



FIDUCIAIRE  
DEUBER & BEURET SA

révision  
comptabilité  
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## **PYLANIA AG**

**Auditors' report and financial statements  
To the General meeting  
As at 31 March 2022**



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## **Report of the statutory auditor on the financial statements to the general meeting of Pylania AG**

As statutory auditor, we have audited the accompanying financial statements of Pylania AG, which comprise the balance sheet, income statement and notes for the year ended 31.03.2022.

### **Board of Directors' Responsibility**

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

### **Auditor's Responsibility**

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

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



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### **Opinion**

In our opinion, the financial statements for the year ended 31.03.2022 comply with Swiss law and the company's articles of incorporation.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Swiss Law in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in Switzerland, of the state of affairs of the Company as at March 31, 2022, its profit and loss for the year ended on that date.

### **Report on Other Legal Requirements**

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

Concerning the existence of a system of internal control, please refer to the notes to the financial statement.

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

Cortailod, 23<sup>rd</sup> May 2022

Antoine Deuber  
Licensed audit expert  
Auditor in charge

Thierry Beuret  
Licensed audit expert

**Enclosed : Financial statement (balance sheet, income statement and notes)**

# PYLANIA SA

ASSETS	Notes	31.03.2022 CHF	31.03.2021 CHF
<b><u>CURRENT ASSETS</u></b>			
<b><u>Liquid Funds</u></b>			
Banks accounts		36'476.55	194'241.36
<b><u>Total Liquid Funds</u></b>		<b>36'476.55</b>	<b>194'241.36</b>
<b><u>Trade receivables</u></b>			
Third parties		651'323.79	194'538.82
Intercompany		195'477.66	66'232.38
<b><u>Total trade receivables</u></b>	<b>3</b>	<b>846'801.45</b>	<b>260'771.20</b>
<b><u>Other current receivables</u></b>			
Third parties		2'500.00	2'500.00
Guarantees		10'000.00	10'000.00
VAT to be recovered		0.00	13'934.91
Advance to Group Companies		50'000.00	0.00
<b><u>Total other current receivables</u></b>		<b>62'500.00</b>	<b>26'434.91</b>
<b><u>Inventory</u></b>	<b>4</b>	<b>156'434.50</b>	<b>250'830.00</b>
<b><u>Total Current assets</u></b>		<b>1'102'212.50</b>	<b>732'277.47</b>
<b><u>NON-CURRENT ASSETS</u></b>			
<b><u>Financial assets</u></b>			
Participations	<b>5</b>	120'000.00	120'000.00
Loan to Estima AG		325'767.00	309'565.00
Subordinated Loan to Estima AG		1'450'000.00	900'000.00
<b><u>Total financial assets</u></b>		<b>1'895'767.00</b>	<b>1'329'565.00</b>
<b><u>Investment Property</u></b>			
Land		80'000.00	80'000.00
Building and Surrounding		170'000.00	378'000.00
<b><u>Total Investment Property</u></b>	<b>6</b>	<b>250'000.00</b>	<b>458'000.00</b>
<b><u>Tangible assets</u></b>			
Infrastructure and tangible asset		24'200.00	30'300.00
Machines, Equipment, Furniture		156'700.00	170'100.00
Vehicles		2'300.00	3'400.00
EDP Hard -und Software		1.00	1.00
<b><u>Total tangible assets</u></b>	<b>7</b>	<b>183'201.00</b>	<b>203'801.00</b>
<b><u>Total non-current assets</u></b>		<b>2'328'968.00</b>	<b>1'991'366.00</b>
<b>TOTAL ASSETS</b>		<b><u>3'431'180.50</u></b>	<b><u>2'723'643.47</u></b>

**PYLANIA SA**  
**Grenchen**

<b>LIABILITIES AND EQUITY</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>CHF</b>	<b>CHF</b>
<b><u>LIABILITIES</u></b>		
<b><u>Trade accounts payables</u></b>		
Third parties	62'669.95	24'555.27
Intercompany	1'100'349.18	223'468.88
c/c KIHLE SA	0.00	0.00
VAT due	7'324.36	0.00
Accrued liabilities	8 25'000.00	0.00
<b><u>Total trade accounts payables</u></b>	<b>1'195'343.49</b>	<b>248'024.15</b>
<b><u>Long term liabilities</u></b>		
Loan Radexpo AG	207'000.30	203'000.30
Loan COVID	0.00	220'000.00
Loan from banks	116'250.00	131'250.00
Loan from Independent sources	101'250.00	103'750.00
<b><u>Total other liabilities</u></b>	<b>424'500.30</b>	<b>658'000.30</b>
<b><u>Total Liabilities</u></b>	<b>1'619'843.79</b>	<b>906'024.45</b>
<b><u>EQUITY</u></b>		
<b><u>Share capital</u></b>	9 2'000'000.00	2'000'000.00
<b><u>Capital form agios</u></b>	450'000.00	450'000.00
Revaluation Reserves - 01.04	240'200.00	240'200.00
Transfer to retained earnings	-188'000.00	0.00
<b><u>Balance revaluation reserve</u></b>	<b>52'200.00</b>	<b>240'200.00</b>
<b><u>Balances Loss</u></b>		
Loss brought forward	-872'580.98	-1'096'532.85
Transfer from Revaluation reserve	188'000.00	0.00
Profit of the period	-6'282.31	223'951.87
<b><u>Total of balances loss</u></b>	<b>-690'863.29</b>	<b>-872'580.98</b>
<b><u>Total Equity</u></b>	<b>1'811'336.71</b>	<b>1'817'619.02</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3'431'180.50</b>	<b>2'723'643.47</b>

**PYLANIA SA  
Grenchen**

<b>PROFIT AND LOSS STATEMENT</b>	<b>01.04.2021 31.03.2022 CHF</b>	<b>01.04.2020 31.03.2021 CHF</b>
<b>Income</b>		
Net sales	2'622'372.98	1'249'671.60
<b><u>Total income</u></b>	<b>2'622'372.98</b>	<b>1'249'671.60</b>
<b>Expenses</b>		
Cost of goods sold	-2'152'924.16	-906'888.72
Personnel Expenses	-33'927.14	-43'605.15
Repair Maintenance, Energy	-22'528.81	-3'049.72
Administratives expenses	<b>10</b> -122'438.78	-54'825.42
Depreciation and amortisation	-45'250.00	-48'510.18
Financial expenses	-15'169.90	-16'026.44
Extraordinary income	0.00	15'399.10
Financial incomes	45'767.00	32'519.00
Provisions	-188'000.00	0.00
Tax expenses	-94'183.50	-732.20
<b><u>Total expenses</u></b>	<b>-2'628'655.29</b>	<b>-1'025'719.73</b>
<b>NET PROFIT</b>	<b><u><u>-6'282.31</u></u></b>	<b><u><u>223'951.87</u></u></b>

# PYLANIA AG

## Notes to the annual financial statements as at 31.03.2022

### 1. GENERAL

The purpose of the company is to develop, produce and trade in watches, watch components and similar precision techniques, as well as to hold, manage and control predominantly foreign companies and licenses in the analogous business area. The company can participate in the same or similar companies, set up agencies, branches and subsidiaries at home and abroad and carry out any activity that is suitable for promoting the purpose of the company, in particular also acquiring machines, facilities, land and real estate, encumber and sell, provided they serve the company purpose described above.

### 2. SIGNIFICANT ACCOUNTING POLICIES

Accounting basis - The financial statements have been prepared in accordance with the provisions of the Swiss Code of Obligations and in respect with the Notified Accounting Standards by (Accounting Standards) Rules 2015.

Translation of foreign currencies - The Company's books and records are maintained in Swiss Francs (CHF). Assets and liabilities in foreign currencies are translated into Swiss Francs at the daily rate of exchange ruling. Gains and losses are recognized in the income statement.

Inventories - Inventories are valued at acquisition cost, less any provisions

Intangible assets - Intangible assets were composed of : Patents, which have been amortised and subsidiary less provision.

Fixed assets - Fixed assets are stated at acquisition cost less accumulated depreciation. Depreciation has been provided on Written Down value Method.

Revenue Recognition - Sale of goods : Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of contract and are recognised net of trade discount, rebates, sale tax and excise duties.

Export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedents to claims are fulfilled.

Dividend income is recognised when the shareholder's right to receive payment is established.

# PYLANIA AG

## Notes to the annual financial statements as at 31.03.2022

### 2. SIGNIFICANT ACCOUNTING POLICIES

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable. Discount or premium on debt securities held is accrued over the period to maturity.

Use of estimates - In preparation of financial statements requires estimates and assumptions to be made which affect the reported amounts of assets / liabilities and disclosures of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Although those estimates are based upon Management's best knowledge of current events and actions, actual result could differ from these estimates.

Lease - Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the Statement of Profit and Loss over the lease term.

Investments - Long-term investments are carried at 'cost'. However, the provision for diminution in the value is made to recognise a decline other than temporary in the value of the investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Tax provision - Income-tax expense comprises Current Tax charge or credit. Provision for current tax is made on the assessable Income at the tax rate applicable to the relevant assessment year.

Impairment of assets - At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets suffered any an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash-flow expected from the continuing use of the assets and from its disposal is discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risk specific of the assets. Reversal of impairment loss is recognised immediately as income in the Statement of Profit and Loss.



# PYLANIA AG

## Notes to the annual financial statements as at 31.03.2022

### 3 ACCOUNT RECEIVABLES - ALLOWANCE FOR DOUBTFUL DEBTS

The company did not identify any risk on the receivables, there is not provision made on the debtors. The Standard credit period varies from 30 days to 90 days and there is no factoring agreement made by the company Pylania AG.

### 4 INVENTORIES

	<u>2022/2021</u>	<u>2021/2020</u>
Inventories	156'434.50	250'830.00
Work in process (WIP)	0.00	0.00
Total	<u>156'434.50</u>	<u>250'830.00</u>

Inventories are valued at acquisition costs, less a provision for obsolete items if necessary. No provision are necessary at March 31st. There were not inventory written off during the period under control. There is no hidden reserve as at 31st March 2022

### 5 PARTICIPATION SUBSIDIARY

Pylania AG owns 30% of the share capital of Estima AG Grenchen (CHF 120'000.-) In addition Pylania had provided subordinated loans of CHF 14,50,000 to Estima.

### 6 AMD INVESTMENT PROPERTY

	<u>2022/2021</u>	<u>2021/2020</u>
Land - Opening balance as at 01.04.	80'000.00	80'000.00
+ addition during the year	0.00	0.00
- Disposal during the year	0.00	0.00
Book value before amortisation	<u>80'000.00</u>	<u>80'000.00</u>
-Amortisation	0.00	0.00
Net book value at end of the period	<u>80'000.00</u>	<u>80'000.00</u>

# PYLANIA AG

## Notes to the annual financial statements 31.03.2022

6 AMD INVESTMENT PROPERTY	<u>2022/2021</u>	<u>2021/2020</u>
Building and surrounding - Open balance as at 01.04.	378'000.00	398'000.00
- accumulation amortisation	0.00	0.00
+ addition during the year	0.00	0.00
- Disposal during the year	0.00	0.00
Book value before amortisation	378'000.00	398'000.00
Adjustment of Fair value of Property	-188'000.00	
-Amortisation 5% of WDV	-20'000.00	-20'000.00
Net book value at end of the period	170'000.00	378'000.00
Infrastrucutre and facilities - Open balance as at 01.04.	30'300.00	37'970.00
+ addition during the year	0.00	0.00
- Disposal during the year	0.00	0.00
Book value before amortisation	30'300.00	37'970.00
-Amortisation 20% of WDV	-6'100.00	-7'670.00
Net book value at end of the period	24'200.00	30'300.00
7 TANGIBLE ASSETS		
<u>Machinery, equipment, furniture - Open balance as at 01.04.</u>		
Open balance as at 01.04.	170'100.00	187'813.00
+ addition during the year	4'650.00	0.00
- Disposal during the year	0.00	0.00
Book value before amortisation	174'750.00	187'813.00
-Amortisation 10% of WDV	-18'050.00	-17'713.00
Net book value at end of the period	156'700.00	170'100.00
<u>Vehicles - Open balance as at 01.04.</u>		
Open balance as at 01.04.	3'400.00	4'873.00
+ addition during the year	0.00	0.00
- Disposal during the year	0.00	0.00
Book value before amortisation	3'400.00	4'873.00
-Amortisation 30% of WDV	-1'100.00	-1'473.00
Net book value at end of the period	2'300.00	3'400.00

# PYLANIA AG

## Notes to the annual financial statements 31.03.2022

<u>EDP hard and software - Open balance as at 01.04.</u>	<u>2022/2021</u>	<u>2021/2020</u>
Open balance as at 01.04.	1.00	1.00
+ addition during the year	0.00	0.00
- Disposal during the year	0.00	0.00
Book value before amortisation	<u>1.00</u>	<u>1.00</u>
-Amortisation 30% of WDV	0.00	0.00
Net book value at end of the period	<u><u>1.00</u></u>	<u><u>1.00</u></u>

### 8 ACCRUED EXPENSES AND PROVISIONS

Current charges	10'000.00	0.00
Taxes	15'000.00	0.00
Total	<u><u>25'000.00</u></u>	<u><u>0.00</u></u>

### 9 SHARE CAPITAL

20'000 registered shares at a nominal value of CHF 100.- each (nominal value CHF 2'000'000.-)

### 10 OPERATION LEASE OR FINANCE LEASE COMMITMENTS

Not later than a year

Later than 1 year but not later than 5 year

Later than 5 year	<u>0.00</u>	<u>0.00</u>
Total	<u>0.00</u>	<u>0.00</u>

# PYLANIA AG

## Notes to the annual financial statements 31.03.2022

### 11 RISK ASSESSMENT

Risk management is linked with the Company's strategy. Monitoring and controlling system as well as the "Early-Warning" platform allows the Company to identify and to act by anticipation on events, which could affect the Company.

Process regarding risk assessment reviews have been allocated to the various service lines as

situations at risk are assessed regularly using standard processes and compared to similar requirements. Measures can be initiated by anticipation if threats would happen; responsible people have to report without delay to the Board of directors of any relevant changes on identified risks;

markets are constantly observed and permanent contacts are kept with clients, suppliers and banks. This allows identifying and reacting rapidly to any changes on commercial environment.

Integrated information and controlling systems support risk management measures. Based on quarterly financial reports, variations compared to budget are identified and analysed.

Risk management has been delegated to the management by the Board of directors. At least once a year, the approach, documentation summary, as well as risk data base are reviewed by the Board of directors with the management

**PROPOSED APPROPRIATION OF AVAILABLE EARNINGS**

	<b>CHF</b>	<b>CHF</b>
	<b>2021-2022</b>	<b>2020-2021</b>
Accumulated result	-872'580.98	-1'096'532.85
Transfer from Revaluation reserve	188'000.00	0.00
Loss for the year	-6'282.31	223'951.87
Amount to be carried forward	-690'863.29	-872'580.98