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OS AA01

Statement of details of parent law and other
information for an overseas company

Companies House

✓ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law.

✗ **What this form is NOT for**
You cannot use this form to
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with accounting requiremen

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COMPANIES HOUSE

Part 1 Corporate company nameCorporate name of
overseas company ①

SCOTT Sports SA

UK establishment
number

B R 7 8 5 8

→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

**Part 2 Statement of details of parent law and other
information for an overseas company****A1****Legislation**

Please give the legislation under which the accounts have been prepared and
audited.

Legislation ②

Switzerland

② This means the relevant rules or
legislation which regulates the
preparation of accounts.

A2**Accounting principles**

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ **No. Go to Section A3.**

☒ **Yes. Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3.**

③ Please insert the name of the
appropriate accounting organisation
or body.

Name of organisation
or body ③

KPMG

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Statement of details of parent law and other information for an overseas company


A3

Audited accounts

Audited accounts	<p>Have the accounts been audited in accordance with a set of generally accepted auditing standards?</p> <p>Please tick the appropriate box.</p> <p><input type="checkbox"/> No. Go to Part 3 'Signature'.</p> <p><input checked="" type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.</p>	<p>❶ Please insert the name of the appropriate accounting organisation or body.</p>
Name of organisation or body ❶	KPMG	

Part 3

Signature

	<p>I am signing this form on behalf of the overseas company.</p>	
Signature	<p>Signature</p> <p>X  X</p>	
	<p>This form may be signed by: <i>UK FINANCIAL CONTROLLER.</i> Director, Secretary, Permanent representative.</p>	

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Keith Serginson
Company name	SCOTT Sports SA
Address	SCOTT House
4 Baker Road	
Nelson Park West	
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County/Region	Northumberland
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DX	
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Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☒ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☒ You have completed all sections of the form, if appropriate.
- ☒ You have signed the form.



Important information

Please note that all this information will appear on the public record.



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SCOTT Sports SA, Givisiez

Report of the Statutory Auditor
on the Financial Statements
to the General Meeting of Shareholders

Financial Statements 2022



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Report of the Statutory Auditor to the General Meeting of Shareholders of SCOTT Sports SA, Givisiez

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of SCOTT Sports SA, which comprise the balance sheet, statement of income and notes for the year ended 30 September 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.

Opinion

In our opinion, the financial statements for the year ended 30 September 2022 comply with Swiss law and the company's articles of incorporation.



Emphasis of Matter

We draw attention to Note 3.7 to the financial statements describing the liquidity difficulties the company is currently facing. This fact indicates the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Should the going concern assumption no longer be appropriate, the financial statements would have to be prepared based on liquidation values. Our opinion is not qualified in respect of this matter.

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 that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of 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.

KPMG SA

Fabien Perrinjaquet
Licensed Audit Expert
Auditor in Charge

Myriam Roulin
Licensed Audit Expert

Lausanne, 3 February 2023

Enclosures:

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

SCOTT Sports SA, Givisiez

BALANCE SHEET
(Currency - CHF)

	Notes	September 30, 2022	September 30, 2021
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		123'518'798	134'562'174
Trade accounts receivable	2.1	148'496'242	81'478'036
Other short-term receivables			
- From third parties	2.5	45'859'776	41'110'202
- From shareholder		201'166	201'166
Inventories	2.2	182'814'123	68'221'664
Prepaid expenses and accrued income		2'065'552	870'380
<i>Total current assets</i>		<u>502'955'657</u>	<u>326'443'622</u>
NON-CURRENT ASSETS:			
Financial assets	2.3	35'643'477	37'623'472
Investments	2.4	8'052'403	7'279'232
Property, plant and equipment			
- land and buildings		42'659'781	56'694'273
- furnitures and fittings		979'660	765'996
- plant and equipment		10'684'252	10'248'542
- under construction		647'295	3'488'473
<i>Total property, plant and equipment</i>		<u>54'970'988</u>	<u>71'197'284</u>
Intangible assets		12'165'979	7'864'888
<i>Total non-current assets</i>		<u>110'832'847</u>	<u>123'964'876</u>
<i>Total assets</i>		<u><u>613'788'504</u></u>	<u><u>450'408'498</u></u>

SCOTT Sports SA, Givisiez

BALANCE SHEET
(Currency - CHF)

	Notes	<u>September 30, 2022</u>	<u>September 30, 2021</u>
LIABILITIES AND SHAREHOLDER'S EQUITY			
SHORT-TERM LIABILITIES:			
Trade accounts payable	2.5	156'326'554	86'966'236
Short-term interest bearing liabilities			
- Bank borrowings	2.6	150'945'807	46'754'888
- Loans due to shareholder		-	80'265'716
Other short-term liabilities			
- Due to third parties	2.7	14'173'393	10'382'006
- Due to shareholder		-	1'155'149
Accrued expenses and deferred income	2.8	22'528'023	17'528'000
Short-term provisions	2.9	5'866'948	4'770'415
<i>Total short-term liabilities</i>		<u>349'840'725</u>	<u>247'822'410</u>
LONG-TERM LIABILITIES:			
Long-term interest-bearing liabilities			
- Loans due to shareholder		11'059'430	39'265'000
- Long-term bank debts	2.6	97'054'500	53'358'500
<i>Total long-term liabilities</i>		<u>108'113'930</u>	<u>92'623'500</u>
SHAREHOLDER'S EQUITY:			
Share capital	2.10	6'000'000	6'000'000
General legal retained earnings		3'000'000	3'000'000
Voluntary retained earnings			
- Results carried forward		100'962'588	62'327'731
- Profit for the year		45'871'261	38'634'857
<i>Total shareholder's equity</i>		<u>155'833'849</u>	<u>109'962'588</u>
<i>Total liabilities and shareholder's equity</i>		<u>613'788'504</u>	<u>450'408'498</u>

SCOTT Sports SA, Givisiez

STATEMENT OF INCOME
FOR THE YEAR
(Currency - CHF)

		from October 1, 2021 to September 30, 2022	from October 1, 2020 to September 30, 2021
Revenue from sales of goods		953'602'390	742'933'731
Other operating income	2.11	6'202'583	6'178'643
Cost of sales		(763'800'417)	(570'824'111)
<i>Gross profit</i>		<u>196'004'556</u>	<u>178'288'263</u>
Administrative expenses		(66'276'498)	(65'897'440)
Selling and marketing expenses		(82'062'774)	(65'144'553)
<i>Operating expenses</i>		<u>(148'339'272)</u>	<u>(131'041'993)</u>
<i>Operating result</i>		<u>47'665'284</u>	<u>47'246'270</u>
Financial income	2.12	62'277'694	33'988'402
Financial expense	2.13	(51'505'623)	(35'241'489)
Non-operating income	2.14	1'180'921	1'639'759
Non-operating expenses	2.15	(2'744'393)	(1'868'054)
<i>Profit for the year before taxes</i>		<u>56'873'883</u>	<u>45'764'888</u>
Direct taxes		(11'002'622)	(7'130'031)
<i>Profit for the year</i>		<u><u>45'871'261</u></u>	<u><u>38'634'857</u></u>

Notes

1. Principles

1.1 General aspects

1.1.1 Operations

The Company sells bikes and accessories and outdoor equipment through its own sales branches in Europe and to independent distributors.

1.1.2 Accounting policies

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

To ensure the comparability of information, certain line items of the comparative figures have been reclassified to conform to the presentation used in 2022.

(a) Inventories

Inventories are stated at cost. Manufactured inventories are assembled to a large extent by contractors and primarily consist of bikes and accessories and outdoor equipment. Specific and general reserves are provided on inventory balances.

(b) Investments

The Company accounts for its investments in subsidiaries using the cost method. Investments are assessed for impairment annually or more often, when an event occurs or circumstances arise that could indicate a reduction of its book value. Any impairment in the value of investments is charged to the income statement in the period it occurs.

(c) Property, plant and equipment

Fixed assets include land, a building, machinery and equipment, furniture and fixtures, computer equipment and cars. The depreciation is computed on the straight-line basis over the estimated useful lives. The following depreciation rates are used:

• Land	0% p.a.
• Building	2.5% - 10% p.a.
• Furniture and fittings	20% p.a.
• Plant and equipment: - Office and warehouse installations	20% p.a.
- Molds	33% p.a.
- Cars	33% p.a.
- Computer equipment & software	33% p.a.
- Other	33% p.a.

Expenditures for maintenance and repairs are charged to the statement of income as incurred.

Notes

(d) Intangible assets

Amortization is calculated on a straight-line basis, from the acquisition date, and over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

• Trademark	5 - 15 years
• Patents	5 years
• Software	3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date.

(e) Foreign currency

Foreign currency transactions are recorded at the exchange rates prevailing at the date of the transactions or valuation where items are re-measured. Realized foreign exchange gains and losses from the settlement of such transactions and unrealized foreign exchange gains and losses from the translation at year-end exchange rates of current monetary assets and liabilities denominated in foreign currencies are recognized in the income statement presented net by currency. Net unrealized exchange gains by currency from translation of long-term monetary assets and liabilities are deferred, while net unrealized losses by currency on these items are recognized in the income statement.

Hedge

The Group's operations are conducted in numerous currencies. The Group manages its foreign currency exposures through a combination of natural hedges and the use of forward exchange contracts. The Company generally enters into these forward contracts to hedge positions for up to twelve months.

Forward exchange contracts used to hedge future transactions

As the imparity principle applies, the fair value of hedging derivatives is presented in the balance sheet in Accrued expenses and deferred income if the value represents an unrealized loss. In the case of an unrealized gain, no asset will be presented in the balance sheet and no gain will be recorded in the income statement. Realized gains and losses and unrealized losses are recorded in the income statement.

Forward exchange contracts used to hedge balance sheet positions

If the underlying is a balance sheet item valued at the current price, the derivative is also valued at the current price. Gains and losses arising from the underlying and hedging transactions are dealt with on a joint basis (combined valuation perspective with regard to valuation units). As the imparity principle applies, unrealized exchange gains on these items are deferred, while unrealized losses are recognized in the income statement.

Translation of financial statements of branches in foreign currencies

The branches of SCOTT Sports SA keep their books in their local currencies. Monetary and non-monetary assets and liabilities expressed in local currencies are translated into Swiss francs at the rate of exchange prevailing at the end of the year. Revenues and expenses are translated into Swiss francs at the average rate of exchange prevailing at the end of each month.

Gains arising from the translation of the financial statements are deferred under "Deferred translation gains" in Accrued expenses and deferred income, whereas losses are charged to the income statement in accordance with Swiss accounting requirements.

Notes

(f) Revenue from sale of goods

Sales are recognized when risks and rewards are transferred to the client. Normally, this is the case upon delivery of the goods.

(g) Income taxes

The Company is liable for income and capital taxes. In Switzerland the Company is taxed based on its income from domestic operations only. The foreign branches are taxed in their respective countries based on their local contribution to the Company's net result. For financial reporting purposes the Company has accrued all income taxes which will be levied based on the net income reported at closing date.

(h) Leases

Leasing and rental contracts are recognized based on legal ownership. Therefore, any leasing or rental expenses are recognized as expenses in the period they are incurred; however, the leased or rented objects themselves are not recognized in the balance sheet.

1.1.3 Foregoing a cash flow statement and additional disclosures in the notes

As Scott Corporation SA, the parent company of SCOTT Sports SA, has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS), it has been decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law.

Notes

2 Disclosure on balance sheet and income statement items**2.1 Trade accounts receivable**

	In CHF	
	2022	2021
Receivables from third parties	81'993'240	54'318'988
Valuation adjustment	(7'901'621)	(5'096'091)
Receivables from group companies	79'617'642	34'469'490
Valuation adjustment	(5'213'019)	(2'214'351)
Total	148'496'242	81'478'036

2.2 Inventories

	In CHF	
	2022	2021
Finished goods	253'966'236	110'306'005
Valuation adjustment	(71'152'113)	(42'084'341)
Total	182'814'123	68'221'664

2.3 Financial assets

	In CHF	
	2022	2021
Long term group receivable	19'518'000	18'672'000
Loan to group companies	17'267'643	20'434'166
Valuation adjustment from group companies	(1'951'800)	(1'867'200)
Investments with an ownership of less than 20%	809'634	384'506
Total	35'643'477	37'623'472

As of December 15, 2021, the Company acquired 5 social parts of Centredoc for an amount of CHF 2'500. As of May 16, 2022, the Company acquired 15% of the shares and voting rights in The Place s.r.l. for an amount of CHF 122'628. As of July 20, 2022, the Company acquired 3% of the shares and voting rights in Globetrotter Group AG for an amount of CHF 300'000.

Notes

2.4 Investments

Subsidiaries Company name, domicile	Share Capital in I.c.	Voting and capital rights in %	In CHF	
			2022	2021
S.P.F. S.p.A., Aosta, Italy	nil (2021 : nil)	0 (0 in 2021)	-	-
Scott Sports AB, Uppsala, Sweden	SEK 500'000 (same in 2021)	100 (same in 2021)	2'535'450	2'535'450
Scott Italia S.r.l., Albino, Italy	EUR 100'000 (same in 2021)	100 (same in 2021)	4'264'473	4'264'473
Scott Sports Denmark A/S, Skanderborg, Denmark	DKK 500'000 (same in 2021)	100 (same in 2021)	74'898	74'898
BERGAMONT Fahrrad Vertrieb GmbH, Hamburg, Germany	EUR 125'000 (same in 2021)	100 (same in 2021)	502'582	404'412
Bold Cycles Services GmbH, Aschau im Chemgau, Germany, in liquidation	EUR 25'000 (same in 2021)	100 (same in 2021)	-	-
Bike Sport Travel AG, Bern, Switzerland	CHF 50'000 (2021 : nil)	45 (0 in 2021)	675'000	-
			8'052'403	7'279'232

As of September 29, 2022, the Company acquired 45% of the shares and voting rights in Bike Sports Travel AG.

In 2022 impairment losses on investments were recognized in Non-operating expenses for a total amount of CHF nil (2021 : CHF 757'727), as follow:

	In CHF	
	2022	2021
S.P.F. S.p.A.	-	757'727
	-	757'727

In 2022, reversal of impairment losses on investments were recognized in Non-operating income for a total amount of CHF 98'171 (2021 : CHF 152'435), as follow:

	In CHF	
	2022	2021
BERGAMONT Fahrrad Vertrieb GmbH	(98'171)	(152'435)
	(98'171)	(152'435)

Notes

2.5 Trade accounts payable

	In CHF	
	2022	2021
Accounts payable due to third parties	135'212'493	67'532'950
Accounts payable to other group companies	18'381'776	17'751'060
Amounts payable due to shareholders	2'732'285	1'682'226
Total	156'326'554	86'966'236

Other short-term receivables from third parties

Other short-term receivables include advance payments to suppliers of CHF 42'395'833 (2021: CHF 39'805'400). The advance payments are not interest bearing, are not exceeding 12 months and will be offset against suppliers invoices.

2.6 Bank borrowings

On November 1, 2020, the Group obtained a mortgage loan facility of CHF 50'000'000 which is secured by the land and buildings in Givisiez to the extent of a mortgage note of CHF 50'000'000. The quarterly repayments of CHF 250'000 started on March 31, 2021. This mortgage loan facility can be fully repaid each year on November 1, at the sole discretion of the Company. As at September 30, 2022 and September 30, 2021, as the Company does not intend to reimburse it in the next twelve months, this mortgage loan of CHF 48'250'000 (2021: CHF 49'250'000) is presented as Long-term debts except its current portion amounting to CHF 1'000'000 (2021: CHF 1'000'000).

On January 4, 2021, the Company obtained a mortgage loan of CHF 500'000 which is secured by the land and buildings in Givisiez to the extent of a mortgage note of CHF 500'000. This mortgage loan of five years is bearing interests of 1% per annum. The quarterly repayments of CHF 5'000 started on March 31, 2021.

On July 31, the Company obtained a mortgage loan of CHF 3'650'000 and a fixed rate advance of CHF 850'000 totaling CHF 4'500'000 to finance an investment property. These loans of ten years are bearing interests of 1.44% per annum and are secured by this property to the extent of the mortgage notes totaling CHF 4'500'000 and by the lease income. The quarterly repayments of respectively CHF 26'000 and CHF 21'250 started on December 31, 2021.

The bank mortgages of CHF 52'593'500 (2021: CHF 53'812'500) and guaranteed fixed advance of CHF 765'000 (2021: CHF 850'000) are secured by buildings and lands (see note 3.3) as at September 30, 2022. The repayment of the mortgages and guaranteed fixed advance are scheduled in installments for a total of CHF 1'304'000 per year (2021: CHF 1'304'000).

A new bank agreement was signed by Scott Corporation SA and SCOTT Sports SA on June 27, 2022 through a club deal with HSBC Bank plc, Raiffeisen Switzerland Cooperative, Banque Cantonale de Fribourg and The Hongkong and Shanghai Banking Corporation Limited, providing a term loan of CHF 70'000'000, with quarterly amortizations of CHF 5'000'000, and a revolving facility of CHF 80'000'000, totalling CHF 150'000'000, which expires on June 30, 2024. On June 30, 2022, the Company borrowed CHF 70'000'000 out of the term loan and the quarterly repayments of CHF 5'000'000 started on September 30, 2022. On September 30, 2022, the Company has an outstanding balance of CHF 35'000'000 out of the revolving facility. The balance of transaction cost of this bank agreement is CHF 315'000 (2021: nil) and has been netted against the bank term loan.

At September 30, 2022, the Company had CHF 248'000'307 (2021: CHF 100'113'388) bank borrowings outstanding out of which CHF 35'000'000 (2021: nil) under its line of credit agreements.

The following information relates to the Company's line of credit agreements as of September 30, 2022 and 2021:

	In CHF	
Credit limits	2022	2021
Total operational credit line available	80'000'000	-
Credit limit for financial derivatives or credit facility available	5'000'000	5'000'000
Credit limit available for leasing	4'000'000	4'000'000

Notes

2.7 Pension liabilities

At September 30, 2022, liabilities due to pension schemes included in Other short-term liabilities due to third parties amounted to CHF 267'838 (2021: CHF 256'058).

2.8 Accrued expenses and deferred income

	In CHF	
	2022	2021
Accrued unrealized losses on forward exchange rate contracts	983'206	473'581
Accrued unrealized gain on long-term open balances	846'000	1'227'688
Other accrued expenses and deferred income	20'698'817	15'720'528
Deferred translation gains	-	106'203
Total	22'528'023	17'528'000

As at September 30, 2022, the Company had foreign exchange contracts for a total value of CHF 293 million (2021: CHF 332 million). As at September 30, 2022, the Company had unrealized gains relating to foreign exchange contracts used for hedging future transactions of CHF 21'564'436 and unrealized losses of CHF 983'206 (2021: unrealized gains of CHF 9'382'781 and unrealized losses of CHF 473'581). According to the accounting policy of the Company, the related unrealized losses are expensed in the statement of income but the unrealized gains are not recorded.

As at September 30, 2022, the forward exchange contracts used to hedge balance sheet positions were all realized (2021 : unrealized gain of CHF 4'500). According to the accounting policy of the Company, the related forwards are dealt with on a joint basis with the underlying balance sheet position and the related loss offsets the accrued unrealized gain on open balances.

2.9 Short-term provisions

At September 30, 2022, the short-term provision of CHF 5'866'948 (2021: CHF 4'770'415) concerns the warranty cases.

2.10 Share capital

As at September 30, 2022 & September 30, 2021, the share capital of CHF 6'000'000 consists of 12'000 registered shares at a par value of CHF 500.

2.11 Other operating income

As at September 30, 2022, Operating income consists of the co-sponsoring for CHF 1'298'678 (2021: CHF 1'290'277) and the recharges to the subsidiaries of IT, warehouse, managements fees and others for CHF 4'903'905 (2021: CHF 4'888'366).

2.12 Financial income

	In CHF	
	2022	2021
Foreign exchange gains	33'434'260	33'369'881
Foreign exchange gains on swaps and forwards, net	28'151'354	-
Interest income	692'080	609'123
Translation difference	-	9'398
Total	62'277'694	33'988'402

Notes

2.13 Financial expense

	In CHF	
	2022	2021
Foreign exchange losses	(42'512'094)	(28'392'484)
Foreign exchange losses on swaps and forwards, net	-	(3'158'579)
Interest expenses	(3'891'889)	(3'690'426)
Translation difference	(5'101'640)	-
Total	(51'505'623)	(35'241'489)

2.14 Non-operating income

	In CHF	
	2022	2021
Dividend income	207'772	216'463
Reversal of impairment losses on investments	98'171	152'435
Reversal of impairment losses on loan	-	307'426
Rental and other income	836'957	930'433
Gain on sales of fixed assets	38'021	33'002
Total	1'180'921	1'639'759

2.15 Non-operating expenses

Non-operating expenses mainly consist of a tax liability related to a tax inspection in Germany for CHF 2'685'242 (2021: mainly consisted of impairment losses on investments for CHF 757'727 and other non-operating costs related to the closure of S.P.F. S.p.A.).

2.16 Personnel expenses

	In CHF	
	2022	2021
Personnel expenses included in administrative expenses	16'583'400	15'031'478
Personnel expenses included in selling and marketing expenses	36'065'836	31'773'365
Total	52'649'236	46'804'843

2.17 Depreciation and amortisation

	In CHF	
	2022	2021
Depreciation and amortisation included in cost of sales	5'160'837	4'693'801
Depreciation and amortisation included in administrative expenses	19'930'774	25'070'495
Depreciation and amortisation included in selling and marketing expenses	458'911	526'040
Total	25'550'522	30'290'336

As at September 30, 2022, the Company proceeded to an extraordinary depreciation of its building in Route du Crochet 11 for CHF 15'000'000 (2021: CHF 15'000'000), which is included in "Depreciation and amortisation included in administrative expenses". The depreciation was agreed by the local fiscal authorities.

Notes

3 Other information**3.1 Net release of hidden reserves**

	In CHF	
	2022	2021
Total net release of hidden reserves	-	-

3.2 Full-time equivalents

The annual average number of full-time equivalents for the reporting year, as well as the previous year, exceeded 250.

3.3 Assets pledged and assets with retention of title

As of September 30, 2022, according to the agreement signed by Scott Corporation SA and SCOTT Sports SA in April 2020 regarding the USD 140'000'000 shareholder's loan granted by Youngone to Scott Corporation SA, some trademarks are pledged. The net book value of these trademarks is nil, as they are fully depreciated (2021: CHF nil).

The bank mortgages of CHF 52'593'500 (2021: CHF 53'812'500) and guaranteed fixed advance of CHF 765'000 (2021: CHF 850'000) are secured by buildings and lands in France and Switzerland to the extent of CHF 56'932'590 (2021: CHF 56'690'311).

As of September 30, 2022, Other receivables included cash deposits which cannot be withdrawn or used by the Company for liquidity purposes, and which secured certain transactions such as rent for Group entities for an amount of CHF 390'440 (2021: CHF 379'210).

3.4 Collateral and guarantees for third party liabilities

SCOTT Sports SA acts as a guarantor for the credit facility of a group company and for the shareholder's loan of the parent company for an amount of CHF nil (2021: CHF 84'630'910).

3.5 Residual amount of leasing obligations

At September 30, 2022, the Company had lease commitments that were not recorded on the balance sheet for a total of CHF 4'141'088 (2021: CHF 4'610'112). The maturity of leasing obligations which have a residual term of more than twelve months or which cannot be canceled within the next twelve months is as follow:

	In CHF	
	2022	2021
Up to 1 year	2'095'747	1'893'853
1 - 5 year	2'045'341	2'716'259
More than 5 years	-	-
	4'141'088	4'610'112

These amounts include payments related to leasing contracts up to the end of their (a) contract period or (b) notice period, as applicable.

Notes

3.6 Impact of Coronavirus and Ukraine Crisis

Currently, there is still a significant economic uncertainty and disruption of business operations related to the Coronavirus (COVID-19) outbreak and the Ukraine crisis is increasing the economic uncertainty.

However the COVID-19 outbreak and the subsequent lockdown restrictions stimulated the trend to higher demand for outdoor activities and alternative mobility solutions. This triggered the demand for bicycles.

As a consequence, this particular situation continued to have a positive effect on the revenue and the net result of the Company for the year 2022. Revenue increased significantly mainly due to a mix of increased volume and price and despite the supply challenges. The sales growth explains the high level of trade receivables at year-end. The late deliveries explain the high level of trade payables and inventory at year-end.

The outlook for the next twelve months is still positive regarding the sales orders. However, the ongoing supply issues, stock availability on time, freight pressure, price increases and impact of the inflation on the demand, on which the Company has no influence, could have an adverse impact on the sales growth and net result for the next twelve months.

The Company has considered these uncertainties and has applied appropriate judgement when determining their related effects.

3.7 Material uncertainty relating to the company's ability to continue as a going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to discharge its liabilities.

The Company has recognized a net profit after tax of CHF 45'871'261 for the year ended September 30, 2022 and, as at that date, current assets exceed current liabilities by CHF 153'114'932.

Since June 27, 2022, the Company's operations are primarily financed by bank borrowings.

During COVID-19 pandemic and lockdown measures, the consumers' demand has significantly increased for bikes and sport accessories. Production has been increased consequently. However, the stock availability of such goods has been constrained by raw material shortage, production disruption and freight issues. Since last summer, the supply problems have improved considerably, resulting in late deliveries coming after the peak sales season and causing a high inventory level at year end. The addition of these events, the improvement of supply and the business seasonality, led to a temporary liquidity issue to ensure the payment of all suppliers' invoices on time.

Based on the Company's liquidity position at the end of January 2023 and based on the actual liquidity plan of the Group for the next twelve months, the Board of Directors estimates that the Company would have insufficient financing to meet its financial obligations for February, March and April 2023 if trade payables payments were made according to contractual payment conditions.

The Company ability to continue as a going concern is dependent upon securing additional financing and managing the accounts receivable and accounts payable. Thus, a material uncertainty exists in this respect, which may cast significant doubt about the Company's ability to continue as a going concern, and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

On the basis of the on-going work to close financing requirements by securing additional financing, negotiating extended payment terms with suppliers and managing the accounts receivable, and the proven ability of the Management in the past to overcome difficult times, the Board of Directors expects the Company to be in a position to meet the payment of its short-term liabilities.

The Board of Directors and Management are convinced that the Company is able to continue as a going concern.

Notes

3.8 Subsequent events

As mentioned in note 2.6, on November 1, 2022, the one-year renewal option on the mortgage loan of CHF 50'000'000, which is secured by the land and buildings in Givisiez, was exercised.

Proposed Appropriation of Available Earnings	2022
	In CHF
Retained earnings brought forward	100'962'588
Profit for the year	45'871'261
Available earnings	146'833'849

The Board of Directors proposes to the General Meeting of Shareholders the following appropriation of available earnings:

To be carried forward	146'833'849
	146'833'849

As the general legal retained earnings reaches 50% of the share capital, a further allocation has been waived.