

Hexagon Geosystems Services AG

Balgach

Report of the statutory auditor
to the General Meeting

on the financial statements 2022



Report of the statutory auditor

to the General Meeting of Hexagon Geosystems Services AG

Balgach

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hexagon Geosystems Services AG (the Company), which comprise the balance sheet as at 31 December 2022, and the income statement, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law 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 financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, 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.

Other matter

The financial statements of Hexagon Geosystems Services AG for the year ended 31 December 2022 were subject to an ordinary audit, whereas the prior year's financial statements were subject to limited statutory examination.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis

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of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 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 financial statements according to the instructions of the Board of Directors.

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.

PricewaterhouseCoopers AG

Beat Inauen
Licensed audit expert
Auditor in charge

Jürg Helfenberger
Licensed audit expert

St. Gallen, 25 April 2023

Enclosures:

- Financial statements (balance sheet, income statement, cash flow statement and notes)
- Proposed appropriation of available earnings

Balance sheet

Hexagon Geosystems Services AG

	31.12.2022		31.12.2021	
	CHF	%	CHF	%
Assets				
<i>Current assets</i>				
Cash and cash equivalents	0		58	
Trade accounts receivable				
from third parties	1'043'480		1'457'478	
from direct or indirect shareholders	15'295'403		17'235'972	
Other accounts receivable				
from third parties	1'847'426		1'534'166	
from direct or indirect shareholders	678'465		2'065'685	
Inventories	9'959'238		3'642'964	
Prepayments and accrued income	468'963		311'809	
<i>Total current assets</i>	29'292'975	95.2%	26'248'132	96.8%
<i>Non-current assets</i>				
Financial assets				
Long-term receivables from third parties	38'306		0	
Investments	37'587		37'587	
Property, plant and equipment	1'260'792		725'658	
Intangible assets	136'575		110'088	
<i>Total non-current assets</i>	1'473'260	4.8%	873'333	3.2%
Total assets	30'766'235	100.0%	27'121'465	100.0%

Balance sheet

Hexagon Geosystems Services AG

	31.12.2022		31.12.2021	
	CHF	%	CHF	%
Equity and liabilities				
<i>Current liabilities</i>				
Trade accounts payable				
to third parties	5'630'942		3'358'974	
Current interest-bearing liabilities	190		679	
Other accounts payable				
to third parties	1'687'474		1'100'996	
to direct or indirect shareholders	8'712'998		7'537'424	
Accrued liabilities and deferred income	2'017'141		2'287'164	
Current provisions				
Tax provisions	711'858		452'754	
Other current provisions	717'846		474'193	
Total current liabilities	19'478'449	63.3%	15'212'184	56.1%
<i>Non-current liabilities</i>				
Non-current provisions	0		0	
Total non-current liabilities	0	0.0%	0	0.0%
Total liabilities	19'478'449	63.3%	15'212'184	56.1%
<i>Shareholders' equity</i>				
Share capital	100'000		100'000	
Statutory retained earnings	50'000		50'000	
Voluntary retained earnings				
Available earnings				
Carry forward	7'759'281		1'334'003	
Gain from merger	0		6'592'237	
Profit for the year	3'378'505		3'833'041	
Total shareholders' equity	11'287'786	36.7%	11'909'281	43.9%
Total equity and liabilities	30'766'235	100.0%	27'121'465	100.0%

Income statement

Hexagon Geosystems Services AG

	2022		2021	
	CHF	%	CHF	%
Revenue from goods and services	58'430'101		44'885'166	
Revenue deductions	-385'356		-18'377	
Net revenue from goods and services	58'044'745	100.0%	44'866'789	100.0%
Other operating income	402'139		19'521	
Net operating performance	58'446'884	100.7%	44'886'310	100.0%
Cost of materials	-17'172'841		-8'293'328	
Personnel expense	-22'923'298		-22'968'327	
Other operating expense	-12'962'158		-8'207'807	
Depreciation and valuation adjustments on property, plant and equipment	-435'948		-474'611	
Operating result	4'952'639	8.5%	4'942'237	11.0%
<i>Financial result</i>				
Financial expense	-576'105		-70'839	
Financial income	28'016		111'791	
Translation loss	-391'748		-536'869	
<i>Total financial result</i>	<i>-939'837</i>	<i>-1.6%</i>	<i>-495'917</i>	<i>-1.1%</i>
<i>Extraordinary, non-recurring and prior-period result</i>				
Losses on the disposal of property, plant and equipment	0		-55'356	
Gains on the disposal of property, plant and equipment	253		55'558	
<i>Total extraordinary, non-recurring and prior-period result</i>	<i>253</i>	<i>0.0%</i>	<i>202</i>	<i>0.0%</i>
Profit before taxes	4'013'055	6.9%	4'446'522	9.9%
Direct taxes	-634'550		-613'481	
Profit for the year	3'378'505	5.8%	3'833'041	8.5%

Cash flow statement

Hexagon Geosystems Services AG

	2022	2021
	CHF	CHF
Profit for the year	3'378'505	3'833'041
Depreciation and valuation adjustments on property, plant and equipment	435'948	474'611
Gains on the disposal of property, plant and equipment	-253	-202
Change in trade accounts receivable	2'354'567	-9'950'913
Change in other accounts receivable, prepayments and accrued income	-25'591	-340'491
Change in inventories	-6'316'274	-3'642'964
Change in trade accounts payable	2'271'479	3'037'611
Change in other accounts payable, accrued liabilities and deferred income	1'492'029	2'495'560
Change in provisions and other non-current liabilities	502'757	-109'650
Other non-cash changes*	43'367	6'977'342
Cash flow/(Cash drain) from operating activities	4'136'534	2'773'944
Investments property, plant and equipment	-1'040'683	-346'058
Cash flow/(Cash drain) from investing activities	-1'040'683	-346'058
Withdrawal from/(deposit in) cash pool	904'091	-1'428'126
Dividend payments	-4'000'000	-1'000'000
Cash flow/(Cash drain) from financing activities	-3'095'909	-2'428'126
Increase/(Decrease) of cash and cash equivalents	-58	-239
Balance of cash and cash equivalents, beginning of year	58	297
Balance of cash and cash equivalents, end of year	0	58
Increase/(Decrease) of cash and cash equivalents	-58	-239

*2021, the other non-cash changes include the gain from merger

Notes

Hexagon Geosystems Services AG

	31.12.2022	31.12.2021
	CHF	CHF
6 Foreign Branches		
In 2022, the operations of the foreign branches in Sweden, Denmark, the UK and France were discontinued.		
7 Contingent liabilities		
Joint and several liability from group taxation for current and future value-added tax liabilities of Leica Geosystems AG, Hexagon Technology Center GmbH, GeoMax AG, Leica Geosystems Tools Trading AG and Safemine AG.		
8 Residual amount of leasing commitments		
Buildings, cars and IT equipment	7'128'477	3'525'481

Appropriation of available earnings

Hexagon Geosystems Services AG

	31.12.2022	31.12.2021
	CHF	CHF
Proposal of the Board of Directors/Actual appropriation of the prior year		
Available earnings carried forward from prior year	7'759'281	1'334'003
Gain from merger	0	6'592'237
Profit for the year	3'378'505	3'833'041
Available earnings before appropriation by the General Meeting	11'137'786	11'759'281
Dividend (Offset with receivable from shareholders)	-5'000'000	-4'000'000
Balance to be carried forward	6'137'786	7'759'281