHF 1'565'689), leased IT for CHF 223'123 (CHF 590'591 less accumulated depreciation of CHF 367'468), leased furniture for CHF 29'055 (CHF 56'235 less accumulated depreciation of CHF 27'180) and leased measuring instruments, tools and processing equipment for CHF 133'979 (CHF 153'458 less accumulated depreciation of CHF 19'479).

The amount of the leased tangible assets acquired in 2021 is CHF 12'938'645.

	Undeveloped Land	Land, buildings and properties	Technical equipment & machinery	Other equipment & fixtures	In progress	Total
<b>Historical cost, 31 December 2019</b>	<b>2'075'366</b>	<b>82'161'729</b>	<b>199'277'342</b>	<b>32'326'440</b>	<b>2'840'957</b>	<b>318'681'834</b>
Additions	-	326'197	13'266'665	2'855'619	1'918'869	18'367'350
Disposals	-1'813'000	-4'803'529	-2'709'183	-1'608'568	-343'639	-11'277'920
Transfers	-	-58'749	2'452'084	30'414	-2'423'749	-
Exchange rate impact	-	-102'518	-156'008	-66'547	-195	-325'267
<b>Historical cost, 31 December 2020</b>	<b>262'366</b>	<b>77'523'129</b>	<b>212'130'900</b>	<b>33'537'358</b>	<b>1'992'242</b>	<b>325'445'997</b>
<b>Accumulated depreciation, 31 December 2019</b>	<b>-</b>	<b>-30'381'271</b>	<b>-108'488'021</b>	<b>-22'057'575</b>	<b>-</b>	<b>-160'926'867</b>
Annual depreciation	-	-1'305'954	-14'616'262	-3'000'929	-	-18'923'145
Depreciation on disposals	-	976'718	2'616'844	1'408'389	-	5'001'950
Exchange rate impact	-	28'527	62'000	49'602	-	140'129
<b>Accumulated depreciation, 31 December 2020</b>	<b>-</b>	<b>-30'681'980</b>	<b>-120'425'439</b>	<b>-23'600'514</b>	<b>-</b>	<b>-174'707'934</b>
Net book values :						
<b>Balance at 31 December 2019</b>	<b>2'075'366</b>	<b>51'780'458</b>	<b>90'789'320</b>	<b>10'268'865</b>	<b>2'840'957</b>	<b>157'754'966</b>
<b>Balance at 31 December 2020</b>	<b>262'366</b>	<b>46'841'149</b>	<b>91'705'461</b>	<b>9'936'844</b>	<b>1'992'242</b>	<b>150'738'062</b>

These figures included leased machinery for CHF 31'279'865 (CHF 41'533'743 less accumulated depreciation of CHF 10'253'878), leased equipment for CHF 3'511'796 (CHF 4'775'978 less accumulated depreciation of CHF 1'264'182), leased vehicles for CHF 2'434'795 (CHF 3'712'690 less accumulated depreciation of CHF 1'277'896) and leased IT for CHF 288'967 (CHF 913'314 less accumulated depreciation of CHF 624'348).

The amount of the leased tangible assets acquired in 2020 is CHF 9'830'298.

## Notes to the consolidated financial statements

## 12. Intangible assets

	Goodwill	Capitalized development costs	Customer relationship	Software	Other intangible assets	Total
<b>Historical cost, 31 December 2020</b>	<b>317'074'251</b>	<b>11'368'558</b>	<b>19'620'105</b>	<b>3'195'265</b>	<b>942'362</b>	<b>352'200'541</b>
Acquisition of subsidiaries (Note 27)	16'175'764	-	-	172'752	-	16'348'517
Additions	-	2'814'244	-	1'966'464	90'149	4'870'857
Disposals	-	-123'727	-	-27'858	-	-151'585
Transfers	-	227'531	-	-	-227'531	-
Exchange rate impact	-	-19'322	-71'802	-19'535	-1'773	-112'432
<b>Historical cost, 31 December 2021</b>	<b>333'250'016</b>	<b>14'267'283</b>	<b>19'548'303</b>	<b>5'287'088</b>	<b>803'207</b>	<b>373'155'897</b>
<b>Accumulated amortisation 31 December 2020</b>	<b>-69'341'941</b>	<b>-4'472'813</b>	<b>-2'460'570</b>	<b>-1'754'538</b>	<b>-440'465</b>	<b>-78'470'327</b>
Acquisition of subsidiaries (Note 27)	-	-	-	-79'390	-	-79'390
Annual amortisation	-16'432'729	-1'962'623	-2'118'170	-803'163	-107'760	-21'424'445
Depreciation on disposals	-	-	-	24'348	-	24'348
Exchange rate impact	-	2'528	13'003	18'441	-	33'972
<b>Accumulated amortisation, 31 December 2021</b>	<b>-85'774'671</b>	<b>-6'432'908</b>	<b>-4'565'738</b>	<b>-2'594'300</b>	<b>-548'224</b>	<b>-99'915'841</b>
Net book values :						
<b>Balance at 31 December 2020</b>	<b>247'732'310</b>	<b>6'895'744</b>	<b>17'159'535</b>	<b>1'440'727</b>	<b>501'897</b>	<b>273'730'214</b>
<b>Balance at 31 December 2021</b>	<b>247'475'345</b>	<b>7'834'374</b>	<b>14'982'566</b>	<b>2'692'788</b>	<b>254'983</b>	<b>273'240'056</b>

These figures included leased software for CHF 250'000 (acquired in 2021).

	Goodwill	Capitalized development costs	Customer relationship	Software	Other intangible assets	Total
<b>Historical cost, 31 December 2019</b>	<b>312'321'212</b>	<b>8'717'063</b>	<b>19'627'880</b>	<b>2'542'801</b>	<b>486'472</b>	<b>343'695'429</b>
Acquisition of subsidiaries (price adjustment) (Note 27)	4'753'039	-	-	-	-	4'753'039
Additions	-	2'645'352	-	660'989	516'165	3'822'506
Disposals	-	-31'418	-	-	-21'794	-53'213
Transfers	-	39'014	-	-	-39'014	-
Exchange rate impact	-	-1'453	-7'775	-8'525	533	-17'220
<b>Historical cost, 31 December 2020</b>	<b>317'074'251</b>	<b>11'368'558</b>	<b>19'620'105</b>	<b>3'195'265</b>	<b>942'362</b>	<b>352'200'541</b>
<b>Accumulated amortisation 31 December 2019 restated*</b>	<b>-53'495'895</b>	<b>-2'574'037</b>	<b>-503'108</b>	<b>-1'319'614</b>	<b>-332'707</b>	<b>-58'225'362</b>
Annual amortisation	-15'846'046	-1'898'734	-1'960'265	-457'629	-107'758	-20'270'431
Exchange rate impact	-	-42	2'803	22'705	-	25'466
<b>Accumulated amortisation, 31 December 2020</b>	<b>-69'341'941</b>	<b>-4'472'813</b>	<b>-2'460'570</b>	<b>-1'754'538</b>	<b>-440'465</b>	<b>-78'470'327</b>
Net book values :						
<b>Balance at 31 December 2019</b>	<b>258'825'316</b>	<b>6'143'026</b>	<b>19'124'772</b>	<b>1'223'187</b>	<b>153'765</b>	<b>285'470'066</b>
<b>Balance at 31 December 2020</b>	<b>247'732'310</b>	<b>6'895'744</b>	<b>17'159'535</b>	<b>1'440'727</b>	<b>501'897</b>	<b>273'730'214</b>

## Notes to the consolidated financial statements

13. Payables from goods and services	31/12/2021	31/12/2020
Payables to third parties	13'367'267	8'736'160
Payables to parent companies	-	3'686
Payables to shareholders of the ultimate parent	105'439	76'498
	<b>13'472'706</b>	<b>8'816'343</b>

## 14. Financial liabilities

At 31 December 2021	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
Liabilities to third parties	1'713'754	1'291'000	-	3'004'754
Liabilities to shareholders of the ultimate parent	1'568'195	14'287'755	-	15'855'950
Bank debts	2'188'745	226'843'462	-	229'032'207
Mortgages	2'428'320	14'154'105	10'428'981	27'011'406
Leases	10'282'892	19'527'671	-	29'810'564
Bonds	-	33'300'000	-	33'300'000
<b>Total at 31 December 2021</b>	<b>18'181'906</b>	<b>309'403'993</b>	<b>10'428'981</b>	<b>338'014'879</b>

At 31 December 2020	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
Liabilities to third parties	1'249'057	-	-	1'249'057
Liabilities to shareholders of the ultimate parent	6'411'450	-	-	6'411'450
Bank debts	15'034'391	3'761'651	17'346	18'813'387
Mortgages	811'020	12'580'080	9'043'501	22'434'601
Leases	9'123'507	17'425'374	-	26'548'881
Bonds	106'000'000	145'000'000	-	251'000'000
<b>Total at 31 December 2020</b>	<b>138'629'425</b>	<b>178'767'105</b>	<b>9'060'846</b>	<b>326'457'376</b>

In 2021, following the acquisition by funds managed and advised by the Carlyle Group alongside the Management and other external minority investors, the Acrotec Group restructured its financing structure by taking out new bank debts, bearing interest at approximately 7% (see note 24), to repay the bond taken out in 2016 and to prepay part of the bonds taken out in 2017 and 2019.

On 16 October 2019 bonds were issued on the SIX Swiss Exchange with a principal amount of CHF 75'000'000.-, an interest rate of 3.5% and at a issue price of 100.00%. The maturity date is 16 October 2025 (*Duration: 6 years*). The bonds were repaid for CHF 65'020'000 in the year 2021.

On 14 June 2017 bonds were issued on the SIX Swiss Exchange with a principal amount of CHF 70'000'000.-, an interest rate of 3.75% and at a issue price of 100.00%. The maturity date is 14 June 2023 (*Duration: 6 years*). The bonds were repaid for CHF 46'680'000 in the year 2021.

On 22 September 2016 bonds were issued on the SIX Swiss Exchange with a principal amount of CHF 106'000'000.-, an interest rate of 4% and at a issue price of 100.00%. The maturity date is 22 November 2021 (*Duration: 5 years and 2 months*). The bonds were fully repaid in the year 2021.

Collateral:

**Mortgages and Leases**: Fixed assets financed by leases or mortgages are pledged (see note 31).

**Bonds**: The Bonds have the benefit of unconditional and irrevocable guarantees from certain subsidiaries of the Group.

**Bank debts**: The new bank debts contracted in 2021 require the pledging of two bank accounts and the shares of the main companies of the Acrotec Group (see note 31).

In 2020, 23 group companies received COVID loans for a total amount of CHF 12'166'398. As at 31.12.2020, they are presented in bank debts up to 1 year. All COVID loans were repaid between January and April 2021.

During the period of COVID-19 credit recourse, the company cannot distribute dividends or directors' fees, or repay capital contributions. In addition, other restrictions apply to the granting and repayment of loans to group companies and owners. During the validity of the ordinance, investments in fixed assets that were not replacement assets were not allowed.

15. Other liabilities	31/12/2021	31/12/2020
Third parties	8'775'906	6'985'183
Patronage fund	1'856'828	1'464'433
Tax provision	5'360'872	3'004'050
Other liabilities to shareholders of the ultimate parent	27'009	74'401
	<b>16'020'614</b>	<b>11'528'066</b>
<b>Other short-term liabilities</b>	<b>14'984'638</b>	<b>10'577'646</b>
<b>Other long-term liabilities</b>	<b>1'035'977</b>	<b>950'421</b>

## Notes to the consolidated financial statements

16. Accrued liabilities and deferred income	31/12/2021	31/12/2020
Other accrued liabilities due to third parties	7'308'609	7'356'533
Other accrued liabilities due to shareholders of the ultimate parent	80'335	160'232
	<b>7'388'944</b>	<b>7'516'765</b>

## 17. Provisions

	Restructuring provision	Earnout to shareholder	Other provisions	Total
<b>At 1 January 2021</b>	-	8'654'600	2'068'418	10'723'018
Acquisition of subsidiaries	-	-	128'095	128'095
Creation	-	7'011'800	1'533'660	8'545'460
Utilisation	-	-5'500'000	-1'927'279	-7'427'279
Released	-	-	-25'973	-25'973
<b>At 31 December 2021</b>	-	10'166'400	1'776'921	11'943'321
<b>Current</b>	-	10'166'400	1'565'921	11'732'321
<b>Non-current</b>	-	-	211'000	211'000

  

	Restructuring provision	Earnout to shareholder	Other provisions	Total
<b>At 1 January 2020</b>	-	36'101'082	2'293'122	38'394'204
Acquisition of subsidiaries (price adjustment)	-	2'966'835	-	2'966'835
Creation	-	-	1'854'005	1'854'005
Utilisation	-	-30'413'317	-1'747'337	-32'160'654
Released	-	-	-331'372	-331'372
<b>At 31 December 2020</b>	-	8'654'600	2'068'418	10'723'018
<b>Current</b>	-	5'502'600	1'907'418	7'410'018
<b>Non-current</b>	-	3'152'000	161'000	3'313'000

## Earnout to shareholders

As at December 31 2019, the Group had outstanding commitments in relation to acquisitions made in 2019 (Tectri, DPM and DPP). The amounts were based on a performance target for 2019, 2020 and 2021. During the financial year 2021, the Group paid out CHF 5'500'000 in earnout of which 100% was accrued as at December 31 2020. At the balance sheet date, the Group estimates that earnouts to be paid based on performance target for 2021 will amount to CHF 10'166'400.

## Other provisions

The majority of other provisions are bonus provisions amounting to CHF 1'494'352 as at 31.12.2021 (CHF 1'606'177 as at 31.12.2020).



## Notes to the consolidated financial statements

## 18. Income tax

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

## a) Income tax expense

	2021	2020
Current income taxes		
Current year income taxes	-8'720'418	-6'654'081
Adjustments in respect of prior years	-377'748	301'611
	<b>-9'098'166</b>	<b>-6'352'471</b>
Deferred taxes		
Relating to origination and reversal of temporary differences	1'747'779	-209'882
Relating to adjustment of tax rates on prior year deferred taxes	-415'598	-6'393
Relating to capitalization and use of taxes carried forward	-789'091	1'520'490
	<b>543'091</b>	<b>1'304'214</b>
	<b>-8'555'075</b>	<b>-5'048'256</b>

## b) Group's effective tax rate

In 2021, the expected tax rate is higher than 2020. The expected tax expense is not income despite the negative profit before income taxes. This is because profitable companies in fiscal year 2021 have a higher tax rate than companies with significant losses (due to the preferential tax treatment of holding companies, in particular). The reconciliation between the theoretical and effective rate is presented below:

	2021	2020
Profit before income taxes	-2'942'587	8'937'757
Expected tax rate at weighted average applicable tax rate	-32.83%	20.46%
<b>Expected tax expense at weighted average applicable tax rate</b>	<b>-966'183</b>	<b>-1'828'357</b>
Unrecognised deferred tax assets	-3'060'575	-
Changes in tax rates on deferred tax	415'598	-47'193
Prior years' taxes	-377'748	301'611
Prior years' deferred taxes	-879'663	-
Tax effect of non-tax deductible items	-3'169'876	-3'130'583
Other	-516'628	-343'734
<b>Effective tax expense</b>	<b>-8'555'075</b>	<b>-5'048'256</b>
<b>Effective tax rate</b>	<b>-290.73%</b>	<b>56.48%</b>

The effective tax rate based on the ordinary result in the year under review was -290.73% (previous year 56.48%).

## c) Deferred tax

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

	31/12/2021	31/12/2020
Receivables from goods and services	-298'129	-295'869
Inventories	-3'743'017	-3'800'859
Prepayments and accrued income	-74'528	-
Financial assets	1'058'467	-19'513
Property, plant and equipment	-17'446'709	-15'303'227
Intangible assets	-1'516'788	-1'415'578
Long-term provisions	-1'474'332	-2'123'579
Loss carried forward	1'315'203	2'104'294
	<b>-22'179'833</b>	<b>-20'854'330</b>
Deferred tax assets	2'113'768	1'850'406
Deferred tax liabilities	-24'293'600	-22'704'735
	<b>-22'179'833</b>	<b>-20'854'330</b>
<b>Tax (expense)/income from the change in deferred tax from temporary differences</b>	<b>-1'325'503</b>	<b>1'327'893</b>
Variation due to acquired subsidiaries (Note 27)	-1'972'875	-
Change in exchange rate	104'281	23'679
<b>Tax (expense)/income from the change in deferred tax from temporary differences</b>	<b>543'091</b>	<b>1'304'214</b>

Deferred tax assets resulting from deductible temporary differences, tax credits or losses carried forward are recognized only to the extent that realization of the related tax benefit is probable.

## Notes to the consolidated financial statements

## 19. Share capital and reserves

## Share capital

Share capital is fully composed of ordinary shares. Over the past three years, the share capital of Group Acrotec SA has developed as follows:

Balance sheet date	Registered shares	Share capital in CHF
31/12/2020	1'000 at CHF 100.00	100'000
31/12/2021	1'000 at CHF 100.00	100'000

## Capital reserves

Capital reserves include non-distributable, statutory or legal reserves amounting to CHF 36'221'872 (2020: CHF 15'796'774).

20. Net sales from goods and services	2021	2020
Net sales from goods and services from third parties	304'970'408	242'469'559
Net sales from goods and services from parent companies	1'564'189	1'311'543
Net sales from goods and services from shareholders of the ultimate parent	383'546	522'734
	<b>306'918'144</b>	<b>244'303'836</b>

Net sales by industry	2021	2020
Net sales Watches & Jewellery	157'423'372	123'003'753
Net sales Precision High Tech	82'241'641	63'338'923
Net sales MedTech	67'253'131	57'961'160
	<b>306'918'144</b>	<b>244'303'836</b>

Net sales by country	2021	2020
Net sales in Switzerland	182'944'370	149'654'734
Net sales in foreign countries	123'973'774	94'649'103
	<b>306'918'144</b>	<b>244'303'836</b>

21. Material purchases	2021	2020
Material costs	-59'334'208	-45'319'692
Tools and supplies	-8'433'940	-6'035'914
Cost of external services	-24'919'078	-18'392'482
Energy	-3'750'898	-3'003'180
Others raw material expenses	-2'538'312	-2'053'531
	<b>-98'976'436</b>	<b>-74'804'798</b>
Material expenses related to third parties	-98'272'158	-74'804'798
Material expenses related to shareholders of the ultimate parent	-704'278	-
	<b>-98'976'436</b>	<b>-74'804'798</b>

22. Personnel expenses	2021	2020
Wages and salaries	-89'279'093	-74'051'839
Social security costs	-17'178'541	-14'429'962
Others personnel expenses	-6'836'225	-4'204'229
	<b>-113'293'858</b>	<b>-92'686'030</b>

In 2021, the Group received CHF 1'066'747 (2020: CHF 6'764'295) in unemployment benefits, of which CHF 34'234 (2020: CHF: 393'933) were reimbursements of the employer's contribution to the compensation fund. These amounts are presented in the wages and salary, respectively in the social security costs.  
At 31.12.2021, CHF 75'871 (2020: CHF 163'520) are receivable and are presented in prepayment and accrued income from third parties (note 9).

23. Other operating expenses	2021	2020
Maintenance, rents and energy	-11'673'436	-9'940'965
Leasing	3'247	-2'916
Vehicle	-722'791	-629'534
Administration and IT	-7'289'307	-6'705'037
Insurance	-858'934	-802'158
Marketing and sales	-1'509'953	-1'134'685
Change in bad debt allowance	126'092	48'746
	<b>-21'925'082</b>	<b>-19'166'548</b>
Other operating expenses related to third parties	-17'861'332	-14'955'290
Other operating expenses related to shareholders of the ultimate parent	-4'063'750	-4'211'258
	<b>-21'925'082</b>	<b>-19'166'548</b>

## Notes to the consolidated financial statements

24. Net financial result	2021	2020
Financial income	887'706	191'118
Financial income to shareholders of the ultimate parent	46'200	9'166
	<b>933'907</b>	<b>200'284</b>
Financial expense	-22'331'126	-11'097'093
Financial expense to shareholders of the ultimate parent	-235'482	-359'807
	<b>-22'566'608</b>	<b>-11'456'900</b>
	<b>-21'632'701</b>	<b>-11'256'616</b>

Financial income generated in 2021 and 2020 relates mainly to remunerative interest on investments.

Financial income to shareholders generated in 2021 and 2020 relates to remunerative interest on current accounts as well as unrealized exchange gains on these current accounts.

The financial expenses recorded in 2021 primarily relate to interests for CHF 6'107'280, and drawing costs of the new financing for CHF 4'770'658 (see notes 14 and 31). In addition, CHF 2'583'665 relate to a premium paid on early redemption of the bonds. Finally, the interest on the bonds amount to CHF 6'166'816 in 2021.

Financial expense generated in 2020 relates mainly to interest on bonds of CHF 9'469'569.

Financial expense to shareholders generated in 2021 and in 2020 relates to interest on vendor loans.

25. Non-operating result	2021	2020
Non-operating income	506'311	2'185'848
Non-operating income to shareholders of the ultimate parent	9'749	-
Non-operating expense	-1'473'065	-1'556'839
Non-operating expense to shareholders of the ultimate parent	-17'517'376	-339'812
	<b>-18'474'381</b>	<b>289'197</b>

Non-operating income generated in 2021 relates mainly to sales of fixed assets, refund of non-operating tax and refund of an insurance.

Non-operating income to shareholders generated in 2021 relates mainly to sales of fixed assets.

Non-operating income generated in 2020 relates mainly to payments of insurance indemnities (covering a fire claim) of CHF 1'710'354.

Non-operating expense generated in 2021 and in 2020 relates to consulting fees (for mergers and acquisitions) and various taxes.

In addition, in 2020, CHF 220'212 of payroll expenses for one employee of a group company have been classified as non-operating. This distinction was made as part of the reorganization of part of management's work.

In 2021, CHF 10'505'576 were invoiced by CEP V Investment 11 Sàrl to Groupe Acrotec SA and Acrotec SA as per a recharge agreement signed in 2021, to account for the fees, costs, lenders fees / commissions and expenses incurred in the context of the refinancing of the Acrotec group following its acquisition by CEP V Investment 11 Sàrl from the sellers. In addition, CHF 7'011'800 concern the adjustment of the earn-out provision (see note 17).

In 2020, non-operating expenses to shareholder are the result on the sale of a building to a related party.

26. Extraordinary result	2021	2020
Non-recurring income	252'842	719'320
Net change in estimate of inventory	-	710'370
	<b>252'842</b>	<b>1'429'690</b>
Non-recurrent expense	-554'626	-232'912
Net change in estimate of inventory	-77'133	-
	<b>-631'759</b>	<b>-232'912</b>
	<b>-378'916</b>	<b>1'196'778</b>

According to group policies, all items relating to previous exercises are systematically recorded as extraordinary result.

In 2021 non-recurring income is due to a prior year income adjustment of CHF 252'842 (CHF 719'320 in 2020).

In 2021 non-recurring expense is due to a prior year expense adjustment of CHF 554'626 (CHF 232'912 in 2020).

Moreover in 2021, non-recurring income is due to prior years income adjustments and a change in inventory valuation of CHF -77'133 (CHF 710'370 in 2020). Some companies adapted their costing methodologies with the policy of Group Acrotec. The impact of the change in estimate was recorded as an extraordinary item.

## Notes to the consolidated financial statements

## 27. Business combinations

a) In 2021, for companies, which are presented below, were acquired by the Group through three different acquisitions:

I. On 26 March 2021, the Group acquired 100% of the voting shares of RC5 Holding SA which holds 100% of voting share of easyDec SA. They are unlisted companies based in Delémont. easyDec SA holds 100% of voting share of AlphaDec SA (Court) and 40% of voting share of Politrempe SA (Courrendlin).

easyDec SA is a bar turning supplier specialised on micro-components and predominantly produces high precision components for the watch manufacturing industry. AlphaDec SA exclusively provides machine revision services.

II. On May 4 2021, the Group acquired 100% of the voting shares of MICROWELD SAS. This is an unlisted companies based in Chavanod (France). MICROWELD SAS offers products and services in the fields of welding, marking & engraving and micro-cutting.

III. On 25 May 2021, the Group acquired 60% of the voting shares of Politrempe SA (previous acquisition of 40% on 26 March 2021). This is an unlisted company based in Courrendlin and is a subcontractor for finishing and surface treatment services.

The Group acquired 100% of the voting shares of RC5 Holding SA, easyDec SA, AlphaDec SA, MICROWELD SAS and Politrempe SA and therefore it took control of these subsidiaries. Concerning the consolidation details, RC5 Holding SA, easyDec SA and AlphaDec SA have been fully consolidated since 31 March 2021. MICROWELD SAS has been fully consolidated since 30 April 2021 and Politrempe SA has been fully consolidated since 31 May 2021. The following consideration was paid to acquire these companies:

Price adjustment paid to vendors	21'497'520	The Group paid CHF 21'497'520 in cash as part of the consideration in accordance with the share purchase agreements.
Vendor loan	5'496'880	The Group financed a part of its acquisitions through vendor loans.
Acquisition costs	652'572	Acquisition costs correspond to consulting and legal expenses disbursed during the due diligence and integration process.
<b>Total</b>	<b>27'646'972</b>	

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date, as well as the consideration paid and the goodwill arising on acquisition:

Acquisitions of subsidiaries	2021	2020
Purchase consideration paid (incl. acquisition-related costs)	27'646'972	35'166'357
	<b>Acquired values</b>	<b>Acquired values</b>
Current assets	6'126'509	-
Property, plant and equipment	19'365'672	-
Intangible assets	93'363	-
Financial assets	76'553	-
Current liabilities	-4'569'954	-27'738'205
Deferred tax liabilities	-1'972'875	-
Long term liabilities	-7'648'061	-2'675'112
<b>Net assets acquired</b>	<b>11'471'208</b>	<b>-30'413'317</b>
<b>Goodwill</b>	<b>16'175'764</b>	<b>4'753'039</b>
Cash and cash equivalents acquired	-985'282	-
Vendor loans	-5'496'880	-
Earnout	-	-2'966'835
<b>Cash outflow on acquisition</b>	<b>21'164'811</b>	<b>32'199'522</b>

**Current assets:** The total amount is composed of cash and cash equivalents (CHF 985'282), receivables from goods and services (CHF 3'444'600), other receivables (CHF 151'760), inventories (CHF 815'795) and prepaid expenses (CHF 729'072). Currents assets have been recorded in accordance with group accounting policies.

**Property, plant and equipment:** mostly relate to the production plants of the acquired companies and two buildings located in Delémont and Courrendlin was revalued at acquisition in accordance with Group accounting policies. The plant has been revalued to its actual value based on an appraisal made by an independent real estate expert.

**Intangible assets:** The total amount is composed of software (CHF 93'363).

**Current liabilities:** The total amount is composed of payables from goods and services (CHF 1'429'088), financial liabilities (CHF 1'042'796), other payables (CHF 1'231'154) and accrued liabilities and deferred income (CHF 866'916). They have been recorded in accordance with group accounting policies.

**Deferred tax liabilities:** mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets.

**Long term liabilities:** mostly relate to the debt of the acquired companies such as mortgage, short and long term bank debt, leasings and liabilities to shareholders.

**Goodwill:** The surplus of acquisition cost over the newly valued net assets is designated as goodwill and is capitalised as an intangible asset. In accordance with Group accounting policies, the amortisation period of acquired goodwill is 20 years, which is sustainable as the industry in which the acquired entity operates is not changing very quickly and therefore the Group expect to able to benefits from the synergies generated by the acquisition during at least 20 years. However, the adjustment of the purchase price of an investment after more than 12 months from the date of acquisition, e.g. earnout, is recognized in non-operating expenses (see note 25).

## Notes to the consolidated financial statements

## 28. Groupe Acrotec principal Companies - as at 31.12.2021

	Country	Capital	Groupe Acrotec SA Share-holdings		Consolidation
			% voting	% rights	
<b>Suisse CHF</b>					
Acrotec SA, Develier	Switzerland	5'203'457	100%	100%	Fully consolidated
Acrotec R&D SA, Boudry	Switzerland	100'000	100%	100%	Fully consolidated
AFT Micromécanique Suisse SA, Courgenay	Switzerland	100'000	100%	100%	Fully consolidated
AlphaDec SA, Court *	Switzerland	100'000	100%	100%	Fully consolidated
Butech SA, Tavannes	Switzerland	200'000	100%	100%	Fully consolidated
Décovi SA, Val Terbi	Switzerland	150'000	100%	100%	Fully consolidated
FX & Associés Holding SA, Le Chaux-de-Fonds **	Switzerland	100'000	100%	100%	Fully consolidated
DIENER AG PRECISION MACHINING, Embrach	Switzerland	1'500'000	100%	100%	Fully consolidated
Diener Precision Pumps AG, Embrach	Switzerland	150'000	100%	100%	Fully consolidated
easyDec SA, Delémont *	Switzerland	300'000	100%	100%	Fully consolidated
Générale Ressorts SA, Bienne	Switzerland	2'425'000	100%	100%	Fully consolidated
Groupe Acrotec SA, Develier	Switzerland	100'000	100%	100%	Fully consolidated
H2i Sàrl, Savigny	Switzerland	20'000	100%	100%	Fully consolidated
K2A Sàrl, Le Chenit	Switzerland	20'000	100%	100%	Fully consolidated
Kif Parechoc SA, Le Chenit	Switzerland	720'000	95%	95%	Fully consolidated
Mimotec SA, Sion	Switzerland	364'000	100%	100%	Fully consolidated
mu-DEC SA, Develier	Switzerland	100'000	100%	100%	Fully consolidated
Petitpierre Holding SA, Cortaillod	Switzerland	100'000	100%	100%	Fully consolidated
Petitpierre SA, Cortaillod	Switzerland	140'000	100%	100%	Fully consolidated
Pierhor-Gasser SA, Ecublens	Switzerland	100'000	100%	100%	Fully consolidated
Politremp SA, Courrendlin *	Switzerland	100'000	100%	100%	Fully consolidated
PRECIPRO SA, La Chaux-de-Fonds	Switzerland	411'000	100%	100%	Fully consolidated
RC5 Holding SA, Delémont *	Switzerland	200'000	100%	100%	Fully consolidated
RODI HOLDING SA, Embrach	Switzerland	100'000	100%	100%	Fully consolidated
Sigatec SA, Sion	Switzerland	400'000	50%	50%	Proportionally consolidation
STS Saulcy Traitement de Surface SA, Le Chenit ***	Switzerland	120'000	100%	100%	Fully consolidated
Tectri SA, Valbirse	Switzerland	100'000	100%	100%	Fully consolidated
Vardeco SA, Develier	Switzerland	300'000	100%	100%	Fully consolidated
Watchdec SA, Courgenay	Switzerland	100'000	100%	100%	Fully consolidated
<b>Europe EUR</b>					
A.F.T. MICROMECHANIQUE SAS, Fillinges	France	125'000	100%	100%	Fully consolidated
D.J.C DECOLLETAGE JEAN CORDIER SAS, Thyez	France	7'724'680	100%	100%	Fully consolidated
ROCH MECANIQUE DE PRECISION SAS, Reignier-Esery	France	48'000	100%	100%	Fully consolidated
MICROWELD SAS, Chavanod *	France	200'000	100%	100%	Fully consolidated
<b>USA USD</b>					
Diener Precision Pumps Inc, Lodi	United States	1'000	100%	100%	Fully consolidated
Vardeco Inc, Westborough	United States	97	100%	100%	Fully consolidated

\* Acquired company in 2021

\*\* In 2021, J2X Holding SA merged with FX &amp; Associés Holding SA (surviving entity). Both companies were 100% owned by the Group as at 31.12.2020

\*\*\* In 2021, STS Vallée de Joux SA, STS La Chaux-de-Fonds SA, STS Develier SA and STS Meyrin SA merged with SMTS Holding SA (surviving entity renamed STS Saulcy Traitement de Surface SA). All companies were 100% owned by the Group as at 31.12.2020

## Notes to the consolidated financial statements

## 29. Retirement benefit obligations

## Employer contribution reserves (ECR) in CHF:

2021	Nominal value 31.12.2021	Waiver of use 31.12.2021	Balance sheet 31.12.2021	Accumulation 2021	Balance sheet 31.12.2020	Result from ECR in personnel expenses	
						2021	2020
Patronage funds/ patronage pension plans	526'240	-	526'240	88'215	438'025	-	-
Pension institutions	2'893'433	-	2'893'433	246'932	2'646'501	-	-
	<b>3'419'673</b>	<b>-</b>	<b>3'419'673</b>	<b>335'147</b>	<b>3'084'526</b>	<b>-</b>	<b>-</b>

  

2020	Nominal value 31.12.2020	Waiver of use 31.12.2020	Balance sheet 31.12.2020	Accumulation 2020	Balance sheet 31.12.2019	Result from ECR in personnel expenses	
						2020	2019
Patronage funds/ patronage pension plans	438'025	-	438'025	57'216	380'809	-	-
Pension institutions	2'646'501	-	2'646'501	-1'620'822	4'267'323	-	-
	<b>3'084'526</b>	<b>-</b>	<b>3'084'526</b>	<b>-1'563'606</b>	<b>4'648'132</b>	<b>-</b>	<b>-</b>

In fiscal year 2020, due to COVID, the Group used CHF 1'929'710 of employer contribution reserves without impact on personal costs. At the end of the year a small part of the employers contribution reserves of CHF 308'888 was reconstituted.

## Economic benefit / economic obligation and pension benefit expenses

2021	Surplus/ deficit	Group's economic share	Change from previous year		Contributions for the business period	Pension costs within personnel expense 2)
			no income statement impact	income statement impact		
Patronage funds / patronage pension plans	6'309'228	-	-	-	-	-
Pension plans without surplus / deficit	-	-	-	-	-4'754'899	-4'754'899
Pension plans with surplus 1)	-	-	-	-	-660'339	-660'339
	<b>6'309'228</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-5'415'239</b>	<b>-5'415'239</b>

1) It concerns collective pension funds and amounts of surplus relating to the companies in the group are not known. There is no economic advantage for Groupe Acrotec.

2) The pension funds of several group companies are 100% reinsured in terms of risk and investments; in 2021 the amount of relevant contributions (employer contributions) is CHF 1'650'908.

2020	Surplus/ deficit	Group's economic share	Change from previous year		Contributions for the business period	Pension costs within personnel expense 2)
			no income statement impact	income statement impact		
Patronage funds / patronage pension plans	7'013'464	-	-	-	-	-
Pension plans without surplus / deficit	-	-	-	-	-4'344'233	-4'344'233
Pension plans with surplus 1)	-	-	-	-	-596'837	-596'837
	<b>7'013'464</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-4'941'070</b>	<b>-4'941'070</b>

1) It concerns collective pension funds and amounts of surplus relating to the companies in the group are not known. There is no economic advantage for Groupe Acrotec.

2) The pension funds of several group companies are 100% reinsured in terms of risk and investments; in 2020 the amount of relevant contributions (employer contributions) is CHF 1'303'935.

## Notes to the consolidated financial statements

## 30. Related party transactions

## Terms and conditions of transactions with related parties

Unless specified below, the transactions with related parties are made at terms equivalent to those that prevail at arm's length. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2020: CHF Nil).

The following table provides the total amount of transactions that have been entered into and the outstanding balances with related parties for the relevant fiscal year:

		Sales and interest charged to related parties	Purchase and interest from/due to related parties	Other transactions with related parties	Amounts owed by related parties	Amounts owed to related parties
Parent companies	2021	1'564'189	-653	26'988	1'759	-
	2020	1'311'543	-5'098	27'346	227'721	-3'686
Shareholders of the ultimate parent company	2021	383'546	-19'571'081	-2'893'855	83'989	-16'068'733
	2020	522'734	-2'577'934	-2'199'608	20'353	-6'722'581

## Parent companies

In 2021, revenues from related parties were mainly generated from raw materials and goods sold to parent companies (similar to 2020).

## Shareholders of the ultimate parent

In 2021, revenues from related parties were mainly generated from goods sold to shareholders of the ultimate parent company.

Concerning the expenses in relation to the related parties, service fees were paid to shareholders of the ultimate parent for CHF 266'530 (2020: CHF 832'990). The aim of these fees is mainly to cover the management services provided to the Group.

In addition, administrative expenses related to mandate agreements of CHF 886'890 (2020: CHF 1'054'492) have been recorded for the period 2021. The services are provided in the areas of management and legal and managerial consulting.

In addition, financial expenses were charged to the Group for CHF 235'482 (2020: CHF 359'807) in relation to the borrowings made by the shareholders of the ultimate parent. In 2021, a loan was granted to shareholders of ultimate parents and it generated a financial income of CHF 46'200 (2020: CHF 9'166).

In 2021, CHF 10'505'576 were invoiced by CEP V Investment 11 Sàrl to Groupe Acrotec SA and Acrotec SA as per a recharge agreement signed in 2021, to account for the fees, costs, lenders fees / commissions and expenses incurred in the context of the refinancing of the Acrotec group following its acquisition by CEP V Investment 11 Sàrl from the sellers (see note 25). An additional CHF 4'770'658 of drawing costs of credit line were recorded as financial expenses later in the year, as a result of successive drawings at Acrotec Group, in the context of the continuing refinancing of the group (see note 24).

In addition, CHF 7'011'800 concern the adjustment of the earn-out provision (see note 17).

In 2020, non-operating expenses of CHF 339'812 to shareholder are the result on the sale of a building to a related party.

In 2021, rents for CHF 2'914'175 were collected by companies owned by shareholders of ultimate parent company (in 2020: CHF 2'323'766).

In 2021, a company of Acrotec Group recharged CHF 20'319.30 in administrative costs to a shareholder of the ultimate parent company (in 2020: CHF 124'168).

The amount owed by related parties corresponds to currents accounts, accounts receivables and loans with shareholders of the ultimate parent for CHF 83'989 (2020: CHF 20'353).

In 2021, the financial liabilities of CHF 3'091'730 (2020: CHF 6'411'450) are owed to shareholders in the relation to vendor loans (bearing interest for CHF 51'565 in 2021 and for CHF 160'232 in 2020, recorded in accruals) underwritten during the acquisition of subsidiaries. Moreover, earnout of CHF 10'166'400 (2020: 8'654'600) related to 2019 companies acquisitions are due to shareholder of ultimate parent (provisions).

Finally, CHF 132'448 are owed to shareholders as current account and accounts payables (2020: CHF 150'899).

In 2021, the non current financial liabilities of CHF 12'764'220 are owed to shareholders as financial loan (bearing interest for CHF 31'780).

## Notes to the consolidated financial statements

## 31. Commitments and contingencies

a. Contingent assets and liabilities	31/12/2021	31/12/2020
Guarantee for credit line	-	33'000'000
Guarantee for bank debts (pledged bank accounts)	79'363	-
	<b>79'363</b>	<b>33'000'000</b>

The new bank debts contracted in 2021 require the pledge of two bank accounts and the shares of the main companies of the Acrotec Group.

b. Pledged assets	31/12/2021	31/12/2020
Building	56'291'001	47'103'515
Machine under lease	35'803'330	31'279'865
Vehicle under lease	2'383'459	2'434'795
Equipment under lease	3'119'294	3'511'796
IT under lease	223'123	288'967
	<b>97'820'207</b>	<b>84'618'938</b>

## c. Leasing

All financial leases were activated.

The Group's fixed operating leasing commitments that cannot be cancelled within 12 months and which are not recognized in the balance-sheet are due as follows:

	31/12/2021	31/12/2020
Between 1 and 5 years	20'519'607	12'766'515
Over 5 years	14'706'049	14'274'546
	<b>35'225'656</b>	<b>27'041'061</b>

## d. Precious metal loan

On 18 July 2019, the Group concluded a 110 kg metal loan with a Swiss bank; the term of this loan is 6 months, renewable.

In July 2020, this loan was renewed for 100 kg; a repurchase of 10 kg of gold was therefore made by the group from the bank for CHF 547'500 (note 8). In September 2020, the group took out an additional loan of 10 kg, bringing the balance of the metal loan to 110 kg as of 31.12.2020. As no transactions took place in 2021, the balance of the loan is still 110 kg as of 31.12.2021.

## 32. Subsequent events after the year-end closing

In March 2022, the Group signed a SPA for the acquisition of 100% of the voting shares in Team-Metal (S) Pte Ltd ("Team Metal"). Team Metal is a manufacturer of high-mix low-volume metal-based precision parts, primarily serving the Asian MedTech market. Team Metal is headquartered in Singapore and also has locations in Indonesia, China and Malaysia. The transaction closed on April 20, 2022.

In addition, the Group is currently reviewing a number of additional opportunities, some of them being in the due diligence phase.