kineo finance

Financial report

kineo finance Group



31 December 2023

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Consolidated balance sheet

as of 31 December	Notes	2023	2022
		CHF	CHF
ASSETS			
Current assets			
Cash		20'452'219	2'893'900
Lease receivables, current	12, 15	17'901'894	13'387'983
Loans and other current financial assets	14, 15	4'269'857	3'073'771
Accounts receivables	13, 15	223'943	262'021
Other current assets	16	405'990	696'471
Total current assets		*43'253'903*	*20'314'146*
Non-current assets			
Lease receivables, non-current	12, 15	41'495'811	31'249'700
Loans and other non-current financial assets	14, 15	6'590'593	7'437'616
Investments	15	6'255'306	6'234'017
Other financial assets at fair value through profit or loss	15	13'982'477	13'380'945
Property plant and equipment incl. right-of-use assets	18	4'024	85'269
Intangible assets	17	193'495	185'328
Deferred tax assets	23	231'367	572'015
Total non-current assets		*68'753'073*	*59'144'890*
Total assets		**112'006'975**	**79'459'036**

as of 31 December	Notes	2023	2022
		CHF	CHF
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payables	15, 19	42'156	13'975
Accrued expenses	19	955'401	704'009
Lease liabilities, current	15, 20	–	78'224
Other current liabilities		7'493	24'514
Total current liabilities		*1'005'050*	*820'722*
Non-current liabilities			
Borrowings, non-current	15	48'098'477	14'663'856
Net pension liabilities	21	457'632	107'758
Deferred tax liabilities	23	2'118'383	2'200'241
Total non-current liabilities		*50'674'492*	*16'971'856*
Total liabilities		**51'679'542**	**17'792'577**
Shareholders' equity			
Share capital	24	1'233'068	1'233'068
Capital reserves		47'817'495	47'817'495
Treasury shares	25	-500'010	-500'010
Other reserves	22	2'317'124	1'818'123
Retained earnings		14'201'113	13'094'550
Currency translation reserves		-4'741'356	-1'796'768
Total shareholders' equity		**60'327'434**	**61'666'458**
Total liabilities and shareholders' equity		**112'006'975**	**79'459'036**

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for the years ended 31 December	Notes	2023	2022
		CHF	CHF
Interest from finance leases and similar income	6	11'149'540	5'782'920
Interest expense on refinancing	15	−3'783'016	−450'084
Net income from financing business		**7'366'524**	**5'332'836**
Other operating income	7	772'432	222'957
Gross profit		**8'138'956**	**5'555'793**
Personnel expense	8	−4'285'110	−3'660'345
Other operating expense	9	−1'701'055	−1'129'519
Depreciation and amortisation	17, 18	−136'179	−129'028
Total operating expense		**−6'122'344**	**−4'918'892**
Operating result		**2'016'612**	**636'902**
Gain/(loss) on investments and other financial assets at fair value (net)	10, 15	−136'007	6'347'029
Other finance result (net)	11	370'980	216'878
Profit before tax		**2'251'585**	**7'200'809**
Income tax (expense)/benefit	23	−773'441	−244'450
Profit for the year		**1'478'144**	**6'976'359**

Consolidated statement of comprehensive income

for the years ended 31 December	Notes	2023	2022
		CHF	CHF
Profit for the year		1'478'144	6'976'359
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		−3'031'785	−1'184'541
Exchange differences on translation of foreign operations		87'197	74'630
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**−2'944'589**	**−1'109'911**
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	−371'581	303'157
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**−371'581**	**303'157**
Other comprehensive loss for the year		**−3'316'170**	**−806'754**
Total comprehensive income for the year		**−1'838'026**	**6'169'605**

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Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2023	Notes	Share capital	Capital reserves	Treasury shares	Other reserves	Retained earnings	Currency translation reserves	Total shareholders' equity
		CHF	CHF	CHF	CHF	CHF	CHF	CHF
As of 1 January		1'233'068	47'817'495	-500'010	1'818'123	13'094'550	-1'796'768	**61'666'458**
Profit for the year		–	–	–	–	1'478'144	–	**1'478'144**
Other comprehensive income/(loss)		–	–	–	–	-371'581	-2'944'589	**-3'316'170**
Total comprehensive income/(loss)		**–**	**–**	**–**	**–**	**1'106'563**	**-2'944'589**	**-1'838'026**
Share based payments	22		–	–	499'001	–	–	**499'001**
As of 31 December		**1'233'068**	**47'817'495**	**-500'010**	**2'317'124**	**14'201'113**	**-4'741'356**	**60'327'434**

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For the year ended 31 December 2022	Notes	Share capital	Capital reserves	Treasury shares	Other reserves	Retained earnings	Currency translation reserves	Total shareholders' equity
		CHF	CHF	CHF	CHF	CHF	CHF	CHF
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	25			-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**

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for the years ended 31 December	Notes	2023	2022
		CHF	CHF
Operating activities			
Profit before tax		2'251'585	7'200'809
Adjustments to reconcile profit before tax to net cash flows:			
Interest income from loans	6	–1'699'364	–629'749
Interest expense on refinancing	15	3'783'016	450'084
Depreciation, amortisation and impairment	11, 17, 18	882'107	129'028
Loss/(gain) on disposal of fixed assets		–	1'503
Share-based payment expense	22	499'001	607'044
Other interest and foreign exchange valuation result	11	–1'196'603	–305'805
Loss/(gain) on investments and other financial assets at fair value (net)	10, 15	136'007	–6'347'029
Movements in net pension liabilities		–77'444	–10'503
Working capital adjustments:			
Decrease/(increase) in lease receivables without investments in leases		16'491'986	8'730'021
Decrease/(increase) in loans and other financial assets without investments in loans		731'573	162'119
Decrease/(increase) in accounts receivables and other current assets		340'966	–297'732
Increase/(decrease) in accounts payables, accrued expenses and other current liabilities		267'383	–457'536
Interest received from loans		1'476'054	629'749
Other interest received		133'396	2'393
Interest paid on refinancing	15	–3'439'278	–602'873
Net cash flows from operating activities before investments in leases and loans		***20'580'385***	***9'261'524***

for the years ended 31 December	Notes	2023	2022
		CHF	CHF
Operating activities (continued)			
Investments in leases	12	–34'099'838	–28'510'123
Investments in loans	14	–1'948'202	–7'518'290
Net cash flows from/(used in) operating activities		**–15'467'656**	**–26'766'888**
Investing activities			
Purchase of property, plant and equipment	18	–1'483	–5'506
Purchase of intangible assets	17	–61'888	–80'376
Acquisition of investments	15	–779'729	–1'348'106
Granting of convertible loans to investees	14	–	–764'848
Net cash flows from/(used in) investing activities		**–843'101**	**–2'198'836**
Financing activities			
Purchase of treasury shares	25	–	–500'010
Payment of principal portion of lease liabilities	20	–78'224	–81'352
Proceeds from borrowings	15	36'589'608	14'722'500
Repayment of borrowings	15	–1'555'152	–
Net cash flows from/(used in) financing activities		**34'956'233**	**14'141'138**
Net increase/(decrease) in cash		18'645'477	–14'824'586
Net foreign exchange differences		–1'087'157	799'457
Cash as of 1 January		2'893'900	16'919'029
Cash as of 31 December		**20'452'219**	**2'893'900**

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1. Corporate information

The consolidated financial statements of kineo finance AG and its subsidiaries (collectively, the kineo finance Group or the Group) for the year ended 31 December 2023 were authorised for issue by the Company's Board of Directors on 27 March 2024 and are subject to approval of the annual general meeting of shareholders. kineo finance AG (the Company or the parent) is a Swiss stock corporation ("Aktiengesellschaft") with its registered office at Aeschengraben 20, 4051 Basel, Switzerland (CHE-176.996.149). 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. Accounting policies

2.1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS® Accounting Standards 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 2023. 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. 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.

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.

2.3. Summary of material accounting policies

The following are the material 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.

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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:

	2023	2022
Income statement in CHF average rates		
1 USD	0.8988	0.9550
1 EUR	0.9717	1.0048
Balance sheet in CHF year-end rates		
1 USD	0.8416	0.9252
1 EUR	0.9297	0.9875

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.

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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.

i) 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.

ii) 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 for which the Group makes use of the exemption to recognise the relevant lease payments as expense on a straight-line basis over the lease term.

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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 and for purposes of subsequent measurement, as financial assets

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

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 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

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.

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.

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ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition and for purposes of subsequent measurement, as financial liabilities

- at fair value through profit or loss, or
- at amortised cost

The Group's financial liabilities at amotised costs include accounts payables and accrued expenses, loans and borrowings, and lease liabilities. The Group does not hold any financial liabilities classified or to be classified as at fair value through profit or loss.

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.

Subsequent measurement

Financial liabilities at amortised cost

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.

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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 materialize 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.

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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

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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.

No expense is recognised for awards that do not ultimately vest because 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.

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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.

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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 2023. 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. Material 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 material 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.

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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.

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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.

	2023 CHF	2022 CHF
Total assets	112'006'975	79'459'036
Total shareholders' equity	60'327'434	61'666'458
Equity ratio	**53.9%**	**77.6%**

5. Group information

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

Name and Domicile	Functional Currency	% of equity interest 2023	% of equity interest 2022
kineo debt solutions GmbH, München, Germany	EUR	100	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
Kineo Capital Partners Sàrl, Senningerberg, Luxembourg	EUR	100	100

6. Interest from finance leases and similar income

	2023	2022
	CHF	CHF
Interest income finance lease	8'699'167	4'902'849
Variable usage-dependent lease payments	477'436	250'322
Other income from lessees	273'574	–
Interest income from loans	1'699'364	629'749
Interest from finance leases and similar income	**11'149'540**	**5'782'920**

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 interest income from loans.

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:

	2023	2022
	CHF	CHF
Switzerland	5'307'298	3'865'427
Germany	2'844'674	1'417'440
USA	2'997'568	500'053
	11'149'540	**5'782'920**

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 (2022: three):

	2023	2022
	CHF	CHF
Lessee 1	2'179'991	2'374'580
Lessee 2	2'158'372	(*)
Lessee 3	1'886'771	791'298
Lessee 4	(*)	1'009'785

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

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7. Other operating income

	2023 CHF	2022 CHF
Management fee	772'432	222'957
Other operating income	**772'432**	**222'957**

8. Personnel expense

	2023 CHF	2022 CHF
Salaries and wages	−3'264'736	−2'585'318
Social security expense	−519'634	−443'321
Share based payments	−499'001	−607'044
Other personnel expense	−1'740	−24'662
Personnel expense	**−4'285'110**	**−3'660'345**

The Group employed on average 17.7 people based on full−time equivalents (FTE) during 2023 (2022: 13.9). As of year−end 2023 the Group had 17.8 FTE (2022: 16.1).

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9. Other operating expenses

	2023 CHF	2022 CHF
Legal and other consulting fees	−376'183	−407'149
Expected credit losses of lease receivables	−252'198	−18'303
Audit and accounting fees	−236'395	−152'268
Travel expenses	−203'505	−121'346
Office rent (short-term leases)	−162'781	−99'218
IT and telecom costs	−134'568	−98'243
Bank fronting fee	−110'994	–
Sales, marketing and communication costs	−77'081	−33'636
Insurance costs	−38'057	−46'212
Other expenses	−59'113	−101'945
Capital taxes	−50'180	−51'199
Other operating expense	**−1'701'055**	**−1'129'519**

The groupwide fees to the Group's statutory auditor EY are as follows:

	2023 CHF	2022 CHF
Audit fees	135'000	85'000
Non-audit fees	17'016	37'002
	152'016	122002

10. Gain/(loss) on investments and other financial assets at fair value (net)

	2023 CHF	2022 CHF
Gain/(loss) on non-listed equity investments	−801'250	407'421
Gain/(loss) on equity kickers from finance leases	664'669	5'955'008
Gain/(loss) on warrants	574	−15'400
Gain/(loss) on investments and other financial asset at fair value (net)	**−136'007**	6'347'029

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11. Other finance result (net)

	2023	2022
	CHF	CHF
Interest on lease liabilities	–1'636	–5'768
Foreign exchange valuation result	960'321	239'109
Impairment loss on convertible loans	–745'927	–
Other interest income	237'919	72'464
Other finance costs	–79'696	–88'927
Other finance result (net)	**370'980**	**216'878**

12. Lease receivables

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

	2023	2022
	CHF	CHF
As of 1 January	44'637'683	26'352'660
Lease payments received	–24'938'955	–14'361'396
Additions (net investments in finance leases)	34'099'838	28'510'123
Accretion of interest	8'699'167	4'902'849
Movement in ECL	–252'198	–18'303
Foreign exchange differences	–2'847'830	–748'249
As of 31 December	**59'397'705**	**44'637'683**

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12. Lease receivables *(continued)*

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

	2023	2022
	CHF	CHF
Up to 1 year	25'876'857	19'133'353
1 to 2 years	22'360'374	16'174'190
2 to 3 years	16'056'908	13'030'442
3 to 4 years	8'809'462	6'776'089
4 to 5 years	3'408'767	1'970'474
More than 5 years	549'025	–
Total non-discounted future contractual lease payments	**77'061'393**	**57'084'548**
Unguaranteed residual values	–	–
Gross Investment	**77'061'393**	**57'084'548**
Unearned (outstanding) interest income	–17'366'808	–12'402'182
Net Investment	**59'694'585**	**44'682'365**
Allowance for expected credit losses	–296'880	–44'682
Lease receivables	**59'397'705**	**44'637'683**
Thereof:		
Lease receivables, current	17'901'894	13'387'983
Lease receivables, non-currrent	41'495'811	31'249'700

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

	2023	2022
	CHF	CHF
Switzerland	7'178'530	6'651'347
Germany	4'605'285	3'609'655
USA	6'118'079	3'126'981
Lease receivables, current	**17'901'894**	**13'387'983**
Switzerland	12'637'298	11'861'204
Germany	13'698'936	10'702'784
USA	15'159'578	8'685'711
Lease receivables, non-current	**41'495'811**	**31'249'700**
Switzerland	19'815'828	18'512'551
Germany	18'304'221	14'312'440
USA	21'277'657	11'812'692
Lease receivables	**59'397'705**	**44'637'683**

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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 2023 and 2022 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 variable lease payments from finance leases which are not part of the net investment in the finance leases.

14. Loans and other financial assets

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

	2023	2022
	CHF	CHF
Up to 1 year	5'035'654	4'561'627
1 to 2 years	8'109'342	1'870'520
2 to 3 years	488'325	6'491'605
3 to 4 years	–	203'596
4 to 5 years	–	–
More than 5 years	–	–
Total non-discounted future contractual loan payments	**13'633'321**	**13'127'347**
Unearned (outstanding) interest income	-2'840'960	-3'424'549
Loans	**10'792'361**	**9'702'798**
Thereof:		
Loans, current	4'269'857	3'073'771
Loans, non-currrent	6'522'504	6'629'027

The balance sheet line item loans and other financial assets includes also other financial assets in an amount of CHF 68'089 (2022: CHF 87'697).

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14. Loans and other financial assets *(continued)*

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

	2023				2022			
	Loans	Convertible loans	Other financial assets	Total	Loans	Convertible loans	Other financial assets	Total
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
As of 1 January	9'702'798	720'892	87'697	**10'511'387**	2'361'587	167'325	92'160	**2'621'072**
Granting of loans	1'948'202	–	–	**1'948'202**	7'518'290	764'848	–	**8'283'138**
Additions	–	–	20'000	**20'000**	–	–	6'632	**6'632**
Payments received	–2'189'539	–	–38'250	**–2'227'789**	–780'161	–2'393	–8'481	**–791'035**
Accretion of interest	1'699'364	71'242	252	**1'770'858**	629'749	72'280	184	**702'213**
Impairment loss of convertible loans	–	–745'927	–	**–745'927**	–	–	–	**–**
Conversion of convertible loans	–	–	–	**–**	–	–236'769	–	**–236'769**
Foreign exchange differences	–368'465	–46'207	–1'610	**–416'281**	–26'666	–44'399	–2'799	**–73'864**
As of 31 December	**10'792'361**	**–**	**68'089**	**10'860'450**	**9'702'798**	**720'892**	**87'697**	**10'511'387**
Thereof:								
Current	4'269'857	–	–	**4'269'857**	3'073'771	–	–	**3'073'771**
Non-current	6'522'504	–	68'089	**6'590'593**	6'629'027	720'892	87'697	**7'437'616**

The impairment loss of convertible loans recognized in 2023 consists of a write-off due to the insolvency of the relevant investee (CHF 554'463) as well as a full write-down due to the severe financial situation and risk of insolvency of another investee (CHF 191'465). The fair value of the equity investment in that investee was adjusted to zero which resulted in a fair value loss of CHF 578'492.

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15. Financial assets and financial liabilities

15.1. Financial assets

	2023	2022
	CHF	CHF
Financial assets at fair value through profit or loss		
Non-listed equity investments	6'255'306	6'234'017
Equity kickers from finance leases	13'982'477	13'317'808
Warrants	–	63'137
	20'237'783	**19'614'962**
Financial assets at amortised cost (*)		
Lease receivables	59'397'705	44'637'683
Accounts receivables	223'943	262'021
Loans and other financial assets		
Loans, current	*4'269'857*	*3'073'771*
Loans, non current	*6'522'504*	*6'629'027*
Convertible loans, non current	–	*720'892*
Other financial assets, non current	*68'089*	*87'697*
	70'482'098	**55'411'091**
Total financial assets (**)	**90'719'881**	**75'026'053**
Thereof:		
Total current	**22'395'694**	16'723'775
Total non-current	**68'324'187**	58'302'277

(*): The carrying amounts approximately reflect fair values of the financial assets at amortised costs

(**): Financial assets, other than cash

15.2. Financial liabilities: Interest-bearing liabilities

	Interest rate	2023	2022
		CHF	CHF
Lease liabilities, current (*Maturity: 2024*)	5%	–	78'224
Borrowings, non-current			
Bearer notes (Maturity: 2026)	*7% + EURIBOR*	*27'755'973*	*14'663'856*
Straight bond (Maturity: 2028)	*6.5%*	*20'342'505*	–
Total interest-bearing liabilities		**48'098'477**	14'742'080

In February 2023 the Group issued bearer notes in the amount of EUR 15 million (2022: EUR 15 million) with floating interest rates, payable monthly in arrears. The bearer notes in the total nominal amount of EUR 30 million are due for repayment on 30 June 2026.

In June 2023 the Group placed a CHF-denominated straight bond in the amount of CHF 20 million and a fixed interest rate (coupon) of 6.5% p.a., payable annually in arrears on 1 June. The bond is due for repayment on 1 June 2028.

Denominations of the bond are CHF 5'000 nominal and multiples thereof. The bond has been admitted to trading on the SIX Swiss Exchange with effect from 1 June 2023 until 30 May 2028. Its fair value as of 31 December 2023 as published by SIX Swiss Exchange amounts to CHF 20'000'000.

15. Financial assets and financial liabilities *(continued)*

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 borrowings. 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. As of 31 December 2023 the Group has outstanding bearer notes with floating interest rates in the nominal amount of EUR 30 million (2022: EUR 15 million). 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 straight bond issued in June 2023 bears a fixed interest rate (coupon) of 6.5% p.a.

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 loans with floating interest rates.

A movement of +/- 50 basis points in the floating interest rates would impact the profit before tax by -/+ CHF 102'261 (2022: -/+ CHF 20'974).

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15. Financial assets and financial liabilities *(continued)*

15.3. Financial instruments risk management objectives and policies *(continued)*

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 profit before tax is due to changes in the fair value of the Group's monetary assets and liabilities. The impact on shareholders' equity does also consider the Company's net investments in foreign subsidiaries.

Foreign exchange rate (in CHF)	EUR	USD
2023		
+/– 10% (effect on profit before tax)	+/–1'014'165	+/–444'133
+/– 10% (effect on shareholders' equity)	+/–2'531'851	+/–2'314'809

Foreign exchange rate (in CHF)	EUR	USD
2022		
+/– 10% (effect on profit before tax)	+/–435'260	+/–31'010
+/– 10% (effect on shareholders' equity)	+/–1'140'282	+/–1'056'992

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 (+/–):

	2023 CHF	2022 CHF
Impact on profit before tax		
Non–listed equity investments	625'531	623'402
Equity kickers from finance leases	1'996'998	1'472'777
Warrants	–	11'275
Total impact on profit before tax	**2'622'529**	**2'107'454**

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15. Financial assets and financial liabilities *(continued)*

15.3. Financial instruments risk management objectives and policies *(continued)*

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, historical credit loss experience adjusted for forward-looking factors specific to the debtors as well as reasonable and supportable information about current conditions and forecasts of future economic conditions.

Since 2023 lease receivables from lessees who have occasionally not made payments one time are categorized as close monitoring. The effect of that categorization on ECL in 2022 was immaterial.

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.

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.

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

	2023					2022				
	Performing	Close monitoring	Days past due		Total	Performing	Close monitoring	Days past due		Total
			<90 days	90 days — 1 year				<90 days	90 days — 1 year	
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Expected credit loss rate	0.1%	1.0%	5.0%	12.0%		0.1%	1.0%	5.0%	12.0%	
Estimated total gross carrying amount at default	36'716'087	22'219'022	759'476	–	59'694'586	44'682'365	–	–	–	44'682'365
Expected credit loss	36'716	222'190	37'974	–	296'880	44'682	–	–	–	44'682
Total carrying amount	**36'679'371**	**21'996'832**	**721'503**	**–**	**59'397'705**	**44'637'683**	**–**	**–**	**–**	**44'637'683**

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15. Financial assets and financial liabilities *(continued)*

15.3. Financial instruments risk management objectives and policies *(continued)*

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and funding sources. In February 2023 the Group issued additional bearer notes in the amount of EUR 15 million with floating interest rates and in June 2023 a straight bond in the amount of CHF 20 million. Thus, the Group is sufficiently financed through equity and borrowings.

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

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	2023				2022			
	less than 3 months	3 to 12 months	1 to 5 years	Total	less than 3 months	3 to 12 months	1 to 5 years	Total
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Accounts payables	42'156	–	–	**42'156**	13'975	–	–	**13'975**
Lease liabilities	–	–	–	**–**	21'780	58'080	–	**79'860**
Borrowings	753'935	3'578'375	57'635'310	**61'967'620**	337'351	992'976	18'104'818	**19'435'145**
	796'091	**3'578'375**	**57'635'310**	**62'009'776**	**373'106**	**1'051'056**	**18'104'818**	**19'528'980**

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15. Financial assets and financial liabilities *(continued)*

15.4. Changes in liabilities arising from financing activities

Movements in liabilities arising from financing activities are as follows:

	2023			2022		
	Borrowings	Lease liabilities	Total liabilities from financing activities	Borrowings	Lease liabilities	Total liabilities from financing activities
	CHF	CHF	CHF	CHF	CHF	CHF
As of 1 January	14'663'856	78'224	**14'742'080**	–	159'576	**159'576**
Proceeds from borrowings	36'589'608	–	**36'589'608**	14'722'500	–	**14'722'500**
Repayment of borrowings	–1'555'152	–	**–1'555'152**	–	–81'352	**–81'352**
Repayment of lease liabilities	–	–78'224	**–78'224**	–597'105	–5'768	**–602'873**
Interest paid (*)	–3'437'642	–1'636	**–3'439'278**	14'125'395	–87'120	**14'038'275**
Cashflow	**31'596'815**	**–79'860**	**31'516'955**	**450'084**	**5'768**	**455'852**
Discounted interests	3'783'016	1'636	**3'784'652**	88'377	–	**88'377**
Foreign exchange differences	–1'945'210	–	**–1'945'210**	538'461	5'768	**544'229**
Other non-cash movements	**1'837'806**	**1'636**	**1'839'443**	**14'663'856**	**78'224**	**14'742'080**
As of 31 December	**48'098'477**	**–**	**48'098'477**	**–**	**159'576**	**159'576**

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

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15. Financial assets and financial liabilities *(continued)*

15.5. Fair value measurement

Equity kickers generally increase due to vesting according to the Group's additional investments in finance leases entered into under the relevant framework agreements with lessees. In addition, movements in the fair value of the equity kickers are driven by the relevant share price of the underlying shares of the lessees.

The significant unobservable input of the fair value measurement of these financial assets is the underlying valuation and thus the relevant share price in the most recent financing round of these investees.

A quantitative sensitivity analysis of the share price is provided in Note 15.3 (equity price risk).

Fair value measurement hierarchy for assets measured at fair value as of 31 December 2023:

	2023				2022			
	Fair value measurement using				Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Assets measured at fair value								
Non-listed equity investments	–	–	6'255'306	**6'255'306**	–	–	6'234'017	6'234'017
Equity kickers from finance leases	–	–	13'982'477	**13'982'477**	–	–	13'317'808	13'317'808
Warrants	–	–	–	–	–	–	63'137	63'137
	–	**–**	**20'237'783**	**20'237'783**	**–**	**–**	**19'614'962**	**19'614'962**

There were no transfers of financial assets between the three levels of the fair value hierarchy during 2023 and 2022.

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15. Financial assets and financial liabilities *(continued)*

15.5. Fair value measurement *(continued)*

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

	2023				2022			
	Non-listed equity investments	Equity kickers on finance leases	Warrants	Total	Non-listed equity investments	Equity kickers on finance leases	Warrants	Total
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
As of 1 January	6'234'017	13'317'808	63'137	**19'614'962**	4'241'721	7'362'800	78'537	**11'683'057**
Remeasurement in statement of profit or loss during the period	-801'250	664'669	574	-136'007	407'421	5'955'008	-15'400	**6'347'029**
Purchases	779'729	–	–	**779'729**	1'348'106	–	–	**1'348'106**
Excercise of warrants	63'711	–	-63'711	**–**	–	–	–	**–**
Conversion of convertible loans	–	–	–	**–**	236'769	–	–	**236'769**
Sales	–	–	–	**–**	–	–	–	**–**
Currency translation adjustments	-20'901	–		**-20'901**	–	–	–	**–**
As of 31 December	**6'255'306**	**13'982'477**	**–**	**20'237'783**	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. CHF 1'394'550 (2022: CHF 740'588) out of the non-listed equity investment relate to the growth equity fund Kineo Capital I SCSp.

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16. Other current assets

	2023	2022
	CHF	CHF
VAT (Germany, Switzerland & Finland)	232'692	545'067
Withholding tax Switzerland	33'190	–
Capital tax	325	301
Prepaid expenses	139'783	151'103
Other current assets	**405'990**	**696'471**

17. 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):

	2023	2022
	CHF	CHF
As of 1 January	241'645	161'270
Additions	61'888	80'376
As of 31 December	**303'534**	**241'645**
Amortisation as of 1 January	56'317	16'734
Additions	53'722	39'583
Amortisation as of 31 December	**110'039**	**56'317**
Net book value as of 31 December	**193'495**	**185'328**

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18. 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:

	2023				2022			
	Leasehold improvements	Office (Right-of-use asset)	Other equipment	Total	Leasehold improvements	Office (Right-of-use asset)	Other equipment	Total
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
As of 1 Januar	40'195	386'315	28'767	**455'277**	40'195	386'315	26'017	**452'527**
Additions	–	–	1'483	**1'483**	–	–	5'248	**5'248**
Disposal	–	–	–	**–**	–	–	-2'006	**-2'006**
Foreign exchange differences	–	–	-767	**-767**	–	–	-491	**-491**
As of 31 December	**40'195**	**386'315**	**29'483**	**455'994**	**40'195**	**386'315**	**28'767**	**455'277**
Depreciation as of 1 January	32'358	315'491	22'160	**370'008**	24'319	238'228	18'754	281'300
Additions	7'837	70'825	3'795	**82'457**	8'039	77'263	4'143	**89'445**
Disposals	–	–	–	**–**	–	–	-503	**-503**
Foreign exchange differences	–	–	-496	**-496**	–	–	-233	**-233**
Depreciation as of 31 December	**40'195**	**386'315**	**25'460**	**451'970**	32'358	315'491	22'160	370'008
Net book value as of 31 December	**–**	**–**	**4'024**	**4'024**	7'837	70'825	6'607	85'269

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19. Accounts payables and accrued expenses

	2023	2022
	CHF	CHF
Trade payables	19'490	13'489
Other payables	22'666	486
Accounts payables	**42'156**	**13'975**
Payroll accrual	591'414	556'630
Audit and accounting	173'682	104'918
Legal services and consulting	102'780	17'100
IT support and services	14'915	8'250
Insurances	–	6'825
Capital taxes	49'699	–
Other accrued expenses	22'912	10'286
Accrued expenses	**955'401**	**704'009**

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:

	2023	2022
	CHF	CHF
As of 1 January	78'224	159'575
Additions	–	–
Accretion of interest	1'636	5'768
Payments	-79'860	-87'120
As of 31 December	**–**	**78'224**
Thereof		
Current	–	78'224
Non-current	–	–

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

	2023	2022
	CHF	CHF
Less than 3 months	–	21'780
3 to 12 months	–	58'080
Total	**–**	**79'860**

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.

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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 35'352 in 2023 (2022: CHF 34'624). In the USA the Group's employer contributions under Federal Insurance Contributions Act amounted to CHF 37'041 (2022: CHF 24'149) FICA (Federal Insurance Contributions Act. 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:

	2023	2022
Discount rate (DR) as of 1 January	2.20%	0.35%
Discount rate (DR) as of 31 December	1.50%	2.20%
Interest rate on retirement savings capital (IR) as of 31 December	1.25%	1.00%
Future salary increases (SI) as of 31 December	1.50%	1.00%
Mortality tables	BVG2020 GT	BVG2020 GT
Date of last actuarial valuation	31.12.2023	31.12.2022

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

	2023 CHF	2022 CHF
Amounts recognised in the balance sheet		
Defined benefit obligation as of 31 December	3'342'703	2'447'708
Fair value of plan assets as of 31 December	2'885'071	2'339'950
Deficit/(surplus) as of 31 December	457'632	107'758
Adjustment to asset ceiling	–	–
Net defined benefit liability/(asset) as of 31 December	**457'632**	**107'758**
Thereof		
recognised as separate (asset)	–	–
recognised as separate liability	**457'632**	107'758

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21. Pensions *(continued)*

	2023 CHF	2022 CHF
Reconciliation in net defined benefit liability/(asset)		
Net defined benefit liability/(asset) as of 1 January	107'758	466'892
Defined benefit cost recognised in profit or loss	109'753	130'820
Defined benefit cost recognised in OCI	424'318	–348'631
Contributions by the employer	–187'197	–141'323
Net defined benefit liability/(asset) as of 31 December	**457'632**	**107'758**
Reconciliation of defined benefit obligation		
Defined benefit obligation as of 1 January	2'447'708	2'646'742
Interest expense on defined benefit obligation	57'581	10'057
Current service cost (employer)	107'040	127'887
Contributions by plan participants	171'987	131'579
Benefits (paid)/deposited	60'148	193'998
Past service cost	–	–
Administration cost	1'224	1'323
Actuarial (gain)/loss on defined benefit obligation	497'015	–663'878
Defined benefit obligation as of 31 December	**3'342'703**	**2'447'708**

	2023 CHF	2022 CHF
Components of actuarial gain/losses on obligations		
Actuarial (gain)/loss arising from changes in financial assumptions	435'699	–831'607
Actuarial (gain)/loss arising from changes in demographic assumptions	2'820	–
Actuarial (gain)/loss arising from experience adjustments	58'496	167'729
Actuarial (gain)/loss on defined benefit obligation	**497'015**	**–663'878**
Reconciliation of fair value of plan assets		
Fair value of plan assets as of 1 January	2'339'950	2'179'850
Interest income on plan assets	56'092	8'447
Contributions by the employer	187'197	141'323
Contributions by plan participants	171'987	131'579
Benefits (paid)/deposited	60'148	193'998
Return on plan assets excl. interest income	69'697	–315'247
Fair value of plan assets as of 31 December	**2'885'071**	2'339'950

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21. Pensions *(continued)*

	2023 CHF	2022 CHF
Plan assets classes		
Quoted market price		
Cash and cash equivalents	25'076	25'739
Equity instruments	1'007'563	814'303
Debt instruments (e.g. bonds)	1'468'084	1'188'695
Real estate	293'640	238'675
Others	90'708	72'538
Total plan assets at fair value (quoted market price)	2'885'071	2'339'950
Non-quoted market price		
Total plan assets at fair value (non-quoted market price)	–	–
Total plan assets at fair value	**2'885'071**	**2'339'950**
Components of defined benefit cost in OCI		
Actuarial (gain)/loss on defined benefit obligation	497'015	-663'878
Return on plan assets excl. interest income	-69'697	315'247
Change in effect of asset ceiling excl. interest expense/income	–	–
Defined benefit cost recognised in OCI	**427'318**	**-348'631**

	2023 CHF	2022 CHF
Components of defined benefit cost in profit or loss		
Current service cost (employer)	107'040	127'887
Past service cost	–	–
Interest expense on defined benefit obligation	57'581	10'057
Interest (income) on plan assets	-56'092	-8'447
Interest expense/(income) on effect of asset ceiling	–	–
Administration cost excl. cost for managing plan assets	1'224	1'323
Defined benefit cost recognised in profit or loss	**109'753**	**130'820**
Thereof:		
service cost and administration cost	108'264	129'210
net interest on the net defined benefit liability/(asset)	1'489	1'610

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21. Pensions *(continued)*

	2023	2022
	CHF	CHF
Best estimate of contributions of next year		
Contributions by the employer	204'021	149'998
Contributions by plan participants	188'522	140'173
Maturity profile of defined benefit obligation		
Weighted average duration of defined benefit obligation (in years)	14.8	15.6
Sensitivity		
DBO = Defined benefit obligation, SC = Service cost (employer)		
DBO as of 31 December with DR −0.25%	3'469'198	2'544'015
DBO as of 31 December with DR +0.25%	3'225'508	2'357'172
DBO as of 31 December with IR −0.25%	3'289'185	2'408'456
DBO as of 31 December with IR +0.25%	3'397'484	2'487'904
DBO as of 31 December with SI −0.25%	3'312'806	2'410'145
DBO as of 31 December with SI +0.25%	3'371'546	2'482'901
DBO as of 31 December with life expectancy +1 year	3'307'515	2'467'725
DBO as of 31 December with life expectancy −1 year	3'409'263	2'428'018
SC of next year with DR +0.25%	178'269	98'242
SC of next year with IR +0.25%	198'778	110'959

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.

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22. Share-based payments *(continued)*

Nature of arrangement	Grant of stock options		
Grant date	13.02.2023	01.08. / 28.04.2022	14.02.2022
Number of options granted	5'023	7'462	3'918
Exercise price (CHF)	5.00	5.00	5.00
Share price at date of grant (CHF)	49.00	49.00	49.00
Vesting period (years)	3	4	3
Expected volatility (%)	25%	25%	25%
Expected option life at grant date (years)	10.00	10.00	9.88
Risk-free interest rate p.a. (%)	1.38%	0.52% / 0.77%	0.26%
Expected dividend	Zero	Zero	Zero
Estimated fair value of option at grant date (CHF)	44.64	44.26 / 44.37	44.13
Expiry date	31.12.2032	31.07. / 28.04.2032	31.12.2031

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

	2023	2022
Outstanding as of 1 January	60'357	48'977
Granted during the year	5'023	11'380
Forfeited during the year	-20	-
Exercised during the year	-	-
Expired during the year	-24	-
Outstanding as of 31 December	**65'336**	**60'357**
Exercisable as of 31 December	51'188	37'699

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

	2023	2022
Weighted average remaining contractual life (years)	5.46	6.16

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

	2023 CHF	2022 CHF
Share-based payments	499'001	607'044

There were no cancellations or modifications to the options in 2023 or 2022.

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23. Income tax

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	2023 CHF	2022 CHF
Current income tax		
Current income tax charge	–7'684	–
Deferred tax		
Relating to origination and reversal of temporary differences	–93'283	–3'493'571
Relating to origination and reversal of tax losses carried forward	–672'474	3'269'121
Income tax (expense)/benefit reported in the income statement	**–773'441**	**–224'450**
Deferred tax related to items recognised in OCI during in the year		
Remeasurement (gain)/loss on actuarial gains and losses	58'861	–45'474
Relating to origination and reversal of tax losses carried forward	454'768	–
Deferred tax charged to OCI	**510'505**	**–45'474**

Reconciliation of tax expense and the accounting profit multiplied by the domestic tax rate of the parent for 2023 and 2022:

	2023 CHF	2022 CHF
Accounting profit before tax	**2'251'585**	**7'200'809**
At the Swiss statutory income tax rate of 13.04% (2022: 13.04%)	–293'685	–939'236
Effect of higher tax rates in other countries	–145'137	54'056
Recognition of deferred tax assets on tax losses carried forwards prior years	–	615'374
Effect of unrecognised deferred taxes on tax loss carry-forwards	–11'371	–
Current income taxes from prior years	–4'524	–
Deductible/(Non-deductible) expenses for tax purposes	–318'724	45'357
Income tax (expense)/benefit reported in the income statement	**–773'441**	**–224'450**

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23. Income tax *(continued)*

Deferred tax relates to the following:

	Consolidated balance sheet		Consolidated income statement	
	2023	2022	2023	2022
	CHF	CHF	CHF	CHF
Lease receivables vs. lease assets for tax purposes	–2'580'990	–2'910'002	–109'528	2'635'163
Equity instruments to fair value through profit or loss	–2'098'092	–1'965'584	132'508	827'874
Pension	59'691	14'055	10'101	1'370
Leases (Group as a lessee)	–	965	965	533
Borrowings at amortised cost	–117'136	–19'290	97'845	19'290
Statutory provisions	1'429	–41'699	–39'767	8'109
Capitalized US-start-up expenses	12'710	15'166	1'159	1'231
Losses available for offsetting against future taxable income	2'835'372	3'278'164	672'474	–3'269'121
Net deferred tax assets/(liabilities)	**–1'887'016**	**–1'628'226**		
Deferred tax expense/(benefit) reported in the income statement			**765'758**	**224'450**
Reflected in the statement of financial position as follows:				
Deferred tax assets	231'367	572'015		
Deferred tax liabilities	–2'118'383	–2'200'241		
Deferred tax liabilities, net	**–1'887'016**	**–1'628'226**		

The Group has CHF 43'734 unrecognised tax loss carry-forwards available for which no deferred tax has been recognized (2022: CHF 0).

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23. Income tax *(continued)*

	2023 CHF	2022 CHF
Reconciliation of deferred tax liabilities, net		
As of 1 January	–1'628'226	–1'348'056
Tax income/(expense) during the year recognised in profit or loss	–765'758	–224'450
Tax income during the year recognised in OCI	510'505	–45'474
Foreign exchange differences	–3'536	–10'246
As as of 31 December	**–1'887'016**	**–1'628'226**

24. Share capital

Share capital

The share capital in the amount of CHF 1'233'068 (2022: CHF 1'233'068) consists of 1'233'068 (2022: 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 2022, 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 2023, the conditional share capital remains unchanged.

Capital band and 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 27 April 2023, the authorized share capital expired and has been replace by the capital band.

Due to the revision of the Swiss Code of Obligations (Corporate Law Reform), effective since 1 January 2023, the Annual General Meeting held on 28 April 2023 replaced the authorized share capital by approving the creation of a capital band Within the capital band the Board of Directors can increase and/or decrease the share capital up to CHF 1'849'602 (upper limit) or decrease the share capital down to CHF 616'534 (lower limit) at any time and as often as desired until 27 April 2028. As of 31 December 2023, the capital band remains unchanged.

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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.

	2023	2022
	CHF	CHF
Short-term employee benefits	975'079	885'440
Post-employment benefits	65'399	82'923
Share-based payment benefits	203'473	300'040
Total key management personnel compensation	**1'243'951**	**1'268'404**

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 2023, 270 stock options were granted to the key management (2022: 6'193 stock options granted to the key management).

In 2023, no stock options were exercised by the key management (2022: 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 772'432 (2022: CHF 222'957)

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26. Events after the reporting period

No material 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 27 March 2024.

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Building a better working world

To the General Meeting of
kineo finance AG, Basel

Basel, 27 March 2024

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 sheetas at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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.

Key audit matters

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

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

Valuation of investments and other financial assets at fair value through profit or loss

Risk	The Group has investments and other financial assets, namely equity kickers from finance leases, in non-listed, privately held start-ups and other early-stage companies valued at fair value through profit or loss totaling CHF 20 million which represent 18% of the Group's total assets and 33% of the Group's equity as of 31 December 2023. The fair value of these financial assets is determined using valuation techniques based on the International Private Equity and Venture Capital Valuation Guidelines (IPEV). These include assumptions used in valuations based on financing rounds with third parties (level 3 inputs). The estimated fair values are subject to management's estimate and assumptions. Due to the significance of the carrying amount and management's estimate and assumptions involved in the valuation of investments and other financial assets, this matter was considered significant to our audit. The valuation principles are disclosed in note 3 of the consolidated financial statements (under "mate-rial accounting judgements, estimates and assumptions"), the related disclosures for the fair value measurement of the investments and other financial assets in note 15.5 and its impact on profit or loss in note 10.
Our audit response	Our audit procedures included obtaining an understanding of the Group's process of recognizing and valuating investments and other financial assets. We further, assisted by our valuation specialists, assessed the Group's valuation model and reconciled the input parameters in the valuation model to the respective contracts and agreements of the last financing round. We assessed the adequacy of the disclosures provided in the respective notes of the consolidated financial statements. Our audit procedures did not lead to any reservations concerning the valuation of investments and other financial assets at fair value through profit and loss.

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Building a better working world

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

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

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, 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.

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

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