

Tornos Holding Ltd.

Moutier

Bericht des unabhängigen Prüfers
an den Verwaltungsrat

zum Zwischenabschluss per 30. Juni 2023
(Interim Financial Statements as at 30 June 2023)



Bericht des unabhängigen Prüfers

an den Verwaltungsrat der Tornos Holding Ltd.

Moutier

Prüfungsaussage

Wir wurden vom Verwaltungsrat beauftragt, den beiliegenden Zwischenabschluss per 30. Juni 2023 der Tornos Holding Ltd. (die Gesellschaft) – bestehend aus der Erfolgsrechnung für die Periode vom 1. Januar 2023 bis 30. Juni 2023, der Bilanz zum 30. Juni 2023 und dem Eigenkapitalnachweis für die dann endende Periode sowie dem Anhang, einschliesslich einer Zusammenfassung bedeutsamer Rechnungslegungsmethoden, zu prüfen. Der Zwischenabschluss wurde aufgrund der Bestimmungen in Art. 11 FusG erstellt.

Bei unserer Prüfung sind wir nicht auf Sachverhalte gestossen, aus denen wir schliessen müssten, dass der Zwischenabschluss per 30. Juni 2023 nicht dem schweizerischen Gesetz entspricht.

Grundlage für die Prüfungsaussage

Wir haben unsere Prüfung in Übereinstimmung mit dem Schweizer Prüfungshinweis 30 Prüfungen nach dem Bundesgesetz über die Fusion, Spaltung, Umwandlung und Vermögensübertragung (PH 30) durchgeführt. Unsere Verantwortlichkeiten nach diesem Prüfungshinweis sind im Abschnitt «Verantwortlichkeiten des Prüfers für die Prüfung des Zwischenabschlusses» unseres Berichts weitergehend beschrieben. Wir sind von der Gesellschaft unabhängig in Übereinstimmung mit den Anforderungen des Berufsstands, und wir haben unsere sonstigen beruflichen Verhaltenspflichten in Übereinstimmung mit diesen Anforderungen erfüllt.

Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als eine Grundlage für unsere Prüfungsaussage zu dienen.

Verantwortlichkeiten des Verwaltungsrats für den Zwischenabschluss

Der Verwaltungsrat ist verantwortlich für die Aufstellung eines Zwischenabschlusses in Übereinstimmung mit den gesetzlichen Vorschriften und für die internen Kontrollen, die der Verwaltungsrat als notwendig feststellt, um die Aufstellung eines Zwischenabschlusses, der frei von wesentlichen falschen Darstellungen aufgrund von dolosen Handlungen oder Irrtümern ist.

Bei der Aufstellung des Zwischenabschlusses ist der Verwaltungsrat dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Geschäftstätigkeit zu beurteilen, Sachverhalte im Zusammenhang mit der Fortführung der Geschäftstätigkeit – sofern zutreffend – anzugeben sowie dafür, den Rechnungslegungsgrundsatz der Fortführung der Geschäftstätigkeit anzuwenden, es sei denn, der Verwaltungsrat beabsichtigt, entweder die Gesellschaft zu liquidieren oder Geschäftstätigkeiten einzustellen, oder hat keine realistische Alternative dazu.

Verantwortlichkeiten des Prüfers für die Prüfung des Zwischenabschlusses

Unser Ziel ist es, auf der Grundlage unserer Prüfung einen Bericht zum Zwischenabschluss abzugeben, der unsere Prüfungsaussage enthält. Unsere Prüfung umfasst hauptsächlich Befragungen und analytische Prüfungshandlungen sowie den Umständen angemessene Detailprüfungen der beim geprüften Unternehmen vorhandenen Unterlagen. Dagegen sind die Prüfung des internen Kontrollsystems sowie Befragungen und weitere Prüfungshandlungen zur Aufdeckung deliktischer Handlungen oder anderer Gesetzesverstösse nicht Bestandteil dieser Prüfung.

PricewaterhouseCoopers AG


Gerhard Siegrist


Astrit Mehmeti

Neuchâtel, 20. Oktober 2023

Beilage:

- Zwischenabschluss per 30. Juni 2023 (Interim Financial Statements as at 30 June 2023)

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Interim Financial Statements
as at 30 June 2023
(Zwischenabschluss)

Tornos Holding Ltd.

Interim Income Statement (Erfolgsrechnung)

Tornos Holding Ltd.

In CHF 1 000	Notes	1st HY 2023 1.1.-30.6.2023	1st HY 2022 1.1.-30.6.2022
Other income		-	-
Total income		-	-
Marketing and sales		-	-
Administrative expenses		-505	-497
Research and development		-	-
Taxes other than on income		-14	-14
Total expenses		-519	-511
Reversal of impairment on investments and loans to subsidiaries	8	51 811	-
Finance income/(expenses) - net		-6	-4
Exchange gains/(losses) - net		-155	207
Result before income taxes		51 131	-308
Income taxes		-1 721	-
Net result		49 410	-308

Interim Balance Sheet (Bilanz)

Tornos Holding Ltd.

In CHF 1 000	Notes	30.6.2023	in %	31.12.2022	in %
Assets					
Cash and cash equivalents		322		66	
Receivables from Group companies		5 769		5 924	
Other current assets		127		7	
Total current assets		6 218	4.9%	5 997	7.2%
Loans to subsidiaries	8	46 189		8 784	
Investment in subsidiaries	4 / 8	75 029		68 683	
Total non-current assets		121 218	95.1%	77 467	92.8%
Total assets		127 436	100.0%	83 464	100.0%
Liabilities and equity					
Payables to third parties		117		9	
Payables to Group companies		21 129		23 304	
Accrued expenses		1 997		52	
Total current liabilities		23 243	18.2%	23 366	28.0%
Share capital	5	19 878		19 878	
Statutory retained earnings		-		46	
Statutory capital reserve					
Reserve from capital contribution	5	79 382		85 301	
Retained earnings / Accumulated losses		5 062		-44 069	
Treasury shares	6	-129		-1 057	
Total equity		104 193	81.8%	60 098	72.0%
Total liabilities and equity		127 436	100.0%	83 464	100.0%

Interim Statement of Changes in Equity (Eigenkapitalnachweis)

Tornos Holding Ltd.

In CHF 1 000	Share capital	Statutory retained earnings	Reserve from capital contribution	Retained earnings / Accumulated losses	Treasury shares	Total
At December 31, 2021	69 572	46	40 538	-42 962	-1 386	65 808
Net result				-308		-308
Sales & purchases of treasury shares				-87	329	242
At June 30, 2022	69 572	46	40 538	-43 357	-1 057	65 742
Net result				-712		-712
Distribution to shareholders	-4 969		37			-4 932
Capital reduction	-44 725		44 725			-
At December 31, 2022	19 878	46	85 301	-44 069	-1 057	60 098
Net result				49 410		49 410
Offsetting		-46		46		-
Distribution to shareholders			-5 919			-5 919
Sales & purchases of treasury shares				-325	928	603
At June 30, 2023	19 878	-	79 382	5 062	-129	104 193

Notes to the Interim Financial Statements (Anhang)

Tornos Holding Ltd.

All figures are presented in thousands of Swiss francs (CHF) unless otherwise stated.

1. Purpose of interim financial statements

These interim financial statements have been prepared in accordance with the Swiss Merger Act and article 960f of the Swiss Code of Obligations in connection to the planned merger with Starrag Group Holding AG, which shall take place retrospectively as of 1.7.2023 depending on the final decision made by the general meeting.

2. Basis of preparation

The financial statements of Tornos Holding Ltd., Moutier are prepared in accordance with the provisions of the Swiss law and the Company's Articles of Incorporation.

For replacement purposes and to ensure the long-term prosperity of the undertaking, additional depreciation and valuation adjustments may be made. For the same purposes, the cancellation of depreciation and valuation adjustments that are no longer justified may be dispensed with.

3. Accounting principles applied in the preparation of the financial statements

Significant balance sheet items are accounted for as follows:

Cash and cash equivalents which include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less are stated at their nominal amounts.

Group receivables are carried at their nominal value. Impairment charges, if any, are calculated for these assets on an individual basis based on a review and assessment of the recoverability of the outstanding balances. The carrying amount of the asset is reduced through the use of an impairment charge, and the amount of the loss is recognized in the income statement. Subsequent recoveries of amounts previously written off are credited in the income statement and presented separately.

Investments and loans to subsidiaries are recognized at acquisition costs. The carrying amount of the investments and loans are assessed individually after the first recognition on the balance sheet provided that due to their similarity they are not usually combined as a group for valuation. They are reviewed for impairment on a regular basis. Prudence is applied when assessing the valuation. Impairment losses are recognized in the income statement.

Treasury shares are valued at historical acquisition value without subsequent valuation. Gains and losses from disposals of treasury shares, including transaction costs, are recorded directly in retained earnings / accumulated losses.

All assets and liabilities denominated in foreign currencies are translated according to the exchange rates applicable on the balance sheet date. Income and expenses denominated in foreign currencies and all foreign exchange transactions are translated at the exchange rates prevailing on their respective transaction dates. Resulting foreign exchange differences are recognized in the income statement.

4. Subsidiary

Name	Purpose	Share capital		30.6.2023	31.12.2022
		in 1 000		% held/ voting rights	% held/ voting rights
Tornos Ltd, Moutier Switzerland	Production and sales	CHF	650	100	100
Tornos (Taichung) Machine Works Ltd., Taiwan region	Production	TWD	60 250	100	100

A list of all subsidiaries indirectly held by Tornos Holding Ltd. is found in the note 5 of the consolidated financial statements 2022 of Tornos Group. No changes occurred since 31 December 2022.

5. Share capital, conditional capital and authorized capital

5.1 Share capital

As of June 30, 2023 and as of December 31, 2022 the share capital consisted of 19 877 671 ordinary registered shares with a par value of CHF 1.00 each. The holders of the ordinary shares are entitled to receive dividends as declared by the meetings of shareholders and are entitled to one vote per share at the meetings of shareholders.

	Issued registered shares	Treasury shares	Total shares in circulation
Issued and fully paid-in at December 31, 2021	19 877 671	-195 219	19 682 452
Movement in treasury shares	-	46 300	46 300
Issued and fully paid-in at June 30, 2022	19 877 671	-148 919	19 728 752
Movement in treasury shares	-	-	-
Issued and fully paid-in at December 31, 2022	19 877 671	-148 919	19 728 752
Movement in treasury shares	-	130 750	130 750
Issued and fully paid-in at June 30, 2023	19 877 671	-18 169	19 859 502

5.2 Conditional share capital

	1.1.-30.6.2023		1.1.-31.12.2022	
	Number of shares	Amount	Number of shares	Amount
At beginning of the period	706 662	706 662	706 662	2 473 317
Utilization	-	-	-	-
Reduction of par value of the share	-	-	-	-1 766 655
At end of the period	706 662	706 662	706 662	706 662

The conditional share capital amounts to CHF 706 662 (2022: CHF 706 662) and is reserved for the issuance of shares that may be used by the Board of Directors to satisfy stock option plans in favor of eligible members defined by the Board of Directors. In 2022 the par value of the share of Tornos Holding Ltd has been reduced from CHF 3.50 down to CHF 1.00.

5.3 Authorized share capital

Tornos does not have any authorized capital.

6. Treasury shares

Movements in treasury shares are as follows:

	1.1.-30.6.2023		1.1.-31.12.2022	
	Number of shares	Amount (in CHF 1 000)	Number of shares	Amount (in CHF 1000)
At beginning of the period	148 919	1 057	195 219	1 386
Sale of treasury shares	-130 750	-928	-46 300	-329
At end of the period	18 169	129	148 919	1 057

Treasury shares are valued at average purchase price. The average purchase price as per 30.6.2023 is CHF 7.10 (31.12.2022: CHF 7.10).

During the period from 1.1.-30.6.2023:

- 130 750 treasury shares have been transferred to the Management and Board at the weighted average price of CHF 4.62 under the Management and Board Participation plan 2007 (MBP07)

During the year 2022:

- 46 300 treasury shares have been transferred to the Management and Board at the weighted average price of CHF 5.22 under the Management and Board Participation plan 2007 (MBP07)

7. Significant shareholders

The following shareholders held more than 5 percent of the share capital of the Company at June 30, 2023:

In CHF 1 000	30.6.2023	31.12.2022
Walter Fust	48.93%	48.89%
Michel Rollier	14.36%	14.36%

These are the number of shares known by Tornos or according to the latest declaration made to SIX Swiss Exchange Ltd. The percentages are based on the effective number of shares at balance sheet date.

8. Reversal of impairment on investments and loans to subsidiaries

The carrying amount of the investments and loans to subsidiaries was reviewed at June 30, 2023, a reversal of 51 811 KCHF was booked accordingly (December 31, 2022: none).

9. Number of full-time equivalents

The Company as a holding does not have any employees (previous period: none).

10. Leasing liabilities and liabilities to pension plans

There are none (previous period: none).

11. Assets pledged

None of the Company's assets are pledged (previous period: none).

12. Contingent liabilities

There are no contingent liabilities at the end of June 2023 (previous period: none).

13. Share and option holdings by members of the Board of Directors and General Management

	Number at 30.6.2023		Number at 31.12.2022	
	Shares	Options	Shares	Options
François Frôté / GFIE SA / FFW SA	216 649	16 000	216 649	16 000
Walter Fust	9 726 686	-	9 718 686	8 000
Michel Rollier / Rollomatic Holding SA	2 853 733	24 000	2 853 733	24 000
Till Fust	8 000	16 000	4 000	18 000
Total Board of Directors	12 805 068	56 000	12 793 068	66 000
Michael Hauser (CEO)	119 805	60 000	119 805	60 000
Jens Thing	60 000	35 000	30 000	35 000
Stéphane Pittet	20 000	40 000	-	30 000
Total General Management	199 805	135 000	149 805	125 000

14. Additional information, cash flow statement and management report

According to Article 961d paragraph 1 of the Swiss Code of Obligations, additional information, the statement of cash flows and the management report are dispensed with, as the Tornos Holding Ltd. prepares the consolidated financial statements in accordance with a recognized financial reporting standard.

15. Subsequent event

There are no subsequent events to be mentioned.