Consolidated financial statements

31 December 2022

kineo finance

Consolidated balance sheet

as of 31 December	Notes	2022	2021
		CHF	CHF
ASSETS			
Current assets			
Cash and cash equivalents		2'893'900	16'919'029
Lease receivables, current	12, 15	13'387'983	8'177'191
Accounts receivables	13, 15	262'021	171'628
Other current financial assets	14, 15	3'073'771	2'361'587
Other current assets	16	696'471	546'119
Total current assets		*20'314'146*	*28'175'554*
Non-current assets			
Lease receivables, non-current	12, 15	31'249'700	18'175'469
Other non-current financial assets	14, 15	7'437'616	259'485
Investments	15	6'234'017	4'241'721
Other financial assets at fair value through profit or loss	15	13'380'945	7'441'337
Property plant and equipment incl. right-of-use assets	17	85'269	171'227
Intangible assets	18	185'328	144'536
Deferred tax assets	23	572'015	–
Total non-current assets		*59'144'890*	*30'433'775*
Total assets		**79'459'036**	**58'609'330**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Lease liabilities, current	15, 20	78'224	81'352
Accounts payables	15, 19	13'975	618'727
Accrued expenses	19	704'009	554'743
Other current liabilities		24'514	71'517
Total current liabilities		*820'722*	*1'326'338*
Non-current liabilities			
Borrowings, non-current	15	14'663'856	–
Lease liabilities, non-current	15, 20	–	78'224
Net pension liabilities	21	107'758	466'892
Deferred tax liabilities	23	2'200'241	1'348'056
Total non-current liabilities		*16'971'856*	*1'893'172*
Total liabilities		**17'792'577**	**3'219'510**
Shareholders' equity			
Share capital	24	1'233'068	1'233'068
Capital reserves		47'817'495	47'817'495
Treasury shares		–500'010	–
Other reserves	22	1'818'123	1'211'078
Retained earnings		13'094'550	5'815'034
Currency translation reserves		–1'796'768	–686'856
Total shareholders' equity		*61'666'458*	*55'389'819*
Total liabilities and shareholders' equity		**79'459'036**	**58'609'330**

Consolidated income statement

for the years ended 31 December	Notes	2022	2021
		CHF	CHF
Interest from finance leases and similar income	6	5’782’920	4'107'475
Interest expense on refinancing		−450’084	–
Net income from financing business		**5’332’836**	**4'107'475**
Revenue from operating lease		–	64'113
Depreciation of fixed assets under operating lease		–	−56'461
Net operating lease income		**–**	**7'651**
Other operating income	7	222’957	–
Gross profit		**5’555’793**	**4'115'126**
Personnel expense	8	−3’660’345	−3'149'633
Other operating expense	9	−1’129’519	−646'750
Depreciation and amortisation	17, 18	−129’028	−103'642
Total operating expense		**−4’918’892**	**−3'900'025**
Operating result		**636’902**	**215'101**
Gain on investments and other financial asset at fair value	10, 15	6’347’029	5'169'463
Other finance result (net)	11	216’878	34’939
Profit before tax		**7’200’809**	**5'419'503**
Income tax (expense)/benefit	23	−224’450	−936'328
Profit for the year		**6’976’359**	**4'483'174**

Consolidated statement of comprehensive income

for the years ended 31 December	Notes	2022	2021
		CHF	CHF
Profit for the year		6’976’359	4'483'174
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on loans as part of a net investment in foreign operations		−1’184’541	−454'799
Exchange differences on translation of foreign operations		74’630	69'724
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**−1’109’911**	**−385'075**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement gain/(loss) on defined benefit plans	21	303’157	9’350
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**303’157**	**9’350**
Other comprehensive loss for the year		**−806’754**	**−375’724**
Total comprehensive income for the year		**6’169’605**	**4’107’450**

Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2022 in CHF	Notes	Share capital	Capital reserves	Treasury shares	Other reserves	Retained earnings	Currency translation reserves	Total shareholders' equity
As of 1 January		**1'233'068**	**47'817'495**	**–**	**1'211'078**	**5'815'034**	**–686'856**	**55'389'819**
Profit for the year		–	–	–	–	6'976'359	–	6'976'359
Other comprehensive income/(loss)		–	–	–	–	303'157	–1'109'911	–806'754
Total comprehensive income/(loss)		**–**	**–**	**–**	**–**	**7'279'516**	**–1'109'911**	**6'169'605**
Purchase of treasury shares		–	–	–500'010	–	–	–	–500'010
Share based payments	22		–	–	607'044	–	–	607'044
As of 31 December		**1'233'068**	**47'817'495**	**–500'010**	**1'818'123**	**13'094'550**	**–1'796'768**	**61'666'458**

For the year ended 31 December 2021 in CHF	Notes	Share capital	Capital reserves	Treasury Shares	Other reserves	Retained earnings	Currency translation reserves	Total shareholders' equity
As of 1 January		**1'233'068**	**47'817'495**	**–**	**335'505**	**1'322'509**	**–301'782**	**50'406'795**
Profit for the year		–	–	–	–	4'483'174	–	4'483'174
Other comprehensive income/(loss)		–	–	–	–	9'350	–385'075	–375'724
Total comprehensive income/(loss)		**–**	**–**	**–**	**–**	**4'492'525**	**–385'075**	**4'107'450**
Share based payments	22		–	–	875'574	–	–	875'574
As of 31 December		**1'233'068**	**47'817'495**	**–**	**1'211'078**	**5'815'034**	**–686'856**	**55'389'819**

Consolidated statement of cash flows

for the years ended 31 December	Notes	2022	2021
		CHF	CHF
Operating activities			
Profit before tax		7’200’809	5'419'503
Adjustments to reconcile profit before tax to net cash flows:		–	
Depreciation and amortisation	17, 18	129’028	103'642
Depreciation of fixed assets under operating lease		–	56'461
Loss/(gains) on disposal of fixed assets		1’503	–6'322
Share–based payment expense	22	607’044	875'574
Other finance result		–405’541	–287’838
Gain on investments and other financial assets at fair value	10, 15	–6’347’029	–5'169'463
Movements in net pension liabilities	21	–10’503	14'430
Working capital adjustments:			
Decrease/(increase) in accounts receivables		–297’732	–256’136
Decrease/(increase) in lease receivables without investments in leases	12	8’730’021	6’377’130
Decrease/(increase) in other financial assets without investments in loans	14	82’190	–62’077
Increase/(decrease) in accounts payables, accrued expenses and other current liabilities		–457’536	515'767
Proceeds from sale of fixed assets under operating lease		–	127'830
Interest received	14	632’142	209’469
Interest paid	15	–602’873	–9'728
Net cash flows from operating activities before investments in leases and loans		*9’261’524*	*7’908’241*
Investments in leases	12	–28’510’123	–10’942’229
Investments in loans	14	–7’518’290	-2’360’000
Net cash flows from/(used in) operating activities		**–26’766’888**	**–5’393’988**

Consolidated statement of cash flows (continued)

for the years ended 31 December	Notes	2022	2021
		CHF	*CHF*
Investing activities			
Purchase of property, plant and equipment	17	−5’506	−6'188
Purchase of intangible assets	18	−80’376	−161'270
Acquisition of investments	15	−1’348’106	−1'034'897
Granting of convertible loans to investees	14	−764’848	−169’864
Net cash flows from/(used in) investing activities		**−2’198’836**	**−1’372’218**
Financing activities			
Purchase of treasury shares		−500’010	–
Payment of principal portion of lease liabilities	20	−81’352	−77'392
Proceeds from borrowings	15	14’722’500	–
Net cash flows from/(used in) financing activities		**14’141’138**	**−77'392**
Net increase/(decrease) in cash and cash equivalents		−14’824’586	−6'843'598
Net foreign exchange differences		799’457	67'807
Cash and cash equivalents as of 1 January		16’919’029	23'694'820
Cash and cash equivalents as of 31 December		**2’893’900**	**16'919'029**

Cash flows in conjunction with convertible loans to investees are presented within the Group’s investing activities in order to further increase the relevance and comparability of the financial information.

The prior year’s comparative figures in the statement of cash flows have been adjusted accordingly.

Index to the consolidated financial statements

1. Corporate information

The consolidated financial statements of kineo finance AG and its subsidiaries (collectively, the Group) for the year ended 31 December 2022 were authorised for issue by the Company's Board of Directors on 31 March 2023 and are subject to approval of the annual general meeting of shareholders. kineo finance AG (the Company or the parent) is a stock corporation ("Aktiengesellschaft") founded under the laws of Switzerland under the previous company name "DiaMedCare AG" with its registered office at Aeschengraben 20, 4051 Basel, Switzerland (CHE-176.996.149). In 2021 the Company was renamed to kineo finance AG. The Company is active in the field of leasing and other forms of asset services of innovative machines and devices and other related equipment used or developed by innovative technology and equipment manufacturers. In addition, the Company is engaged with the management of the growth equity fund Kineo Capital I SCSp, Luxembourg, which was established in 2022. The Company itself subscribed for a non-controlling share in the funds' committed limited partnership capital. Information on the Group's structure is provided in Note 5.

2. Significant accounting policies

2.1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and debt and equity financial assets that have been measured at fair value. The consolidated financial statements are presented in Swiss francs (CHF) and all values are rounded to the nearest full CHF amount, except when otherwise indicated.

2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3. Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

2.3.1. Foreign currencies

The Group's consolidated financial statements are presented in CHF, which is also the parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into CHF at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Currency translation was based on the following key exchange rates:

	Income statement in CHF average rates		Balance sheet in CHF year-end rates	
	2022	2021	2022	2021
1 USD	0.9550	0.9143	0.9252	0.9111
1 EUR	1.0048	1.0810	0.9875	1.0362

2.3.2. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet in order of liquidity and based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, OR
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3.3. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessor

For the lessor, leases are to be classified as either operating leases or finance leases.

Finance leases

Under a finance lease, all of the significant risks and rewards of legal ownership are transferred from the lessor to the lessee. Finance leases are initially recognised in the balance sheet as per the date they are available for use as lease receivables at an amount equal to the net investment, which represents the sum of outstanding lease payments and unguaranteed residual values of the existing lease agreements, discounted at the interest rate implicit in the lease. Lease payments as per the date of the lease's availability for use are divided into interest payments and principal payments in such a manner that they reflect a periodic rate of return for the lease receivable. Initial direct costs incurred in connection with the conclusion of the contract, e. g. reseller commissions, are taken into consideration when calculating the net investment value.

Net investments in leases are presented in the balance as lease receivables, net of allowance for impairment. Interest income from finance leases is presented in interest from finance leases and similar income in the income statement.

If there has been a reduction in the estimated unguaranteed residual value, the income allocation over the lease term is revised and any reduction in respect to amounts accrued is recognised immediately in the income statement.

Variable lease payments depending on the usage of the leased asset by the lessee are recognised as revenue and presented in interest from finance leases and similar income in the period in which they are earned.

Operating leases

None of the Group's lease contracts qualify as operating leases.

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Offices 5 years

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office and IT equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.3.4. Financial instruments — initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

The Group's financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The Group does not hold any financial assets classified or to be classified as at fair value through other comprehensive income (OCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Subsequent measurement

For purposes of subsequent measurement, financial assets are generally classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group does neither hold financial assets of the category at fair value through OCI with recycling of cumulative gains and losses (debt instruments) nor the category financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes lease receivable, accounts receivable, and loans.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the income statement.

This category includes non-listed equity investments and derivative instruments which the Group had not irrevocably elected to classify at fair value through OCI.

A derivative embedded in a hybrid contract, with a non-financial host, is separated from the host and accounted for as a separate derivative if:

- the economic characteristics and risks are not closely related to the host;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Some of the Group's framework agreements with lessees for finance leases contain derivative instruments in the form of equity kickers of the lessee which vest based on the amounts of finance leases provided to the lessee as agreed in the relevant framework agreement. Vested equity kickers generally are exercisable and become due upon exhaustion of the contractually financing volume, the occurence of a change-of-control event at the lessee or the termination of the relevant framework agreement. These equity kickers from finance leases can be settled by the lessee at its sole discretion either in shares or in cash. The equity kickers from finance leases are accounted for separately as financial assets at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, OR
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For lease receivables and accounts receivable, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a method that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payables and accrued expenses, loans and borrowings, and lease liabilities.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings and lease liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.3.5. Fair value measurement

The Group measures financial instruments such as non-listed equity investments and the derivative equity kickers from finance leases at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Executive Management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets, and for non-recurring measurement, such as assets held for sale in discontinued operations. The Executive Management is comprised of the Chief Executive Officer and the Chief Financial Officer.

At each reporting date, the Executive Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Executive Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Executive Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

2.3.6. Other operating income

The Group is providing investment advisory and portfolio management services to the growth equity fund Kineo Capital I SCSp (the "Fund") which has been established in August 2022. Management fee as consideration for these services is recognised at an amount the Group expects to be entitled in exchange for providing the services.

The Group's performance obligations to provide the investment advisory and portfolio management services are satisfied over time.

Management fees earned for the provision of these services are invoiced quarterly and determined based on a fixed percentage of the committed capital of the Fund at the end of the quarter. The fees generally crystallize at the end of each quarter and are not subject to a claw back.

2.3.7. Property, plant and equipment

Property, plant and equipment (PPE) is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Leasehold improvements 5 years
- Other equipment 5 years

An item of PPE and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of PPE are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.3.8. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Software 5 years

2.3.9. Pensions

The Group operates a defined benefit pension plan in Switzerland, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit obligation under 'personnel expenses' in the consolidated income statement:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

2.3.10. Share-based payments

Employees (including the Executive Management and certain non-executive members of the Board) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value of the equity instrument granted at the date when the grant is made using an appropriate valuation model.

That cost is recognised in personnel expense, together with a corresponding increase in equity (other reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

2.3.11. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.3.12. Segment Reporting

The Company's main business consists of leasing and other forms of asset services to innovative technology and equipment manufacturers. The investment advisory and portfolio management services are complementary to the main business activities of the Company and as such in itself not significant. The Group's Executive Management, which consists of the Chief Executive Officer and Chief Financial Officer, has been identified as the Chief Operating Decision Maker (CODM). The CODM reviews the operating results and operating plans of the Group and makes resource allocation decisions on a company-wide basis. The consolidated financial statements therefore correspond to the segment reporting format.

2.4. Changes in accounting policies and disclosures

New and amended standards and interpretations issued

The accounting policies adopted are consistent with those of the previous financial year. There are several new and amended standards and interpretations that are issued which are effective for annual periods beginning on or after 1 January 2022. These changes did not have a significant impact on shareholders' equity nor total comprehensive income of the Group.

New and amended standards and interpretations issued but not yet effective

The Group has not early adopted any other standards, interpretations or amendments that have been issued but is not yet effective. None of these new and amended standards and interpretations are expected to have a significant impact on shareholders' equity nor total comprehensive income of the Group. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of a finance leases and operating leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases that transfer substantially all the risks and rewards of ownership of such assets are classified as finance leases (others are classified as operating leases). Determination of transfer of substantially all the risks and rewards of ownership is subjective in nature and involves significant judgment.

The Group's lease portfolio is classified as finance lease given that the lessee bears substantially all of the economic risk associated with the underlying assets. The Group does not retain significant asset risk from these arrangements. Transactions where the Group retains significant asset risk are classified as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial instruments

When the fair values of financial assets recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques.

Valuation techniques applied with respect to equity investments in non-listed, privately held start-ups and other early stage companies are based on the International Private Equity and Venture Capital Valuation Guidelines (IPEV).

Non-listed equity instruments as well as warrants and equity kickers thereon are initially recognised at fair value which normally corresponds to the cost and subsequently measured at fair value through profit and loss as follows:

- Costs are used as the best approximation of the fair value of the financial instrument in question, except where
    - the investee has been valued higher or lower in connection with a new round of financing with a third party (except with a strategic investor), in which case the investee is valued according to the new financing round, whereby the various shareholder categories rights are taken into account in the valuation;
    - the investee is performing significantly below expectations or is facing long-term problems, leading to a permanent diminution in value, in which case the relevant position is revalued at its net realisable value;
    - the investee is generating significant sales and profits, in which case an appropriate valuation technique depending on the stage of development of the investee is applied (e.g. discounted cash flows method, observable multiples method).

A degree of judgement is required in establishing fair values. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Pension – Defined benefit plans

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

4. Capital management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure a strong credit worthiness and capital ratio supporting its business and growth and securing its shareholders' investment.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the Group's long-term business plan. In the medium and long term, the Group strives to maintain an equity ratio of around 30% or higher.

	2022	2021
	CHF	CHF
Total assets	79'459'036	58'609'330
Total shareholders' equity	61'666'458	55'389'819
Equity ratio	**77.6%**	**94.5%**

5. Group information

The consolidated financial statements of the Group include the parent and the following subsidiaries:

	Functional Currency	% of equity interest	
		2022	2021
Name and Domicile			
Kineo Capital Partners Sàrl, Senningerberg, Luxembourg (*)	EUR	100	–
kineo debt solutions GmbH, München, Germany (*)	EUR	100	–
kineo finance GmbH, München, Germany	EUR	100	100
kineo US Holding Inc, Delaware, USA	USD	100	100
kineo finance LLC, Delaware, USA	USD	100	100

(*): founded in 2022

6. Interest from finance leases and similar income

	2022	2021
	CHF	CHF
Interest income finance lease	4'902'849	3'670'173
Variable lease payments depending on usage	250'322	227'531
Other interest income	629'749	209'771
Interest from finance leases and similar income	**5'782'920**	**4'107'475**

As part of the ordinary business activities the Group has granted loans to certain lessees to finance their manufacturing process and procurement. The interest on these loans is presented within interest from finance leases and similar income as other interest income.

The following geographical break-down of the interest from finance leases and similar income is based on the country of the relevant operating Group company:

	2022	2021
	CHF	CHF
Switzerland	3'865'427	3'518'974
Germany	1'417'440	483'178
USA	500'053	105'322
	5'782'920	**4'107'475**

During the reporting period interest from finance leases and similar income of three lessees individually exceeded 10% of the Group's total interest from finance leases and similar income (2021: two):

	2022	2021
	CHF	CHF
Lessee 1	2'374'580	2'062'778
Lessee 2	1'009'785	1'463'380
Lessee 3	791'298	(*)

(*): Below 10% the Group's total interest from finance leases and similar income.

7. Other operating income

	2022	2021
	CHF	CHF
Management fee	222'957	–
Other operating income	**222'957**	**–**

8. Personnel expense

	2022	2021
	CHF	CHF
Salaries and wages	−2’585’318	−1'981'363
Social security expense	−443’321	−272'637
Share based payments	−607’044	−875'574
Other personnel expense	−24’662	−20'059
Personnel expense	**−3’660’345**	**−3'149'633**

The Group employed on average 13.9 people based on full-time equivalents (FTE) during 2022 (2021: 9.8). As of year-end 2022 the Group had 16.1 FTE (2021: 13.6).

9. Other operating expense

	2022	2021
	CHF	CHF
Legal and other consulting fees	−407’149	−208'913
Audit and accounting fees	−152’268	−140'765
Travel and representation expenses	−121’346	−77'525
Office rent (short-term leases)	−99’218	−38'893
IT and communication costs	−98’243	−59'915
Insurance costs	−46’212	−25'198
Advertising and marketing expenses	−33’636	−8'037
Capital taxes	−51’199	−48'000
Expected credit losses of lease receivables	−18’303	−4'325
Other expenses	−101’945	−35'180
Other operating expense	**−1’129’519**	**−646'750**

10. Gain on investments and other financial assets at fair value

	2022	2021
	CHF	CHF
Gain/(loss) on non-listed equity investments	407’421	944’617
Gain/(loss) on equity kickers from finance leases	5’955'008	4’156’565
Gain/(loss) on warrants	−15'400	68’281
Gain on investments and other financial asset at fair value	**6’347’029**	**5’169’463**

11. Other finance result (net)

	2022	2021
	CHF	CHF
Interest on lease liabilities	−5'768	−9'728
Foreign exchange valuation result	239'109	88'852
Other finance income	72'464	14'539
Other finance costs	−88'927	−58'724
Other finance result (net)	**216'878**	**34'939**

12. Lease receivables

The following table shows the maturity of non-discounted lease payments from finance leases as per reporting date:

	2022	2021
	CHF	CHF
Up to 1 year	19'133'353	11'805'504
1 to 2 years	16'174'190	9'539'379
2 to 3 years	13'030'442	7'235'755
3 to 4 years	6'776'089	4'302'612
4 to 5 years	1'970'474	1'038'616
More than 5 years	–	–
Total non-discounted future contractual lease payments	**57'084'548**	**33'921'866**
Unguaranteed residual values	–	–
Gross Investment	**57'084'548**	**33'921'866**
Unrealised (outstanding) interest income	−12'402'182	−7'542'827
Net Investment	**44'682'365**	**26'379'039**
Allowance for expected credit losses (ELC; note 15.3)	−44'682	−26'379
Lease receivables	**44'637'683**	**26'352'660**
Thereof:		
Lease receivables, current	13'387'983	8'177'191
Lease receivables, non-currrent	31'249'700	18'175'469

The following geographical break-down of the lease receivables is based on the country of the relevant operating Group company:

	2022	2021
	CHF	CHF
Switzerland	6’651’347	6’251’348
Germany	3’609’655	1’595’201
USA	3’126’981	330’642
Lease receivables, current	**13’387’983**	**8’177’191**
Switzerland	11’861’204	12’873’189
Germany	10’702’784	4’315’698
USA	8’685’711	986’582
Lease receivables, non-current	**31’249’700**	**18’175’469**
Switzerland	18’512’551	19’124’537
Germany	14’312’440	5’910’898
USA	11’812’692	1’317’224
Lease receivables	**44’637’683**	**26’352’660**

Set out below are the carrying amounts of lease receivables and the movements during the period:

	2022	2021
	CHF	CHF
As of 1 January	**26’352’660**	**22’032’191**
Lease payments received	–14’361’396	–10'043'281
Additions (net investments in finance leases)	28’510’123	10’942’229
Accretion of interest	4’902’849	3’670’476
Movement in ECL	–18’303	–4’325
Foreign exchange differences	–748’249	–244'630
As of 31 December	**44’637’683**	**26’352’660**

13. Accounts receivables

Up to the reporting date none of the Group’s receivables were in default. The receivables were paid within the contractually agreed payment terms. The allowance for expected credit losses for accounts receivables as of 31 December 2022 and 2021 is immaterial.

Accounts receivables are non-interest bearing and usually settled within 30 to 60 days. All accounts receivables are due from lessees and relate to operating lease contracts and variable lease payments from finance leases which are not part of the net investment in the finance leases.

14. Other financial assets

Set out below are the carrying amounts of other financial assets (current and non-current) and the movements during the period:

	Loans	Convertible loans	Other financial assets	Total
	CHF	CHF	CHF	CHF
As of 1 January 2022	**2'361'587**	**167'325**	**92'160**	**2'621'072**
Granting of loans	7'518'290	764'848	–	8'283'138
Payments received	-780'161	-2'393	-8'481	-791'035
Conversion of convertible loans	–	-236'769	–	-236'769
Other cash outflows	–	–	6'632	6'632
Accretion of interest	629'749	72'280	184	702'213
Foreign exchange differences	-26'666	-44'399	-2'799	-73'864
As of 31 December 2022	**9'702'798**	**720'892**	**87'697**	**10'511'387**
Thereof:				
Current	3'073'771	–	–	3'073'771
Non-current	6'629'027	720'892	87'697	7'437'616

	Loans	Convertible loans	Other financial assets	Total
	CHF	CHF	CHF	CHF
As of 1 January 2021	**–**	**–**	**36'824**	**36'824**
Granting of loans	2'360'000	169'864	–	2'583'914
Payments received	-207'882	–	-2'737	-210'619
Other cash outflows	–	–	60'613	6'563
Accretion of interest	209'469	2'547	67	212'082
Foreign exchange differences	–	-5'086	-2'607	-7'693
As of 31 December 2021	**2'361'587**	**167'325**	**92'160**	**2'621'072**
Thereof:				
Current	2'361'587	–	–	2'361'587
Non-current	–	167'325	92'160	259'485

15. Financial assets and financial liabilities

15.1. Financial assets

	2022	2021
	CHF	CHF
Financial assets at fair value through profit or loss		
Non-listed equity investments		
Artidis AG	*391'480*	*150'000*
Foodguardians AG	*100'000*	*100'000*
Grandperspective GmbH	*472'382*	*259'144*
Kineo Capital I SCSp	*740'588*	–
Nexxiot AG	*1'223'684*	*499'843*
Numares GmbH	*790'484*	*725'659*
Resuscitec GmbH	*578'492*	*568'515*
Southie Autonomy Works Inc.	*231'307*	–
SkyCell AG	*1'705'600*	*1'938'560*
Equity kickers from finance leases	13'317'808	7'362'800
Warrants	63'137	78'537
	19'614'962	**11'683'057**
Financial assets at amortised cost (*)		
Lease receivables	44'637'683	26'352'660
Accounts receivables	262'021	171'628
Other financial assets		
Loans, current	*3'073'771*	*2'361'587*
Loans, non current	*6'629'027*	–
Convertible loans, non current	*720'892*	*167'325*
Other financial assets, non current	*87'697*	*92'160*
	55'411'091	**29'145'360**
Total financial assets (**)	**75'026'053**	**40'828'418**
Thereof:		
Total current	16'723'775	10'710'406
Total non-current	58'302'277	30'118'012

(*): The carrying amounts approximately reflect fair values of the financial assets at amortised costs
(**): Financial assets, other than cash and cash equivalents

As part of the ordinary business activities the Group has granted short term loans to certain lessees to finance their manufacturing process and procurement.

15.2. Financial liabilities: Interest-bearing liabilities

	Interest rate	Maturity	2022	2021
			CHF	CHF
Current interest-bearing liabilities				
Lease liabilities, current	5.0%	2023	78’224	81'352
			78’224	**81'352**
Non-current interest-bearing liabilities				
Lease liabilities, non-current	5.0%	2023	–	78'224
Borrowings, non-current	7.0% + EURIBOR	2026	14’663’856	–
			14'663’856	**78'224**
Total interest-bearing liabilities			**14'742’080**	**159’575**

15.3. Financial instruments risk management objectives and policies

The Group’s financial assets include lease receivable, accounts receivable, and cash that derive directly from its operations. The Group also holds investments in equity instruments and debt instruments (loans) and enters into derivative transactions.

The Group’s financial liabilities comprise accounts payable and lease liabilities. The main purpose of these financial liabilities is to finance the Group’s operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group’s Executive Management oversees the management of these risks.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk:

- interest rate risk,
- foreign currency risk and
- other price risk, such as equity price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In August 2022 the Group issued bearer notes in the amount of EUR 15’000’000 with floating interest rates. On the other hand, new leases and loans with lessees are also quoted with floating interest rates to manage the Group’s interest rate risk.

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s long-term debt obligations as well as lease receivables and other financial assets with floating interest rates.

A movement of +/- 50 basis points in the floating interest rates an impact amounting to +/- CHF 20’974 (2021: +/- CHF 0).

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The following tables demonstrate the sensitivity to a reasonably possible change in EUR and USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax as well as shareholders' equity is due to changes in the fair value of monetary assets and liabilities.

Foreign exchange rate (in CHF)

	EUR	USD
2022		
+ 10%	−435'260	31'010
− 10%	435'260	−31'010

Foreign exchange rate (in CHF)

	EUR	USD
2021		
+ 10%	90'754	−26'053
− 10%	−90'754	26'053

Equity price risk

The Group's non-listed equity investments and derivatives (equity kicker and warrants) are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual equity instruments.

A reasonably possible change in share price of 10% would impact the profit before tax as follows (+/−):

	2022	2021
	CHF	CHF
Impact on profit before tax		
Non-listed equity investments		
Artidis AG	*39'148*	*15'000*
Foodguardians AG	*10'000*	*10'000*
Grandperspective GmbH	*47'238*	*25'914*
Kineo Capital I SCSp	*74'059*	–
Nexxiot AG	*122'368*	*49'984*
Numares GmbH	*79'048*	*72'566*
Resuscitec GmbH	*57'849*	*56'851*
Southie Autonomy Works Inc.	*23'131*	–
SkyCell AG	*170'560*	*193'856*
Equity kickers from finance leases	1'331'781	736'280
Warrants	6'314	7'854
Total impact on profit before tax	**1'961'496**	**1'168'306**

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily lease receivables).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, lease receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets measured at amortised costs.

Set out below is the information about the credit risk exposure on the Group's lease receivables using a provision matrix:

31 December 2022

			Days past due				
	Non-Current	Current	<30 days	30-60 days	61 – 90 days	<91 days	Total
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Expected credit loss rate	0.1%	0.1%	1.5%	4.0%	7.0%	12.0%	
Estimated total gross carrying amount at default	31'280'981	13'401'385	–	–	–	–	44'682'365
Expected credit loss	31'281	13'401	–	–	–	–	44'682
Total carrying amount	**31'249'700**	**13'387'983**	**–**	**–**	**–**	**–**	**44'637'683**

31 December 2021

			Days past due				
	Non-Current	Current	<30 days	30-60 days	61 – 90 days	<91 days	Total
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Expected credit loss rate	0.1%	0.1%	1.5%	4.0%	7.0%	12.0%	
Estimated total gross carrying amount at default	18'193'663	8'185'376	–	–	–	–	26'379'039
Expected credit loss	18'194	8'185	–	–	–	–	26'379
Total carrying amount	**18'175'469**	**8'177'191**	**–**	**–**	**–**	**–**	**26'352'660**

Credit risk from balances with banks is managed by the Group's Executive Management. Investments of surplus funds are made only with approved, high reputational counterparties.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and funding sources. In August 2022 the Group issued bearer notes in the amount of EUR 15'000'000 with floating interest rates. Thus, the Group is financed through equity and borrowings.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 31 December 2022	less than 3 months	3 to 12 months	1 to 5 years	Total
	CHF	CHF	CHF	CHF
Accounts payables	13'975	–	–	13'975
Lease liabilities	21'780	58'080	–	79'860
Borrowings	337'351	992'976	18'104'818	19'435'145
	373'106	**1'051'056**	**18'104'818**	**19'528'980**

Year ended 31 December 2021	less than 3 months	3 to 12 months	1 to 5 years	Total
	CHF	CHF	CHF	CHF
Accounts payables	618'727	–	–	618'727
Lease liabilities	21'780	65'340	79'860	166'980
	640'507	**65'340**	**79'860**	**785'707**

Changes in liabilities arising from financing activities

Movements in liabilities arising from financing activities are as follows:

	Borrowings	Lease liabilities	Total liabilities from financing activities
	CHF	CHF	CHF
As of 1 January 2022	**–**	**159'576**	**159'576**
Proceeds from borrowings	14'722'500	–	14'722'500
Repayment of lease liabilities	–	–81'352	–81'352
Interest paid (*)	–597'105	–5'768	–602'873
Cashflow	**14'125'395**	**–87'120**	**14'038'275**
Discounted interests	450'084	5'768	455'852
Foreign exchange differences	88'377	–	88'377
Other non-cash movements	**538'461**	**5'768**	**544'229**
As of 31 December 2022	**14'663'856**	**78'224**	**14'742'080**

	Lease liabilities	Total liabilities from financing activities
	CHF	CHF
As of 1 January 2021	**236'968**	**236'968**
Repayment of lease liabilities	–77'392	–77'392
Interest paid (*)	–9'728	–9'728
Cashflow	**–87'120**	**–87'120**
Discounted interests	9'728	9'728
Other non–cash movements	**9'728**	**9'728**
As of 31 December 2021	**159'576**	**159'576**

(*): The Group classifies interest paid as cash flows from operating activities.

15.4. Fair value measurement

The fair value measurement of these financial assets is based on the share prices paid in the most recent financing round of these investees. Fair value measurement hierarchy for assets as of 31 December 2022:

	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	CHF	CHF	CHF	CHF
Assets measured at fair value				
Non–listed equity investments				
Artidis AG	*391'480*	–	–	*391'480*
Foodguardians AG	*100'000*	–	–	*100'000*
Grandperspective GmbH	*472'382*	–	–	*472'382*
Kineo Capital I SCSp	*740'588*			*740'588*
Nexxiot AG	*1'223'684*	–	–	*1'223'684*
Numares GmbH	*790'484*	–	–	*790'484*
Resuscitec GmbH	*578'492*			*578'492*
Southie Autonomy Works Inc.	*231'307*	–	–	*231'307*
SkyCell AG	*1'705'600*	–	–	*1'705'600*
Equity kickers from finance leases	13'317'808	–	–	13'317'808
Warrants	63'137	–	–	63'137
	19'614'962	**–**	**–**	**19'614'962**

There were no transfers of financial assets between the three Levels of the fair value hierarchy during 2022.

Fair value measurement hierarchy for assets as of 31 December 2021:

	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	CHF	CHF	CHF	CHF
Assets measured at fair value				
Non-listed equity investments				
Artidis AG	150'000	–	–	150'000
Foodguardians AG	100'000	–	–	100'000
Grandperspective GmbH	259'144	–	–	259'144
Nexxiot AG	499'843	–	–	499'843
Numares GmbH	725'659	–	–	725'659
Resuscitec GmbH	568'515	–	–	568'515
SkyCell AG	1'938'560	–	–	1'938'560
Equity kickers from finance leases	7'362'800	–	–	7'362'800
Warrants	78'537	–	–	78'537
	11'683'057	**–**	**–**	**11'683'057**

There were no transfers of financial assets between the three Levels of the fair value hierarchy during 2021.

Reconciliation of fair value measurement of non-listed equity investments, equity kickers from finance leases and warrants:

	Non-listed equity investments	Equity kickers on finance leases	Warrants	Total
	CHF	CHF	CHF	CHF
As of 1 January 2022	**4’241’721**	**7’362’800**	**78’537**	**11’683’057**
Remeasurement recognised in statement of profit or loss during the period	407’421	5’955’008	–15’400	6’347’029
Purchases	1’348’106	–	–	1’348’106
Conversion of convertibloe loans	236’769	–	–	236’769
Sales	–	–	–	–
As of 31 December 2022	**6’234’017**	**13’317’808**	**63’137**	**19’614’962**

The remeasurement gain of the equity kickers result from the additional vesting according to the investments in finance leases entered into under the relevant framework agreements with lessees as well as increases of the share price of the underlying shares of the lessees.

	Non-listed equity investments	Equity kickers on finance leases	Warrants	Total
	CHF	CHF	CHF	CHF
As of 1 January 2021	**2'262'207**	**3'206'236**	**10'255**	**5'478'698**
Remeasurement recognised in statement of profit or loss during the period	944'617	4'156'564	68'281	5'169'463
Purchases	1'034'897	–	–	1'034'897
Sales	–	–	–	–
As of 31 December 2021	**4'241'721**	**7'362'800**	**78'537**	**11'683'057**

16. Other current assets

	2022	2021
	CHF	CHF
Capital tax	301	1'500
VAT Germany	297'641	535'046
VAT Finland	247'426	–
Prepaid expenses	151'103	9'574
Other current assets	**696'471**	**546'119**

17. Property, plant and equipment incl. right-of-use assets

The below table presents a reconciliation of the carrying amount of the property, plant and equipment incl. right-of-use assets at the beginning and end of the year:

	Leasehold improve-ments	Office (Right-of-use asset)	Other equipment	Total
	CHF	CHF	CHF	CHF
Cost as of 1 January 2022	**40’195**	**386’315**	**26’017**	**452’527**
Additions	–	–	5’248	5’248
Disposal	–	–	−2’006	−2’006
Foreign exchange differences	–	–	−491	−491
Cost as of 31 December 2022	**40’195**	**386’315**	**28’767**	**455’277**
Depreciation as of 1 January 2022	**24’319**	**238’228**	**18’754**	**281’300**
Additions	8’039	77’263	4’143	89’445
Disposals	–	–	−503	−503
Foreign exchange differences	–	–	−233	−233
Depreciation as of 31 December 2022	**32’358**	**315’491**	**22’160**	**370’008**
Net book value as of 31 December 2022	**7’837**	**70’825**	**6’607**	**85’269**

	Leasehold improve-ments	Office (Right-of-use asset)	Other equipment	Total
	CHF	CHF	CHF	CHF
Cost as of 1 January 2021	**40'195**	**386'315**	**20'232**	**446'743**
Additions	–	–	6'188	6'188
Foreign exchange differences	–		−403	−403
Cost as of 31 December 2021	**40'195**	**386'315**	**26'017**	**452'527**
Depreciation as of 1 January 2021	**16'280**	**160'965**	**17'321**	**194'565**
Additions	8'039	77'263	1'606	86'908
Foreign exchange differences	–		−173	−173
Depreciation as of 31 December 2021	**24'319**	**238'228**	**18'754**	**281'300**
Net book value as of 31 December 2021	**15'876**	**148'088**	**7'263**	**171'227**

18. Intangible assets

The below table presents a reconciliation of the carrying amount of the intangible assets at the beginning and end of the year which consist only of one type of assets (software):

	2022	2021
	CHF	CHF
Cost as of 1 January	**161’270**	**–**
Additions	80’376	161’270
Cost as of 31 December	**241’645**	**161’270**
Amortisation as of 1 January	**16’734**	**–**
Additions	39’583	16’734
Amortisation as of 31 December	**56’317**	**16’734**
		–
Net book value as of 31 December	**185’328**	**144’536**

19. Accounts payables and accrued expenses

	2022	2021
	CHF	CHF
Trade payables	13’489	600'903
Other payables	486	17'823
Accounts payables	**13’975**	**618'727**
Payroll accrual	556’630	440’433
Audit and accounting	104’918	77'846
IT support and services	8’250	18'100
Legal services and consulting	17’100	15'000
Insurances	6’825	–
Other accrued expenses	10’286	3'363
Accrued expenses	**704’009**	**554’743**

Payroll accrual includes accruals for performance-based compensation, unused holidays, and social security thereon. Accounts payables and accrued expenses are non-interest bearing and usually settled within 30 to 90 days.

20. Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2022	2021
	CHF	CHF
As of 1 January	**159’575**	**236'968**
Additions	–	–
Accretion of interest	5’768	9'728
Payments	−87’120	−87'120
As of 31 December	**78’224**	**159'575**
Thereof		
Current	78’224	81'352
Non-current	–	78'224

The table below summarises the maturity profile of the lease liabilities based on contractual undiscounted payments:

	2022	2021
	CHF	CHF
Less than 3 months	21’780	21’780
3 to 12 months	58’080	65’340
1 to 5 years	–	79’860
Total	**79’860**	**166’980**

The Group also has certain leases of offices with lease terms of 12 months or less (refer to Note 9) and some immaterial leases of office equipment with low value. The Group applies the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for these leases.

21. Pensions

The employees of the German subsidiary are subject to the statutory pension insurance scheme in Germany which represents a state plan and as such qualifies as defined contribution plan. Employer contribution payments made to this state plan amounted to CHF 34’624 in 2022 (2021: CHF 20’744). Contributions made are recognised in profit and loss in the year they occur and are presented within personnel expense.

In accordance with the Swiss pension fund law “Federal Act on Occupational Old Age, Survivors’ and Invalidity Pension Provision” (OPA), the Company is affiliated with a collective independent pension fund. The fund provides for retirement benefits, as well as risk benefits (death and disability). The Company entered into an agreement with VZ BVG Sammelstiftung (the “pension fund”) for occupational benefits. The pension fund is responsible for the governance of the plan. The pension fund has setup investment guidelines, defining in particular the strategic allocation with margins. The pension fund has reinsured its risks (investment risk, mortality and disability risks) with Zurich Life Insurance Company Ltd. The accumulated saving capital is allocated to each insured individual and consists of annual contributions, saving credits and interest credits. In certain situations, additional payments or increased periodic contributions by the employer may become due based on the pension plans' funded status as measured under Swiss pension rules (OPA). The assets cannot revert to the employer. Contributions to the plans are shared equally between the employer and the employees. Contributions are computed as percentage of the salary, depending on age. The defined benefit obligations are estimated on a yearly basis. Plan assets are recognised at fair values. An independent actuary has calculated the net defined benefit liability.

The principal actuarial assumptions used in determining pension obligations for the Group's defined benefit plan are shown below:

	2022	2021
Discount rate (DR) as of 1 January	0.35%	0.20%
Discount rate (DR) as of 31 December	2.20%	0.35%
Interest rate on retirement savings capital (IR) as of 31 December	1.00%	1.00%
Future salary increases (SI) as of 31 December	1.00%	1.00%
Mortality tables	BVG2020 GT	BVG2020 GT
Date of last actuarial valuation	31.12.2022	31.12.2021

Detailed information on the defined benefit plan and the amounts recognised in the balance sheet, income statement and OCI:

	2022	2021
	CHF	CHF
Amounts recognised in the balance sheet		
Defined benefit obligation as of 31 December	2'447'708	2'646'742
Fair value of plan assets as of 31 December	2'339'950	2'179'850
Deficit/(surplus) as of 31 December	107'758	466'892
Adjustment to asset ceiling	–	–
Net defined benefit liability/(asset) as of 31 December	**107'758**	**466'892**
thereof recognised as separate (asset)	–	–
thereof recognised as separate liability	107'758	466'892

	2022	2021
	CHF	CHF
Reconciliation in net defined benefit liability (asset)		
Net defined benefit liability/(asset) as of 1 January	**466'892**	**463'215**
Defined benefit cost recognised in profit or loss	130'820	103'370
Defined benefit cost recognised in OCI	–348'631	–10'753
Contributions by the employer	–141'323	–88'940
Net defined benefit liability/(asset) as of 31 December	**107'758**	**466'892**

	2022	2021
	CHF	CHF
Reconciliation of defined benefit obligation		
Defined benefit obligation as of 1 January	**2’646’742**	**2'190'376**
Interest expense on defined benefit obligation	10’057	4'720
Current service cost (employer)	127’887	92'694
Contributions by plan participants	131’579	86'385
Benefits (paid)/deposited	193’998	160'486
Past service cost	–	8'651
Administration cost	1’323	1’095
Actuarial (gain)/loss on defined benefit obligation	−663’878	102'335
Defined benefit obligation as of 31 December	**2’447’708**	**2'646'742**

	2022	2021
	CHF	CHF
Components of actuarial gain/losses on obligations		
Actuarial (gain)/loss arising from changes in financial assumptions	−831’607	109'021
Actuarial (gain)/loss arising from changes in demographic assumptions	–	−135'126
Actuarial (gain)/loss arising from experience adjustments	167’729	128'440
Actuarial (gain)/loss on defined benefit obligation	**−663’878**	**102'335**

	2022	2021
	CHF	CHF
Reconciliation of fair value of plan assets		
Fair value of plan assets as of 1 January	**2’179’850**	**1'727'161**
Interest income on plan assets	8’447	3'790
Contributions by the employer	141’323	88'940
Contributions by plan participants	131’579	86'385
Benefits (paid)/deposited	193’998	160'486
Return on plan assets excl. interest income	−315’247	113’088
Fair value of plan assets as of 31 December	**2’339’950**	**2’179’850**

	2022	2021
	CHF	CHF
Plan assets classes		
Quoted market price		
Cash and cash equivalents	25'739	43'597
Equity instruments	814'303	767'307
Debt instruments (e.g. bonds)	1'188'695	1'085'565
Real estate	238'675	217'985
Others	72'538	65'396
Total plan assets at fair value (quoted market price)	2'339'950	2'179'850
Non-quoted market price		
Total plan assets at fair value (non-quoted market price)	–	–
Total plan assets at fair value	**2'339'950**	**2'179'850**

	2022	2021
	CHF	CHF
Components of defined benefit cost in profit or loss		
Current service cost (employer)	127'887	92'694
Past service cost	–	8'651
Interest expense on defined benefit obligation	10'057	4'720
Interest (income) on plan assets	–8'447	–3'790
Interest expense/(income) on effect of asset ceiling	–	–
Administration cost excl. cost for managing plan assets	1'323	1095
Defined benefit cost recognised in profit or loss	**130'820**	**103'370**
Thereof		
service cost and administration cost	129'210	102'440
net interest on the net defined benefit liability/(asset)	1'610	930

	2022	2021
	CHF	CHF
Components of defined benefit cost in OCI		
Actuarial (gain)/loss on defined benefit obligation	–663'878	102'646
Return on plan assets excl. interest income	315'247	–113'088
Change in effect of asset ceiling excl. interest expense/income	–	–
Defined benefit cost recognised in OCI	**–348'631**	**–10'753**

	2023	2022
	CHF	CHF
Best estimate of contributions of next year		
Contributions by the employer	149’998	100'016
Contributions by plan participants	140’173	95'480

	2022	2021
Maturity profile of defined benefit obligation		
Weighted average duration of defined benefit obligation in years	15.6	17.8

	2022	2021
	CHF	CHF
Sensitivity		
DBO = Defined benefit obligation, SC = Service cost (employer)		
DBO as of 31 December with DR −0.25%	2’544’015	2'768'834
DBO as of 31 December with DR +0.25%	2’357’172	2'534'301
DBO as of 31 December with IR −0.25%	2’408’456	2'595'267
DBO as of 31 December with IR +0.25%	2’487’904	2'699'595
DBO as of 31 December with SI −0.25%	2’410’145	2'617'586
DBO as of 31 December with SI +0.25%	2’482’901	2'679'864
DBO as of 31 December with life expectancy +1 year	2’467’725	2'686'254
DBO as of 31 December with life expectancy −1 year	2’428’018	2'607'679
SC of next year with DR +0.25%	98’242	117'617
SC of next year with IR +0.25%	110’959	132'050

22. Share-based payments

In 2017, the Company established a stock option plan (SOP2017) to incentivise key management personnel, other employees and selected consultants of the Group. Under the SOP2017, holders of vested options are entitled to shares of the Company at an exercise price of CHF 5.– per share. In 2019 a new stock option plan (SOP2019) was set up, which is based on the same terms as the SOP2017 but contains certain repurchase rights of the Company.

Options granted under these plans will generally vest with respect to the shares subject to it as follows:

- 25% of the Options granted shall vest on the first anniversary of the Vesting Start Date;
- Thereafter, 2.0833% of the Options shall vest on each of the 36 consecutive calendar months following the first anniversary of the Vesting Start Date.

Options granted as part of the annual bonus scheme vest with respect to the shares subject to it as follows:

- 25% of the Options granted shall vest immediately at grant date;
- Thereafter, 2.0833% of the Options vest on each of the 36 consecutive calendar months following the first anniversary of the Vesting Start Date.

The maximum term for exercising the options is 10 years.

The fair value of the stock options has been determined at the grant date based on the calculated share price of the Company's last capital increase using the Black-Scholes model.

	Grant of stock options		
Nature of arrangement			
Grant date	01.08. / 28.04.2022	14.02.2022	08.02.2021
Number of options granted	7'462	3'918	7'021
Exercise price (CHF)	5.00	5.00	5.00
Share price at date of grant (CHF)	49.00	49.00	56.00
Vesting period (years)	4	3	up to 4
Expected volatility (%)	25%	25%	25%
Expected option life at grant date (years)	10.00	9.88	9.90
Risk-free interest rate p.a. (%)	0.52% / 0.77%	0.26%	0.00%
Expected dividend	Zero	Zero	Zero
Estimated fair value of option at grant date (CHF)	44.26 / 44.37	44.13	51.00
Expiry date	31.07. / 28.04.2032	31.12.2031	31.12.2030

The following table illustrates the movements in, share options during the year:

	2022	2021
Outstanding as of 1 January	48'977	42'116
Granted during the year	11'380	7'021
Forfeited during the year	–	-139
Exercised during the year	–	–
Expired during the year	–	-21
Outstanding as of 31 December	60'357	48'977
Exercisable as of 31 December	37'699	31'967

The following table illustrates the weighted average remaining contractual life of all options outstanding:

	2022	2021
Weighted average remaining contractual life (years)	6.16	6.45

The expenses for share-based compensation recognised in the income statement within personnel expense is as follows:

	2022	2021
	CHF	CHF
Share-based payments	607'044	875'574

There were no cancellations or modifications to the options in 2022 or 2021.

23. Income tax

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	2022	2021
	CHF	CHF
Current income tax		
Current income charge	–	–
Deferred tax		
Relating to origination and reversal of temporary differences	–3’493’571	–882'016
Relating to origination and reversal of tax losses carried forward	3’269’121	–54'312
Income tax (expense)/benefit reported in the income statement	**–224’450**	**–936'328**
Deferred tax related to items recognised in OCI during in the year		
Remeasurement (gain)/loss on actuarial gains and losses	45’474	–1’403
Deferred tax charged to OCI	**45’474**	**–1’403**

Reconciliation of tax expense and the accounting profit multiplied by the domestic tax rate of the parent for 2022 and 2021:

	2022	2021
	CHF	CHF
Accounting profit before tax	**7’200’809**	**5'419'503**
At the statutory income tax rate of 13.04% (2021: 13.04%)	–938’985	–706'703
Recognition/(Derecognition) of deferred tax assets on tax losses carried forward	2’653’747	–54'312
Recognition of deferred tax assets on tax losses carried forwards prior years	615’374	–
Effect of unrecognised deferred taxes on tax loss carry-forwards	–	–250'069
Utilisation/(Creation) of tax losses carried forwards	–2’653’762	54'297
Effect of higher tax rates in Germany and the US	53’832	82'170
Deductible/(Non-deductible) expenses for tax purposes		
Share-based payments	–79’159	–114'175
Unrealized loss on intercompany loan	154’464	59'306
Interest expenses	–29’961	–6'842
Income tax (expense)/benefit reported in the income statement	**–224’450**	**–936'328**

Deferred tax relates to the following:

	Consolidated balance sheet		Consolidated income statement	
	2022	2021	2022	2021
	CHF	CHF	CHF	CHF
Lease receivables vs. lease assets for tax purposes	-2’910’002	−357'768	2’635’163	174'903
Revaluations of equity instruments to fair value through profit or loss	−1’965’584	−1'137'710	827’874	674'277
Pension	14’055	60'899	1’370	−1'882
Leases (Group as a lessee)	965	1'498	533	17
Borrowings at amortised cost	−19’290	–	19’290	–
Statutory provisions	−41’699	−33'523	8’109	33'523
Capitalized start-up expenses	15’166	16'109	1’231	1'179
Losses available for offsetting against future taxable income	3’278’164	102'437	−3’269’121	54'312
Deferred tax expense/(benefit)			**224’450**	**936'328**
Net deferred tax assets/(liabilities)	**−1’628’226**	**−1'348'056**		

Reflected in the statement of financial position as follows:		
Deferred tax assets	572’015	–
Deferred tax liabilities	−2’200’241	−1'348'056
Deferred tax liabilities, net	−1’628’226	−1'348'056

The Group has no unrecognised tax loss carry-forwards available (2021: CHF 2’622’706).

	2022	2021
	CHF	CHF
Reconciliation of deferred tax liabilities, net		
As of 1 January	−1’348’056	−413'979
Tax income/(expense) during the year recognised in profit or loss	−224’450	−936'328
Tax income during the year recognised in OCI	45’474	100
Foreign exchange differences	−101’194	3'653
As as of 31 December	**−1’628’226**	**−1'346'554**

24. Share capital

Share capital

The share capital in the amount of CHF 1'233'068 (2021: CHF 1'233'068) consists of 1'233'068 (2021: 1'233'068) registered shares at par value of CHF 1.00 each. The share capital is fully paid in.

Conditional share capital

As of 1 January 2021, the Company had conditional share capital, exclusively reserved for participants of the employee stock option plan, pursuant to which the share capital may be increased by a maximum amount of CHF 86'218 through the issue of a maximum of 86'218 registered shares at a par value of CHF 1.00 each. As of 31 December 2022, the conditional share capital remains unchanged.

Authorized share capital

The Annual General Meeting of 27 April 2021 approved the creation of authorized share capital: The Board of Directors is authorized to increase the share capital by a maximum of CHF 616'534, split into 616'534 registered shares at a par value of CHF 1.00 each, by 27. April 2023 at the latest. As of 31 December 2022, the authorized share capital remains unchanged.

25. Related party disclosures

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Key management includes the Executive Management which consists of the Chief Executive Officer and Chief Financial Officer, and the Board of Directors.

	2022	2021
	CHF	CHF
Short-term employee benefits	885'440	863'058
Post-employment benefits	82'923	69'654
Share-based payment benefits	300'040	444'424
Total key management personnel compensation	**1'268'404**	**1'377'136**

Transactions with key management:

In 2022 the Group repurchased 7'143 shares in an amount of CHF 500'010 from a member of the key management.

There are no loans outstanding or guarantee commitments granted to the key management.

In 2022, 6'193 stock options were granted to the key management (2021: 4'731 stock options granted to the key management).

In 2022, no stock options were exercised by the key management (2021: no stock options exercised).

Other transactions with related parties

Kineo Capital Partners Sàrl is entitled to receive from the Fund fees, payable quarterly determined based on a fixed percentage of the committed capital of the Fund at the end of the quarter. The management fee for the year amounted to CHF 222'957 (2021: CHF 0)

26. Events after the reporting period

By end of February 2023, the Company issued additional bearer notes in the amount of EUR 15'000'000 at the same terms and conditions as the existing bearer notes.

No other adjusting or other non-adjusting event to be disclosed occurred subsequently to the balance sheet date until the authorization of these consolidated financial statements by the Board of Directors on 31 March 2023.

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To the General Meeting of
kineo finance AG, Basel

Basel, 31 March 2023

Report of the statutory auditor

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of kineo finance AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholder's equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (pages 1 to 49).

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated balance sheet of the Group as at 31 December 2022 and of its consolidated income statement 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 (ISA) and Swiss Standards on Auditing (SA-CH). 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, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), 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.

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, ISA and SA-CH 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 on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

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Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the 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

René Buchmann (Qualified Signature)	Suvison Thanigasalam (Qualified Signature)
Licensed audit expert (Auditor in charge)	Licensed audit expert