



Audacia Holding SA, Lens

Review Report
to the Board of Directors

Consolidated Financial Statements 2020



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Review Report to the Board of Directors of Audacia Holding SA, Lens

We have been engaged to review the consolidated financial statements (balance sheet, income statement and notes) of Audacia Holding SA for the year ended 31 December 2020.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to issue a report on these consolidated financial statements based on our review.

We conducted our review in accordance with the Swiss Auditing Standard 910 „Engagements to Review consolidated Financial Statements“. This standard requires that we plan and perform the review to obtain limited assurance as to whether the consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements do not comply with the consolidation and valuation principles as set out in the notes.

KPMG SA

Alexandre Probst
Licensed Audit Expert

Hugues Morel
Licensed Audit Expert

Lausanne, 20 May 2021

Enclosure:

- Financial statements (balance sheet, income statement and notes)

AUDACIA HOLDING SA, LENS

Consolidated financial statements

Consolidated balance sheet

in CHF	Notes	31.12.2020
ASSETS		
Current assets		
Cash and cash equivalents	1	4,307,679
Trade receivables	2	1,768,667
Other short-term receivables	3	242,040
Inventories	4	1,689,774
Prepaid expenses and accrued income		407,023
Total current assets		8,415,183
Non-current assets		
Financial assets	5	112,816
Tangible assets	6	7,711,427
Intangible assets	7	30,465,894
Total non-current assets		38,290,137
Total assets		46,705,320
LIABILITIES & SHAREHOLDER'S EQUITY		
Current liabilities		
Trade payables		534,965
Short-term financial liabilities		25,955
Other short-term liabilities	8	7,739,648
Accrued expenses and deferred income		2,059,545
Total current liabilities		10,360,113
Non-current liabilities		
Loans due to third parties	9	22,710,803
Loans due to shareholders	10	10,559,734
Provisions	11	144,921
Total non-current liabilities		33,415,458
Total liabilities		43,775,571
Shareholders' equity		
Share capital		100,000
Retained earnings		1,532,231
Profit for the year		1,297,518
Total shareholders' equity		2,929,749
Total liabilities and shareholders' equity		46,705,320

AUDACIA HOLDING SA, LENS

Consolidated financial statements

Consolidated income statement

in CHF	Notes	2020
Net sales	12	27,932,969
Raw materials and supplies	13	-6,306,899
Personnel expenses	14	-3,596,717
Subcontracting	15	-1,964,215
Other operating expenses	16	-10,214,335
Amortization of intangible assets		-2,453,092
Depreciation of tangible assets		-483,271
Operating result (EBIT)		2,914,440
Net financial result	17	-749,482
Non-operating income		9,178
Profit before taxes		2,174,136
Income taxes	18	-876,618
Profit for the year		1,297,518
Reported EBITDA		5,850,803

AUDACIA HOLDING SA, LENS

Consolidated financial statements

Notes to the consolidated financial statements

a) Background on the preparation of the present consolidated financial statements

Audacia Holding SA is not required by Swiss Law to prepare consolidated financial statements. The present consolidated financial statement have been prepared by the management on a voluntary basis to have a true and fair view of the consolidated figures of the Group.

The balance sheet and income statement have been prepared in accordance with Swiss GAAP RPC and the accounting principles described in the notes for the first time as per 31 December 2020. These financial statements do not contain a statement of cashflows, statement of changes in equity, and comparative figures.

b) Principles of consolidation

The Group's consolidated financial statements include the annual accounts of Audacia Holding SA as well as its subsidiaries included in the scope of consolidation, which have been prepared in accordance with the national legislation to which they are subject. The consolidated financial statements comply with the requirements of Swiss law and the accounting principles described in the notes hereafter.

The Board of Directors approved these financial statements on 14 May 2021.

Scope of consolidation

The scope of consolidation is limited to the significant group companies. Some subsidiaries in which Audacia Holding SA directly or indirectly holds more than 50% stakes are not included in the consolidated financial statements of the Group due to their small size.

Satina Communication SA was acquired in June 2020, thus has been incorporated in the consolidated income statement as from 1st July 2020.

DHP Telekom SA, DHP Group SA and Audacia SA were acquired in December 2020, thus will be incorporated in the consolidated income statement as from 1st January 2021.

An overview of the subsidiaries included in the scope of consolidation is given hereafter.

Companies	Registered Office	Country	Percentage of control	Percentage of interests	Closing date	Consolidation method
Direct investments						
In a Box Sàrl	Lens	Switzerland	100%	100%	31.12.2020	Global
Audacia Management Sàrl	Lens	Switzerland	100%	100%	31.12.2020	Global
hsb & partners SA	Lens	Switzerland	100%	100%	31.12.2020	Global
B&B Labels Sàrl	Lens	Switzerland	100%	100%	31.12.2020	Global
Satina Communication SA	Lens	Switzerland	100%	100%	31.12.2020	Global
DHP Telekom SA	Sion	Switzerland	100%	100%	31.12.2020	Global
DHP Group SA	Sion	Switzerland	100%	100%	31.12.2020	Global
Audacia SA	Lens	Switzerland	100%	100%	31.12.2020	Global
Helvetis Global S.L.	Madrid	Spain	65%	65%	31.12.2020	Outscoped
Heida GmbH	Neuss	Germany	100%	100%	31.12.2020	Outscoped
Indirect investment						
Satina International SA	Lens	Switzerland	100%	100%	31.12.2020	Global

Consolidation method

Capital is consolidated according to the purchase method. The acquisition costs of a company is offset with net asset re-valued at acquisition in accordance with the accounting principles of the Group. The resulting difference is recognized as goodwill and amortized over a 10 year period.

Audacia Holding SA prepared consolidated financial statements for the first time in 2020. Therefore, no comparative figures are presented.

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c) Accounting principles

The assets and liabilities of all the companies included in the scope of consolidation are valued in accordance with accounting principles that are uniform across the Group. The main accounting principle applied are detailed below:

Cash and cash equivalents

Cash and cash equivalents include cash on hand on bank accounts and other financial institutions. They are valued at nominal value.

Trade receivables

Accounts receivable for supplies and services are valued at their nominal amount, after the deduction of Allowance for Doubtful Debts.

Inventories

Inventories of raw materials and finished products are valued at the purchase price or cost of manufacture. However, if the market price is lower than the valuation, the net realizable value is used. The values for items that are not easily marketable are totally or partially depreciated. Discounts are reported as a reduction of the purchase price.

Tangible fixed assets

Tangible fixed assets include land, buildings, machinery and production resources, installations, vehicles and furniture. These assets are valued at their purchase price or cost of manufacture and then depreciated at the specific rates applicable to the type of asset. Depreciation is recognised on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Useful life in years</u>
- Freehold buildings	50 years
- Leasehold buildings	DSDP length
- Machinery and tools	4 years
- Office equipment	4 years
- IT equipment and operating software	4 years
- Vehicles	4 years

Low-value assets are fully charged to profit and loss accounts at acquisition.

Intangible fixed assets

Intangible assets are recognized at acquisition cost less accumulated amortization and any impairments. Amortization is calculated on a straight-line basis over the estimated useful life of the assets.

Goodwill is capitalized as an intangible asset and amortized on a straight-line basis over a 10 year period.

Asset impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

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Leasing

Assets acquired under lease contracts (finance lease) are reported on the balance sheet and treated as tangible fixed assets. At the start of the contract, the acquisition or market value of the leased asset is determined and recorded. The corresponding liabilities due to the lessor is recorded under liabilities. The expenses resulting from rental agreements and operating leases are recognised in the profit and loss account.

Financial assets

Financial assets are recognized at nominal value. Non-consolidated entities are booked at acquisition cost.

Liabilities

Liabilities are booked at nominal value.

Provisions

Provisions are constituted when a legal or actual commitment arises as the result of past events that will entail an outflow of funds in order to meet this commitment and where a reliable estimate of the amount is possible. The projected outflow of funds is reported in the balance sheet at the estimated future cash outflow.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized only when all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The service is delivered to the customer;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity.

Taxes

Taxes on profits are calculated on the taxable result and reported in the balance sheet under accrued expenses and deferred income. Deferred taxes are calculated on the temporary differences between the values of the assets and liabilities in the financial statements and the corresponding tax bases. A deferred tax asset is recognised only to the extent that it will be possible to claim a tax loss carry forward in the future. Loss carry forwards with a tax impact are only taken into consideration when the tax settlement is realistic. Deferred taxes are calculated using the expected tax rate. The pre-tax rate used is 17%.

Pension benefits

The economic impacts (assets or liabilities) of pension plans of the Company are determined at each balance sheet date. Economic benefit and economic obligations for the Company derive, on the one hand, directly from contractual, regulatory or legal bases (e.g. contributions paid in advance or due). On the other hand, economic benefits and economic obligations may exist in the possibility of the Company to exercise a positive impact on the future cash flows due to a surplus in the pension fund (e.g. decrease in contributions) or to suffer negative impact on future cash flows due to a deficit in the pension fund, as the Company is willing to or has to contribute to its financing.

The recognition of an asset due to additional economic benefit (the result of a surplus in the pension fund) is not considered because the conditions for such recognition are currently not met. The Company has currently no other legal or constructive obligations than the payment of its periodic employer contributions. There are in particular no liabilities to be recognized due to further financing needs from the pension fund.

In the income statement, the contributions of the year are presented as personnel expenses. In the balance sheet, the respective accrued income or accrued liability resulting from contractual and legal bases are recognized as assets or liabilities.

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Notes to the consolidated financial statements

d) Information on balance sheet and income statement items

1. Cash and cash equivalents

Cash and cash equivalents consist of petty cash, bank accounts and short-term deposits with financial institutions.

2. Trade receivables

in CHF	31.12.2020
Trade receivables from third parties	1,792,418
Allowance for doubtful debts	-23,751
Total, net	1,768,667

3. Other short-term receivables

in CHF	31.12.2020
From third parties	237,935
From non-consolidated entities	4,105
Total	242,040

4. Inventories

in CHF	31.12.2020
Finished Goods	1,689,774
Total	1,689,774

5. Financial assets

in CHF	31.12.2020
Rental guarantee	33,438
Customs guarantee	3,950
Financial assets	20,000
Loans granted to non-consolidated entities	26,639
Non-consolidated investments	28,789
Total	112,816

6. Tangible assets

in CHF	31.12.2020
Fixed assets	295,427
Land and building	7,416,000
Total	7,711,427

7. Intangible assets

in CHF	31.12.2020
Goodwill	30,313,602
Software	152,292
Total	30,465,894

8. Other short-term liabilities

in CHF	31.12.2020
To third parties	4,739,648
To banks	3,000,000
Total	7,739,648

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Notes to the consolidated financial statements

9. Loans due to third parties

in CHF	31.12.2020
Bank loan	14,350,000
Mortgage debt	7,500,000
Other loan	860,803
Total	22,710,803

10. Loans due to shareholders and associates

in CHF	31.12.2020
Subordinated interest-bearing loans due to shareholders	10,000,000
Long-term interest-bearing loans due to associates	559,734
Total	10,559,734

11. Provisions

in CHF	31.12.2020
Provision for deferred taxes	144,921
Total	144,921

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12. Segment information

The Group's activities are organized into two individual business units which are aggregated in the following reportable operating segments:

- Sales of goods
- Sales of services

Net sales (net of intercompany transactions)

in CHF	2020
Sales of goods	20,524,986
Sales of services	7,407,983
Total	27,932,969

13. Raw materials and supplies

The material purchase costs consist in purchases of raw material supplies, equipment and consumables.

14. Personnel expenses

in CHF	2020
Direct salaries and benefits	-3,596,717
Total	-3,596,717

Full-Time Equivalent (FTE)	01.01	38
	31.12	52

15. Subcontracting

Subcontracting is related to the activity of sales of services.

16. Other operating expenses

Other operating expenses consist of maintenance & repair expenses, rents, marketing, logistics and administrative expenses.

17. Net financial result

in CHF	2020
Financial expenses	-799,143
Financial income	52,702
Exchange differences	-3,041
Total	-749,482

18. Income taxes

in CHF	2020
Direct taxes	-872,752
Deferred taxes	-3,866
Total	-876,618