06

Consolidated Financial Statements of Accelleron

KPMG

Statutory Auditor's Report

To the General Meeting of Accelleron Industries AG, Baden

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of Accelleron Industries AG and its subsidiaries (the Group), which comprise the Consolidated Balance Sheets as of December 31, 2024, the Consolidated Statements of Income, the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Cash Flows, and the Consolidated Statements of Changes in Shareholders' Equity for the year then ended, and the related notes to the Consolidated Financial Statements, including a summary of significant accounting policies.

In our opinion, the Consolidated Financial Statements (pages 83 to 99) present fairly, in all material respects, the financial position of the Group as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) 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 Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Key Audit Matters

REVENUE RECOGNITION

Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

KPMG

REVENUE RECOGNITION

Key Audit Matter	Our response
Total consolidated revenue of the Group for the financial year 2024 amounted to USD 1,023 million (2023: USD 915 million). The Group offers products and services relating to highly customized turbochargers of engines for heavy-duty applications. The Group recognizes revenue when a performance obligation has been satisfied and control has been transferred to the customer, usually at a designated shipping point and in accordance with the agreed delivery terms for products, and upon customer acceptance for services. Revenue is a key performance indicator and therefore in internal and external stakeholders' focus. There is a risk that revenue may be recognized in the wrong accounting period. We consider revenue recognition to be a key audit matter due to the number of transactions that occur close to year-end and the potential impact of these transactions on the Consolidated Financial Statements if they are recorded in an incorrect accounting period.	Our audit procedures included, among others, inquiries with management regarding significant new contracts with customers and relevant changes in existing contracts. The procedures also included reading significant new or amended contracts to evaluate the terms and conditions and their impact on revenue recognition. In addition, we evaluated the design and implementation of certain internal controls related to the Group's revenue process including controls over whether a performance obligation has been satisfied and control has been transferred to the customer. On a sample basis, we reconciled revenue transactions recorded in December 2024 and January 2025 to the supporting documentation such as sales contracts, external shipping documents and customer acceptance reports to assess whether revenue has been recognized in the appropriate period and amount.

For further information on revenue recognition refer to the following: Note 3 of the Consolidated Financial Statements - Significant accounting policies – Revenue recognition.

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 Consolidated Financial Statements, the Statutory Financial Statements of Accelleron Industries AG, the audited content of the Compensation Report and our auditor's reports thereon.

Our opinion on the Consolidated 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 Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated 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 Consolidated Financial Statements
The Board of Directors is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with U.S. GAAP and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the Consolidated 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, ISA 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 Consolidated Financial Statements.

As part of an audit in accordance with Swiss law, ISA 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 Consolidated 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 Group'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 Group'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 Consolidated 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 Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and SA-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the Consolidated Financial Statements according to the instructions of the Board of Directors.

We recommend that the Consolidated Financial Statements submitted to you be approved.

KPMG AG

Simon Studer
Licensed Audit Expert
Auditor in Charge

Andrius Cibas
Licensed Audit Expert

Zurich, March 11, 2025

Statements of Income

		Twelve-month period ended December 31,	
(USD in thousands)	**Note**	**2024**	**2023**
Revenues	4	1,022,526	914,859
Cost of sales		(551,342)	(528,927)
Gross profit		**471,184**	**385,932**
Selling, general and administrative expenses		(177,774)	(192,470)
Research and development expenses		(58,232)	(57,448)
Other income, net		2,695	5,292
Income from operations		**237,873**	**141,306**
Interest and other finance expense, net		(12,078)	(4,128)
Income from operations before income taxes		**225,795**	**137,178**
Income tax expense	5	(46,442)	(27,205)
Net income		**179,353**	**109,973**
Attributable to non-controlling interests		9,255	8,766
Attributable to Accelleron		**170,098**	**101,207**
Earnings per share	**6**		
Basic EPS (USD)		1.81	1.08
Diluted EPS (USD)		1.81	1.08

See accompanying Notes to the Consolidated Financial Statements

Statements of Comprehensive Income

	Twelve-month period ended December 31,	
(USD in thousands)	**2024**	**2023**
Net income	179,353	109,973
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	(29,352)	22,427
Pension and other post-employment plan adjustments	(11,379)	(46,443)
Total other comprehensive loss, net of tax	**(40,731)**	**(24,016)**
Total comprehensive income, net of tax	**138,622**	**85,957**
Less: total comprehensive income, net of tax attributable to non-controlling interests	8,549	8,154
Total comprehensive income attributable to Accelleron, net of tax	**130,073**	**77,803**

See accompanying Notes to the Consolidated Financial Statements

Balance Sheets

(USD in thousands)	Note	December 31, 2024	2023
Cash and cash equivalents		272,522	234,058
Receivables, net	13	205,723	222,415
Contract assets	18	20,776	18,780
Inventories	12	242,659	251,244
Other current assets	14	24,165	36,834
Total current assets		**765,845**	**763,331**
Property, plant and equipment, net	9	196,833	183,635
Operating lease right-of-use assets, net	10	41,492	39,574
Goodwill and other intangible assets	11, 26	109,530	82,739
Deferred tax assets	5	79,545	88,768
Pension asset	8	38,790	46,431
Other non-current assets		1,721	2,323
Total non-current assets		**467,911**	**443,470**
Total assets		**1,233,756**	**1,206,801**
Accounts payable	17	110,710	153,506
Contract liabilities	18	34,019	24,787
Current lease liabilities	10	8,130	11,414
Current debt	21	3,267	1,803
Current provisions	15	32,816	30,285
Accrued liabilities	16	57,752	59,084
Other current liabilities	16	54,101	46,090
Total current liabilities		**300,795**	**326,969**
Non-current debt	21	475,320	475,818
Non-current lease liabilities	10	34,625	29,587
Pension and other employee benefits		9,326	4,860
Deferred tax liabilities	5	39,614	37,822
Non-current provisions	15	19,378	23,376
Other non-current liabilities	23	5,510	5,467
Total non-current liabilities		**583,773**	**576,930**
Total liabilities		**884,568**	**903,899**
Registered ordinary shares, CHF 0.01 par value, 94,500,000 shares issued at December 31, 2024 and December 31, 2023		995	995
Treasury shares at cost, 697,584 at December 31, 2024 and 736,857 shares at December 31, 2023		(3,682)	(3,387)
Additional paid-in capital		16,991	25,550
Accumulated earnings		317,458	224,008
Accumulated other comprehensive income		92	40,117
Total Accelleron shareholders' equity	**19**	**331,854**	**287,283**
Non-controlling interests		**17,334**	**15,619**
Total shareholders' equity		**349,188**	**302,902**
Total liabilities and shareholders' equity		**1,233,756**	**1,206,801**

See accompanying Notes to the Consolidated Financial Statements

Statements of Cash Flows

(USD in thousands)	Twelve-month period ended December 31, 2024	2023
Operating activities:		
Net income	**179,353**	**109,974**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36,301	30,128
Pension and other employee benefits	(13,549)	(14,531)
Deferred taxes	10,754	10,566
Other	12,895	18,336
Changes in operating assets and liabilities:		
Receivables, net	7,107	(6,021)
Contract assets and liabilities	7,587	(1,046)
Inventories	(6,800)	(17,663)
Accounts payable, trade	(36,769)	8,329
Accrued liabilities	142	7,000
Provisions, net	3,782	164
Income taxes payable and receivable	4,735	5,824
Other assets and liabilities, net	10,590	(5,867)
Net cash provided by operating activities	**216,128**	**145,193**
Investing activities:		
Purchases of property, plant and equipment and intangible assets	(38,524)	(36,203)
Proceeds from sales of property, plant and equipment	116	89
Acquisition of businesses (net of cash acquired)	(58,769)	(92,849)
Net cash (used in) investing activities	**(97,177)**	**(128,963)**
Financing activities:		
Net transfer to Former Parent[1]	—	(10,506)
Increase in debt	205,296	110,985
Repayment of debt	(176,757)	—
Dividends paid to non-controlling interests	(6,854)	(4,652)
Dividends paid to Accelleron shareholders	(88,223)	(76,212)
Net cash (used in)/provided by financing activities	**(66,538)**	**19,615**
Effects of exchange rate changes on cash and cash equivalents	(13,949)	8,856
Net change in cash and cash equivalents	**38,464**	**44,701**
Cash and cash equivalents, beginning of period	**234,058**	**189,357**
Cash and cash equivalents, end of period	**272,522**	**234,058**
Supplementary disclosure of cash flows information:		
Interest paid	(10,374)	(8,445)
Income taxes paid	(28,311)	(11,609)

1 2023 movement represents net transfer to ABB Ltd. (Former Parent) of property, plant and equipment.

See accompanying Notes to the Consolidated Financial Statements

Statements of Changes in Shareholders' Equity

(USD in thousands)	Registered ordinary shares	Treasury shares	Treasury shares / Compensation reserve	Additional paid-in capital	Accumulated earnings	Accumulated comprehensive income	Total Accelleron shareholders' equity	Non-controlling interests	Total shareholders' equity
Balance as of January 1, 2023	**995**	**(3,981)**	**—**	**100,448**	**122,801**	**63,521**	**283,784**	**12,722**	**296,506**
Net income through December 31, 2023	—	—	—	—	101,207	—	101,207	8,766	109,973
Dividends to non-controlling shareholders	—	—	—	—	—	—	—	(4,652)	(4,652)
Change in non-controlling interest	—	—	—	—	—	—	—	(612)	(612)
Dividends to Accelleron shareholders	—	—	—	(76,316)	—	—	(76,316)	—	(76,316)
Share-based compensation	—	63	531	1,418	—	—	2,012	—	2,012
Other comprehensive loss, net	—	—	—	—	—	(23,404)	(23,404)	(605)	(24,009)
Balance at December 31, 2023	**995**	**(3,918)**	**531**	**25,550**	**224,008**	**40,117**	**287,283**	**15,619**	**302,902**
Balance as of January 1, 2024	**995**	**(3,918)**	**531**	**25,550**	**224,008**	**40,117**	**287,283**	**15,619**	**302,902**
Net income through December 31, 2024	—	—	—	—	170,098	—	170,098	9,255	179,353
Dividends to non-controlling shareholders	—	—	—	—	—	—	—	(6,854)	(6,854)
Change in non-controlling interest	—	—	—	—	—	—	—	20	20
Dividends to Accelleron shareholders	—	—	—	(10,994)	(76,648)	—	(87,642)	—	(87,642)
Share-based compensation	—	236	(531)	2,435	—	—	2,140	—	2,140
Other comprehensive loss, net	—	—	—	—	—	(40,025)	(40,025)	(706)	(40,731)
Balance at December 31, 2024	**995**	**(3,682)**	**—**	**16,991**	**317,458**	**92**	**331,854**	**17,334**	**349,188**

See accompanying Notes to the Consolidated Financial Statements

Notes to the Consolidated

Financial Statements

Note 1

The Company

Accelleron Industries AG and its subsidiaries (collectively the Company or Accelleron) together form a global leader in turbocharging technologies and optimization solutions for 0.5 to 80+ megawatt (MW) engines, helping to provide sustainable, efficient and reliable power to the marine, energy, rail and off-highway sectors. Through its innovative product offerings and research leadership, the Company accelerates the decarbonization of the industries it operates in. Accelleron has an installed base of approximately 180,000 turbochargers and a network of approximately 100 service stations across more than 50 countries worldwide.

Accelleron operates through two reporting segments, High Speed (HS) and Medium & Low Speed (M&LS), which offer turbochargers and fuel injection, as well as services throughout the whole product lifecycle.

On August 29, 2024, the Company completed the acquisitions of O.M.C. 2 Diesel S.p.A. (OMC2) in Cazzago San Martino (Italy) and True North Marine Inc. (TNM) in Montreal (Canada). The Company's Consolidated Financial Statements reflect the results of the acquisitions, which are further presented in the accompanying notes herein.

The Company's registered shares are listed on the SIX Swiss Exchange under the ticker symbol ACLN (ISIN: CH1169360919 / Swiss security number: 116936091).

Note 2

Basis of preparation

The Company's Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

The Company's accounting policies remain substantially unchanged from December 31, 2023. Unless otherwise stated, all financial information in US dollars ($ or USD) is presented in thousands, except per-share amounts. For this reason, certain amounts in the Company's Notes to the Consolidated Financial Statements may not add up or recalculate due to rounding.

Note 3

Significant accounting policies

The following is a summary of significant accounting policies used in the preparation of these Consolidated Financial Statements.

Principle of consolidation

The Consolidated Financial Statements include the accounts of Accelleron Industries AG and its subsidiaries in which the Company has control. Inter-company accounts and transactions have been eliminated in consolidation.

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures in the accompanying notes. Actual results could differ materially from those estimates. Estimates and assumptions are periodically reviewed, and the effects of changes are reflected in the Consolidated Financial Statements in the period they are determined to be necessary.

Translation of foreign currencies and foreign exchange transactions

The reporting currency of the Company is US dollars. The functional currency for most of the Company's foreign subsidiaries is their local currency. For purposes of presenting Consolidated Financial Statements, net assets are translated at period-end exchange rates while revenue, expense, and cash flow items are translated at average exchange rates for the applicable period. Translation adjustments for foreign subsidiaries are recorded within accumulated other comprehensive income (loss) in equity.

The exchange rates for the most significant foreign currencies in 2024 are as follows:

	Year-end rate	Average rate
Euro (EUR)	1.040	1.047
Swiss Franc (CHF)	1.107	1.122
Japanese Yen (JPY)	0.006	0.007
Chinese Yuan (CNY)	0.137	0.137
Singapore Dollar (SGD)	0.736	0.741
Indian Rupee (INR)	0.012	0.012
British Pound (GBP)	1.255	1.264

Foreign currency gains and losses, such as those resulting from currency denominated receivables or payables, are included in the determination of earnings. Exchange gains and losses recognized in earnings are included in total revenues, cost of sales, general and administrative expenses, interest and other finance (expense), net, consistent with the nature of the underlying item.

Revenue recognition

The Company accounts for a contract with a customer when the contract has been approved by both parties, has commercial substance, contains payment terms, as well as each party's rights and commitments, and collectability under the contract is considered probable.

The Company offers product and services contracts to meet its customers' needs. These contracts are largely recognized at a point in time with a minor percentage of performance obligations recognized over a period of time. Goods and services under such contracts are evaluated to determine whether they form distinct performance obligations and should be accounted for as separate revenue transactions. The Company allocates the sales price to each distinct performance obligation based on the price of each item sold in separate transactions at the inception of the contract.

Point-in-time revenue is recognized when the customer obtains control which is when it has taken title and assumed the risks and rewards of ownership specified in the contract. Generally, the transfer of title and risks and rewards of ownership are governed by the contractually defined shipping terms. Revenue for services is recognized at the point of customer acceptance.

Payment terms and rebates are agreed upon and apply to all sales of products or services under the contract. The price list and payment terms are fixed for a timeframe, usually between two and three years. Some large customers have incentives in the form of volume rebates, which are a variable element when determining the transaction price and are accounted for as a reduction of revenues.

The differences between the timing of revenues recognized and customer billings result in changes to contract assets and contract liabilities. Contract assets arise when the timing of billing to customers occurs after the timing of revenue recognition. Contract liabilities are recorded for amounts invoiced to customers in advance of revenue recognition.

Research and development
Research and development costs are predominantly non-order related and are expensed as incurred.

Cash and cash equivalents
Cash and cash equivalents include highly liquid investments purchased with an original maturity of three months or less.

Accounts receivable and allowance for expected credit losses
Accounts receivable are recorded at the invoiced amount. The Company provides an allowance against accounts receivable for the amount expected to be uncollectible. The Company records a specific reserve for individual accounts when the Company becomes aware of specific customer circumstances, such as in the case of deterioration in the customer's operating results or financial position. If there are additional changes in circumstances related to the specific customer, the Company further adjusts estimates of the recoverability of receivables. The Company maintains an allowance for expected credit losses for all other customers based on a variety of factors, including the use of financial condition of customers, payment history, length of time receivables are past due, macroeconomic conditions, significant one-time events, and historical experience. Accounts receivable are written off against the allowance when they are deemed uncollectible.

The Company maintains non-recourse factoring agreements with a financial institution and regularly transfers certain account receivables from one customer. Under this factoring agreement, the Company is not exposed to any default risk of the transferred receivables.

Concentrations of credit risk
Concentrations of credit risk with respect to accounts receivable are limited, as the customer base is comprised of a large number of individual customers. Ongoing credit evaluations of customers' financial positions are performed to determine whether the use of credit support instruments such as guarantees, letters of credit or credit insurance are necessary; collateral is not generally required. The Company invests cash in deposits with banks throughout the world with certain minimum credit ratings and in high-quality, low-risk, liquid investments. The Company actively manages its credit risk by routinely reviewing the creditworthiness of the banks and the investments held.

Derivative instruments
Derivative instruments, not designated as hedging instruments, consist of foreign exchange contracts, and are used by the Company to hedge foreign currency denominated balance sheet exposures, forecasted foreign currency denominated sales and related foreign currency denominated purchases. All derivative instruments are initially recognized at fair value and changes in fair value are recognized as derivative gains and losses in cost of sales or in interest and other finance (expense), net, consistent with the nature of the underlying item. Any cash-flow impact on settlement of these contracts is classified in the Consolidated Statement of Cash Flows as "net cash provided by operating activities".

Inventories
Inventories are stated at the lower of cost (computed in accordance with the weighted-average cost method) or net realizable value. Elements of cost include raw materials, purchased components, labor, and overhead.

Property, plant and equipment
The Company states property, plant and equipment at cost less accumulated depreciation. The Company capitalizes additions and improvements, and records expense for maintenance and repairs as incurred. Depreciation expense is recognized on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives are 15 to 40 years for buildings and 3 to 15 years for machinery and equipment. Leasehold improvements are depreciated over their estimated useful life or, for operating leases, over the lease term, if shorter.

Goodwill and other intangible assets
Goodwill is assessed for impairment annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that it might be impaired, by comparing carrying value to the reporting unit's fair value.

When evaluating goodwill for impairment, either a qualitative or quantitative assessment method is used. The qualitative assessment involves determining, based on an evaluation of qualitative factors, if it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value. If, based on this qualitative assessment, it is determined to be more-likely-than-not that the reporting unit's fair value is less than its carrying value, a quantitative impairment test is performed, otherwise no further analysis is required. The quantitative impairment test calculates the fair value of a reporting unit (based on the income approach whereby the fair value of a reporting unit is calculated based on the present value of future cash flows) and compares it to the reporting unit's carrying value. If the carrying value of the net assets of a reporting unit exceeds the fair value of the reporting unit, then an impairment charge equal to the difference is recognized, provided that the loss recognized does not exceed the total amount of goodwill allocated to that reporting unit.

Costs incurred to develop software for internal use are capitalized within other intangible assets and are amortized on a straight-line basis over the estimated useful life, typically ranging from three to five years. Subsequent additions, modifications or upgrades are only capitalized if such changes allow the software to perform a task it previously did not perform.

Impairment of long-lived assets
The Company reviews long-lived assets, primarily property, plant and equipment and intangible assets with finite lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If impairment indicators are present and the estimated future undiscounted cash flows are less than the carrying value of the assets, the carrying values are reduced to the estimated fair value. Fair values are determined based on quoted market values, discounted cash flows, or external appraisals, as applicable.

Provision for warranties
The Company offers warranties for products and services. For products, the warranty length ranges from 12 to 36 months. For services, the length is typically 6 to 12 months. The Company provides for anticipated costs for warranties when it recognizes revenues on the related products or services.

The warranty reserve includes the best estimate of the projected costs to replace or repair items under warranties including imperfections in design, material and workmanship. These estimates are based on actual claims incurred to date and an estimate of the nature, frequency and costs of future claims. In addition, the Company makes individual assessments with risks resulting from order-specific conditions or guarantees and assessments on an overall, statistical basis for similar products sold in larger quantities. The portion of the warranty reserve expected to be incurred within the next 12 months is included within current provisions, while the remaining balance is included within non-current provisions. Warranty expense is recorded as a component of cost of sales.

Leases
The Company enters into operating leasing arrangements mainly for real estate, vehicles and machinery. The Company determines if a contract is or contains a lease at inception. A contract is a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For leases with an original term of more than 12 months, the Company recognizes a right-of-use asset (RoU) and a lease liability. RoU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Short-term leases and low-value leases are not recorded on the Consolidated Balance Sheets and the related expense is recognized on a straight-line basis over the term of the lease.

Lease liabilities are recorded at the commencement date of the lease based on the present value of the minimum lease payments which include any non-cancellable lease terms and any renewal periods that the Company is reasonably certain to exercise. The present value of the lease payments is determined by using the interest rate implicit in the lease, if available. As most of the operating leases do not provide an implicit rate, the Company’s incremental borrowing rate is used for most leases and is determined for portfolios of leases based on the remaining lease term, currency of the lease, and the internal credit rating of the subsidiary which entered into the lease.

Lease and non-lease components for leases other than real estate are not accounted for separately.

Income taxes
Income taxes are computed using the asset and liability method, under which deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Earnings per share
Basic earnings per share are computed by dividing net income available to Accelleron’s shareholders by the weighted average number of ordinary shares outstanding for the period. Diluted earnings per share are calculated by adjusting the weighted average outstanding ordinary shares to include any dilutive effect of shares granted subject to certain conditions under the Company’s share-based payment arrangements.

Share-based payment arrangements
The Company has two equity incentive plans in place, defined as long-term incentive plans (LTIPs), which provides eligible Accelleron’s employees with equity-settled awards in the form of restricted stock units (RSUs) and performance share units (PSU). The Company expenses the fair values of RSUs and PSUs granted to senior employees as compensation over the related vesting periods. RSUs are only conditional on the provision of services by the plan participant during the vesting period and they are valued at fair value on the grant date.

PSUs granted are subject to the achievement of certain performance criteria during the performance period and require participants to provide services during the period. The performance criteria are based on the Company’s earnings per share performance, on the Company’s relative total shareholder return and on ESG related targets. The number of equity instruments that finally vest is determined at the vesting date. The payout between 0% and 200% of target is dependent upon the above performance metrics.

As RSUs and PSUs do not entitle the holder to dividends, the fair value is based on the share price at the grant date adjusted for the net present value of the dividends expected to be paid during the holding period. If a plan participant leaves for reasons other than retirement, disability or death, then the unvested RSUs and PSUs are forfeited.

Fair value of financial instruments
The required fair values of the Company’s financial assets and financial liabilities reflect the amounts that could be received to sell the assets or paid to transfer the liabilities in an orderly transaction between market participants at the measurement date (exit price). The Company determines fair value based on a three-tiered fair value hierarchy. The hierarchy consists of:

Level 1: Observable inputs, such as actively exchange-traded securities which are valued at quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the reporting date;

Level 2: Valuation inputs, other than quoted prices in active markets, that are determined using input prices that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data; and

Level 3: Valuation inputs that are determined using unobservable inputs requiring use of the Company's assumptions, such as internally developed pricing models for the asset or liability due to little or no market activity for the asset or liability.

Contingencies
Guarantees provided in favor of third parties are reported off-balance sheet as contingent liabilities. A provision for contingent obligations is recorded only when it becomes probable that an outflow of resources will occur and the amount can be reasonably estimated.

Any such provision is generally recognized on an undiscounted basis using the Company's best estimate of the amount of loss incurred or at the lower end of an estimated range when a single best estimate is not determinable. In some cases, the Company may be able to recover a portion of the costs relating to these obligations from insurers or other third parties; however, the Company records such amounts only when it is probable that they will be collected.

Pensions and other post-employment benefits
In accordance with local regulations and practices, the Company has various employee benefit plans, including defined contribution and termination indemnity plans. The Company recognizes the funded status of each defined benefit pension plan in the Consolidated Balance Sheets. Each overfunded plan is recognized as an asset in employee benefit assets and each underfunded plan is recognized as a liability in employee benefit obligations. The Company measures plan assets and obligations that determine its funded status at year-end and recognizes the changes in the funded status in the year in which the changes occur.

Actuarial valuations are used to determine pension and post-retirement benefit costs and credits. The amounts calculated depend on a variety of key assumptions, including discount rates and expected return on plan assets. Current market conditions are considered in selecting these assumptions. Significant differences between assumptions and actual experience, or significant changes in assumptions, may materially affect the plan net assets. The effects of actual results differing from assumptions and the changing of assumptions are included in net actuarial gain/(loss) within "Accumulated other comprehensive income (loss) or income".

Business combinations
Acquisitions are recorded using the acquisition method of accounting. The Company allocates the purchase consideration to the assets acquired, liabilities assumed, and non-controlling interests in the acquired entity generally based on the fair values at the acquisition date. The excess of the fair value of purchase consideration over the fair value of these assets acquired, liabilities assumed and non-controlling interests in the acquired entity is recorded as goodwill. Acquisition-related costs are expensed as incurred. During the measurement period, which may be up to one year from the acquisition date, the Company has the ability to record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill.

New accounting pronouncements

Recently adopted accounting standards
In November 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-07 (Topic 280): Improvements to reportable segments disclosures. This update is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company adopted the guidance for the fiscal year ended December 31, 2024 with no significant impact on the Company's Consolidated Financial Statements.

Recently issued accounting pronouncements not yet adopted
In December 2023, the FASB issued ASU 2023-09 – Improvements to Income Tax Disclosures, which amends Income Taxes (Topic 740). This update which requires the Company to disclose additional information related to income taxes. This update is effective for the Company prospectively, with retrospective adoption permitted, for annual periods beginning January 1, 2025. The Company is currently evaluating the impact of this standard on its Consolidated Financial Statements.

In November 2024, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures. ASU 2024-03 is intended to improve disclosures about a public entity's expenses and provide more detailed information to investors about the types of expenses in commonly presented expense captions. The amendments in this update are effective for the Company for annual periods beginning January 1, 2027 with retrospective adoption permitted.

Note 4

Operating segment and disaggregated revenue information

The Company operates in two segments and discloses its operations according to the product lifecycle segmentation, which is composed of High Speed (HS) and Medium & Low Speed (M&LS) segments:

- HS produces and services turbochargers with power ranging from 500 – 5,000 kilowatts, for the use of 1 to 4 turbochargers per engine. HS turbochargers are mainly used in marine, electric power generation, oil & gas onshore and off-highway applications.
- M&LS: produces and services turbochargers with power output from 3,000 to 30,000 kilowatts, for the use of 1 to 2 turbos per engine. Such turbochargers are used mainly in marine and electric power generation applications. In addition, this reporting segment includes business activities relating to rail, fuel injection and digital, as their application is primarily related to the Medium & Low Speed segment.

The Company's Chief Operating Decision Maker (CODM) is the Executive Committee which is a group of the highest ranked individuals within the Company (including Chief Executive Officer, Chief Financial Officer, Chief HRS Officer, Chief Technology Officer and the division presidents) who manage the business operations for the purposes of allocating resources, making operating decisions and evaluating financial performance.

The segments' performance measure is operational earnings before interest, taxes and amortization (Operational EBITA) which eliminates the impact of certain items that the Company does not consider indicative of its ongoing operating performance. The CODM uses the reported measure to evaluate the business performance.

Information on segment assets and significant segment expenses are not disclosed by segment as this information is not regularly provided to the CODM to evaluate segment performance or allocate resources and capital. The CODM evaluates performance, variances and allocates resources and capital on consolidated level. The CODM uses consolidated figures to evaluate performance and allocation of resources/capital by monitoring actual versus budgeted results.

Segment Operational EBITA and the reconciliation to the Company's consolidated results are as follows:

	Twelve-month period ended December 31,	
(USD in thousands)	**2024**	**2023**
Income from operations before income taxes	**225,795**	**137,178**
Add back: Interest and other finance expense, net[1]	12,078	4,128
Income from operations	**237,873**	**141,306**
Add back: One-off and other non-operational costs, net[2]	18,579	80,025
Add back: Acquisition-related amortization	5,415	1,769
Operational EBITA:	**261,867**	**223,100**
Thereof High Speed	62,757	59,297
Thereof Medium & Low Speed	199,109	163,803

1 Interest and other finance income/(expense), net includes non-operational pension income in the amount of USD 11,860 thousands (2023: USD 10,227 thousands), interest expense in the amount of USD 9,144 thousands (2023: USD 9,283 thousands) and other finance expenses (foreign currency remeasurement effects) in the amount of USD 14,794 thousands (2023: USD 5,072 thousands).

2 One-off and other non-operational costs, net includes operational pension gain in the amount of USD 356 thousands (2023: USD 4,165 thousands), foreign exchange gain in the amount of USD 1,573 thousands (2023: USD 1,604 thousands loss), build-up costs following the spin-off from Former Parent in the amount of USD 15,797 thousands and M&A activity-related non-operational and one-off cost of USD 4,710 thousands (2023: USD 77,364 thousands and USD 4,977 thousands M&A) and acquisition-related amortization of USD 5,415 thousands (2023: USD 1,769 thousands).

The following table presents disaggregated revenues information for December 31, 2024, and December 31, 2023.

	Twelve-month period ended December 31,	
(USD in thousands)	**2024**	**2023**
Geographical markets:		
Asia, Middle East & Africa	439,188	374,285
thereof Japan	74,007	68,324
thereof China	105,223	100,192
The Americas	232,761	216,541
thereof United States of America	164,973	165,067
Europe	350,577	324,033
thereof Switzerland	22,329	28,372
Total revenues	**1,022,526**	**914,859**
Segment:		
High Speed Products and Services	248,998	249,940
Medium & Low Speed Products and Services	773,528	664,919
Total revenues	**1,022,526**	**914,859**
Third-party revenues	1,022,526	914,859
Total revenues	**1,022,526**	**914,859**

One of the Company's HS customers accounted for 12% and 14% of total revenues in 2024 and 2023, respectively. Another customer of the Company's M&LS segment accounted for 12% and 11% of total revenues in 2024 and 2023, respectively.

Note 5

Income taxes

Income taxes are based on the laws and rates in effect in the countries in which operations are conducted or in which the Company or its subsidiary are considered resident for income tax purposes.

The Company is a global corporation, generating income in several jurisdictions. The "income tax expense" of the taxing jurisdictions consisted of the following:

	Twelve-month period ended December 31,	
(USD in thousands)	**2024**	**2023**
Current taxes	(35,688)	(16,639)
Deferred taxes	(10,754)	(10,566)
Income tax expense	**(46,442)**	**(27,205)**

The effective income tax rate on pre-tax earnings differed from the blended Swiss statutory tax rate as follows:

	Twelve-month period ended December 31,	
(USD in thousands)	**2024**	**2023**
Income from operations before income taxes	**225,795**	**137,178**
Blended Swiss statutory tax rate	**15.1%**	**16.3%**
Income taxes at blended Swiss statutory tax rate	(34,090)	(22,359)
Non-deductible / non-taxable items	(73)	882
Items taxed at rates other than the blended Swiss statutory tax rate	(7,410)	(3,705)
Effects of changes in tax laws and (enacted) tax rates	(203)	2,045
Any tax expense for dividends and related distributions	(1,943)	(2,247)
Adjustments for tax of prior periods	(893)	(1,412)
Other, net	(1,830)	(409)
Income tax expense	**(46,442)**	**(27,205)**
Effective tax rate for the year	**(20.6%)**	**(19.8%)**

Deferred income tax assets and liabilities consisted of the following:

(USD in thousands)	2024	December 31, 2023
Deferred tax assets:		
Intangible assets	58,648	69,595
Unused tax losses and credits	8,391	7,826
Provisions and other accrued liabilities	5,428	5,166
Pension	917	946
Inventories	2,805	2,486
Property, plant and equipment	969	545
Other liabilities	8,012	8,480
Other	1,772	2,586
Total gross deferred tax assets	**86,942**	**97,630**
Valuation allowance	**(495)**	**(327)**
Total gross deferred tax asset, net of valuation allowance	**86,447**	**97,303**
Deferred tax liabilities:		
Intangible assets	(10,951)	(11,265)
Property, plant and equipment	(14,405)	(17,085)
Other liabilities	(469)	(368)
Provisions and other accrued liabilities	(3,104)	(3,100)
Inventories	(5,524)	(3,581)
Pension	(5,948)	(7,037)
Unremitted earnings	(4,948)	(3,295)
Other	(1,167)	(626)
Total gross deferred tax liabilities	**(46,516)**	**(46,357)**
Net deferred tax asset	**39,931**	**50,946**

Included in:		
"Deferred tax assets" – non-current assets	79,545	88,768
"Deferred tax liabilities" – non-current liabilities	(39,614)	(37,822)
Net deferred tax asset	**39,931**	**50,946**

Deferred taxes on undistributed earnings of foreign subsidiaries as of December 31, 2024, and December 31, 2023, are USD 4,948 thousands and USD 3,295 thousands respectively. The Company does not have any unremitted earnings which are permanently reinvested.

The expiration of the tax losses carried forward as of December 31, 2024, is as follows:

Tax Losses Carried Forward **Financial year ending December 31 (USD in thousands)**	
2025	–
2026	546
2027	–
2028	726
2029	5,674
Thereafter	5,429
Never Expire	20,690
Total	**33,065**

As of December 31, 2024, the earliest significant open tax years that remained subject to examination were the following:

Europe	2021
United States	2021
Rest of Americas	2021
China	2013
Rest of Asia, Middle East and Africa	2019

Accelleron Group is within the scope of the OECD/G20 Pillar Two Model Rules, which apply to multinational groups that have consolidated revenues of EUR 750 million or more. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates, and the respective legislation came into effect from January 1, 2024.

Accelleron assessed the Group's potential exposure to Pillar Two income taxes as of January 1, 2024. This assessment is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15% and the Group can benefit from the transitional safe harbor relief. Accelleron does not expect to be subject to material Pillar Two income taxes for fiscal year 2024.

Note 6

Earnings per share

(USD in thousands, except share and per share numbers)	Twelve-month period ended December 31, 2024	2023
Numerator:		
Net income attributable to Accelleron	170,098	101,207
Denominator:		
Weighted number of outstanding shares (undiluted)	93,796,312	93,757,302
Weighted number of outstanding shares (diluted)	93,975,150	93,849,162
Basic EPS (USD)	**1.81**	**1.08**
Diluted EPS (USD)	**1.81**	**1.08**

As of December 31, 2024, 96.8 thousands shares (December 31, 2023: 126.8 thousands shares) were considered anti-dilutive and excluded from the computation of dilutive EPS for the period presented.

Note 7

Share-based compensation

For the year ended December 31, 2024, the expense related to all equity-based participation plans was as follows:

	Twelve-month period ended December 31,	
(USD in thousands)	**2024**	**2023**
Total share-based compensation expense	**2,128**	**1,879**

The share-based compensation expense was primarily recorded in selling, general and administrative expenses in the Consolidated Statements of Income. As of December 31, 2024, the approximate value of total unrecognized share-based compensation related to unvested RSUs and PSUs granted under the LTIPs is USD 2,651 thousands. That cost is expected to be recognized over a weighted-average period of about two years.

As of December 31, 2024, and December 31, 2023, unvested RSUs and PSUs share movements for all of the Company's equity-based incentive plans are as follows:

	LTIP 2021	LTIP 2022	LTIP 2023	LTIP 2024	Weighted Average Grant Date Fair Value Per Share (USD)
Unvested as of December 31, 2022	**28,746**	**101,389**	**—**	**—**	**19.32**
Granted	—	—	88,502	—	21.56
Unvested as of December 31, 2023	**28,746**	**101,389**	**88,502**	**—**	**20.37**
Granted	—	—	—	61,164	35.96
Vested	(26,861)	—	—	—	—
Forfeited	1,885	2,317	1,868	—	—
Unvested as of December 31, 2024	**0**	**99,072**	**86,634**	**61,164**	**24.48**

Note 8

Employee benefits

The Company operates a defined benefit pension plan in Switzerland (The Plan), which also provides benefits upon death and disability, along with further less material defined benefit and other employee benefit arrangements in other countries. The Company implemented its own pension solution as of January 1, 2023, which encompasses the majority of the total balance. Before this date the Swiss pension arrangement was financed through existing Former Parent pension plans. The measurement date used for the Company's employee benefit plans is December 31. The funding policies of The Plan are consistent with local government and tax requirements.

The Company recognizes in its Consolidated Balance Sheets the funded status of its defined benefit pension plan, post-retirement plan and other employee-related benefits measured as the difference between the fair value of the plan assets and the benefit obligation.

Obligations and funded status of The Plan

The change in benefit obligation, change in fair value of plan assets, and funded status recognized in the Consolidated Balance Sheets were as follows:

	December 31,	
(USD in thousands)	**2024**	**2023**
Projected benefit obligation at beginning of period	469,409	376,482
Service cost	10,597	8,466
Interest cost	5,451	8,034
Employee contributions	7,904	8,157
Benefits paid from plan assets	(12,417)	(10,014)
Actuarial loss	34,032	42,967
Foreign currency exchange rates changes	(31,035)	35,317
Projected benefit obligation at end of period	**483,941**	**469,409**
Accumulated benefit obligation	**459,583**	**444,064**

	December 31,	
(USD in thousands)	**2024**	**2023**
Fair value of plan assets at beginning of period	515,840	453,499
Actual return on plan assets	33,004	8,768
Employer contributions	12,504	12,887
Employee contributions	7,904	8,157
Benefits paid from plan assets	(12,417)	(10,014)
Foreign currency exchange rates changes	(34,104)	42,543
Fair value of plan assets at end of period	**522,731**	**515,840**

	December 31,	
(USD in thousands)	**2024**	**2023**
Net actuarial loss	76,955	63,860
Net prior service cost	1,478	1,820
Total accumulated other comprehensive income	**78,433**	**65,680**

The following amounts were recognized in the Company's Consolidated Balance Sheets as of December 31 and classified as non-current assets:

	December 31,	
(USD in thousands)	**2024**	**2023**
Pension asset	38,790	46,431
Total amount recognized	**38,790**	**46,431**

Components of net periodic benefit cost

Net periodic benefit costs for The Plan include the following components:

	Year Ended December 31,	
(USD in thousands)	**2024**	**2023**
Service cost	10,597	8,466
Interest cost	5,451	8,034
Expected return on plan assets	(17,616)	(19,373)
Amortization of prior service cost and loss amortization	1,548	237
Total net periodic benefit cost	**(20)**	**(2,636)**
Thereof operational	10,597	8,466
Thereof non-operational	(10,617)	(11,102)

Service cost is included in income from operations. All other components of net periodic benefit cost/(income) other than employer service cost are presented below the income from operations line.

Assumptions

The following assumptions were used to determine the projected benefit obligation at December 31 (weighted average):

(USD in thousands)	2024	December 31, 2023
Discount rate	0.9%	1.3%
Interest credit rate	2.0%	2.0%
Expected long-term rate of return on plan assets	3.8%	3.8%
Rate of compensation increase	1.3%	1.3%

For The Plan, the discount rate used at each measurement date is set based on a high-quality corporate bond yield curve reflecting the timing and amount of the future expected benefit payments for The Plan.

The following assumptions were used to determine the net periodic benefit cost:

(USD in thousands)	2024	December 31, 2023
Discount rate	1.3%	2.2%
Interest credit rate	2.0%	2.0%
Expected long-term rate of return on plan assets	3.8%	4.0%
Rate of compensation increase	1.3%	1.3%

The expected long-term rate of return on plan assets is determined by weighting the expected future long-term return for each individual asset class by The Plan's target asset allocation.

Plan assets

The Plan is funded by regular contributions from employees and the Company. The Plan is administered by a board of trustees whose primary responsibilities include ensuring that The Plan meets its liabilities through contributions and investment returns. The board of trustees has the responsibility for making key investment strategy decisions within a risk-controlled framework. The Plan assets are invested in diversified portfolios that are managed by third-party asset managers, in accordance with local statutory regulations, pension plan rules, the results of asset/liability management studies and investment guidelines, as approved by the board of trustees.

The board of trustees' investment goal is to maximize the long-term returns of plan assets within specified risk parameters, while considering future liabilities and liquidity needs. Risk measures taken into account include the funding ratio of The Plan, the likelihood of extraordinary cash contributions being required, the risk embedded in each individual asset class, and The Plan asset portfolio as a whole.

Plan assets are measured at fair value at the balance sheet date.

Fair value of assets at the end of the period

The fair values of The Plan assets by asset class as of December 31, 2024, and December 31, 2023, are presented below.

(USD in thousands)	Level 1	Level 2	Not subject to leveling[1]	December 31, 2024 Total
Cash and cash equivalents	9,944	3,142	–	13,086
Debt securities	–	186,177	–	186,177
Equity securities	–	161,210	–	161,210
Real estate	–	–	143,861	143,861
Alternatives	–	–	18,397	18,397
Total	**9,944**	**350,529**	**162,258**	**522,731**

(USD in thousands)	Level 1	Level 2	Not subject to leveling[1]	December 31, 2023 Total
Cash and cash equivalents	7,577	2,069	–	9,646
Debt securities	–	189,454	–	189,454
Equity securities	–	149,488	–	149,488
Real estate	–	–	151,535	151,535
Alternatives	–	–	15,717	15,717
Total	**7,577**	**341,011**	**167,252**	**515,840**

1 Amounts relate to assets measured using the NAV practical expedient which are not subject to leveling.

The Company applies accounting guidance related to the presentation of certain investments using the net asset value (NAV) practical expedient. This accounting guidance exempts investments using this practical expedient from categorization within the fair value hierarchy. Investments measured at NAV are primarily non-exchange-traded commingled or collective funds in private equity and real estate where the fair value of the underlying assets is determined by the investment manager. Investments in private equity can never be redeemed, but instead the funds will make distributions through liquidation of the underlying assets.

Contributions

The Company expects to contribute approximately CHF 10,476 thousands to The Plan in 2025.

Estimated future benefit payment

The expected future cash flows to be paid by The Plan in respect to pension as of December 31, 2024 are as follows:

Year	(USD in thousands)
2025	28,908
2026	31,947
2027	27,461
2028	31,668
2029	31,200
2030 – 2034 inclusive	140,756

Note 9

Property, plant and equipment, net

(USD in thousands)	December 31, 2024	2023
Land and buildings	228,760	232,020
Machinery and equipment	383,212	367,817
Construction in progress	28,804	29,781
Leasehold improvements	17,299	15,044
Total, gross	**658,075**	**644,662**
Accumulated depreciation	**(461,242)**	**(461,027)**
Total, net	**196,833**	**183,635**

Depreciation expense amounted to USD 28,209 thousands and USD 26,436 thousands for 2024 and 2023, respectively.

During the last two years, there were no material impairment charges recorded on property, plant and equipment, net.

Note 10

Leases

The Company has operating leases that primarily consist of real estate and vehicles. The components of operating and finance lease expenses were as follows:

(USD in thousands)	Twelve-month period ended December 31, 2024	2023
Operating lease cost	13,692	11,229
Finance lease cost:	1,589	261
Amortization of right-of-use assets	1,403	225
Interest on lease liabilities	186	36
Total lease expense	**15,281**	**11,490**

Supplemental cash flow information related to operating and finance leases is as follows:

(USD in thousands)	Twelve-month period ended December 31, 2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	13,557	10,864
Financing cash flows from finance leases	1,331	215
Right-of-use assets obtained in exchange for new liabilities:		
Under operating leases	20,461	20,502
Under finance leases	2,747	355

Supplemental balance sheet information related to operating and finance leases is as follows:

(USD in thousands)	December 31, 2024	2023
Operating leases:		
Weighted-average remaining term (years)	7	7
Weighted-average discount rate	4.5%	4.0%
Finance leases:		
Weighted-average remaining term (years)	4	3
Weighted-average discount rate	4.4%	6.4%

As of December 31, 2024, the future net minimum lease payments for operating and finance leases and the related present value of the net minimum lease payments were as follows:

(USD in thousands)	Years Ended December 31, Operating Leases	Finance Leases
2025	9,443	553
2026	8,039	488
2027	6,268	365
2028	5,292	260
Thereafter	20,520	103
Total minimum lease payments	**49,562**	**1,769**
Difference between undiscounted cash flows and discounted cash flows	**(6,807)**	**(125)**
Present value of minimum lease payments	**42,755**	**1,644**

Note 11

Goodwill and other intangible assets

(USD in thousands)	
Balance as of December 31, 2022	7,151
Acquisitions	31,641
Foreign currency translation	1,472
Balance as of December 31, 2023	**40,264**
Acquisitions	33,519
Foreign currency translation	(4,024)
Balance as of December 31, 2024	**69,759**

Intangible assets other than goodwill consist of the following:

(USD in thousands)			December 31, 2024			2023
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Capitalized software for internal use	24,940	(23,981)	959	24,522	(22,577)	1,945
Customer relationships	36,493	(4,078)	32,415	34,259	(951)	33,308
Other intangible assets	9,404	(3,007)	6,397	8,221	(999)	7,222
Total	**70,837**	**(31,066)**	**39,771**	**67,002**	**(24,527)**	**42,475**

The increase in intangible assets in 2024 was primarily due to customer relationships and other intangible assets resulting from the OMC2 and TNM acquisitions. Amortization expenses for intangible assets other than goodwill during 2024 and 2023 amounted to USD 8,092 thousands and USD 3,692 thousands, respectively.

As of December 31, 2024 an impairment of USD 1,017 thousands was recognized in customer relationships following the OMC2 acquisition. There were no further impairment charges recorded on goodwill and intangible assets.

The weighted-average useful lives of other intangible assets acquired are as follows:

	Weighted-Average Useful Life (in years)
Technology	8
Customer relationships	15
Corporate brand	18
Order backlog	2

As of December 31, 2024, estimated future amortization expense related to intangible assets other than goodwill was as follows:

	USD in thousands
2025	5,802
2026	3,444
2027	3,425
2028	3,063
2029	3,063
Thereafter	20,974
Total	**39,771**

Note 12

Inventories

	December 31,	
(USD in thousands)	**2024**	**2023**
Raw materials	93,449	115,471
Work in progress	39,841	44,471
Finished goods	108,666	90,585
Advances to suppliers	703	717
Total	**242,659**	**251,244**

As of December 31, 2024, the Company inventory balance includes inventory acquired as part of the OMC2 acquisition (refer to Note 26) across all categories of inventory, amounting to USD 4,499 thousands.

Note 13

Receivables, net

	December 31,	
(USD in thousands)	**2024**	**2023**
Trade receivables	190,206	205,956
Non-trade receivables	19,431	20,993
Allowance for expected credit losses	(3,914)	(4,534)
Total	**205,723**	**222,415**

Note 14

Other current assets

	December 31,	
(USD in thousands)	**2024**	**2023**
Prepaid expenses and accrued income	8,164	10,967
Other current assets	16,001	25,867
Total	**24,165**	**36,834**

The decrease in other current assets is due to changes in the derivatives balance. Other current assets as of December 31, 2024, and December 31, 2023, include income tax receivables in the amount of USD 12,212 thousands and USD 10,851 thousands, respectively.

Note 15

Current and non-current provisions

	December 31,	
(USD in thousands)	**2024**	**2023**
Provision for warranties	15,666	19,560
Provisions for loss orders	6,195	4,922
Other provisions[1]	10,955	5,803
Total current provisions	**32,816**	**30,285**

1 Other provisions include provisions for work due.

	December 31,	
(USD in thousands)	**2024**	**2023**
Provision for warranties	16,628	15,499
Other provisions	2,750	7,877
Total non-current provisions	**19,378**	**23,376**

Note 16

Accrued liabilities and other current liabilities

	December 31,	
(USD in thousands)	**2024**	**2023**
Accrued expenses	17,614	22,249
Employee-related liabilities	40,138	36,835
Total accrued liabilities	**57,752**	**59,084**

	December 31,	
(USD in thousands)	**2024**	**2023**
Current tax liabilities	19,493	14,569
Non-trade payables	18,832	14,708
Other	15,776	16,813
Total other current liabilities	**54,101**	**46,090**

As of December 31, 2024, increase of non-trade payables is due to indirect taxes. The current tax liabilities increase is driven by Switzerland corporate income tax accrual and outstanding tax payments.

Note 17

Accounts payable

(USD in thousands)	December 31, 2024	2023
Trade payables	87,007	119,444
Invoices to come, trade	23,703	34,062
Total	**110,710**	**153,506**

As of December 31, 2024, trade payables decreased in comparison to prior year due to normalized throughput of the value chain.

Note 18

Contract assets and liabilities

(USD in thousands)	December 31, 2024	2023
Contract assets	20,776	18,780
Contract liabilities	34,019	24,787

Contract assets primarily relate to the Company's right to receive consideration for work completed but for which no invoice has been issued at the reporting date. Contract assets are transferred to receivables when rights to receive payment become unconditional.

Contract liabilities primarily relate to advances received on orders from customers as well as amounts invoiced to customers in excess of revenues recognized predominantly on long-term projects. Contract liabilities are reduced as work is performed and as revenues are recognized. As of December 31, 2024 contract liabilities increased due to growing business activity in respect of the number of agreements with customers. Of the contract liabilities as of December 31, 2023, the Company recognized revenue of USD 16,744 thousands during the financial year ended December 31, 2024.

Note 19

Shareholders' equity

Share capital

As of December 31, 2024 and December 31, 2023 respectively, the Company's share capital is CHF 945,000, divided into 94,500,000 fully paid-in registered ordinary shares with a nominal value of CHF 0.01 each.

Dividends

At the Annual General Meeting of Shareholders on May 7, 2024, shareholders approved the proposal of the Board of Directors to distribute CHF 0.85 gross per share to shareholders. The declared dividend amounted to USD 87.6 million (2023: USD 76 million), resulting in a decrease of USD 11.0 million of additional paid-in capital and USD 76.6 million of accumulated earnings, and was paid in May 2024 (excluding the withholding tax, which was paid in July 2024).

Treasury shares

During 2024, the Company awarded 39,273 treasury shares (2023: 11,844 treasury shares) to eligible employees and to the Board of Directors as part of their compensation programs. As of December 31, 2024, the Company owned 697,584 treasury shares. As of December 31, 2023, the Company owned 736,857 treasury shares.

Note 20

Financial instruments and fair value measures

The Company's non-derivative financial instruments primarily include cash and cash equivalents, trade receivables, trade payables and debt which approximate their fair values as of December 31, 2024 and 2023.

Credit and market risk

The Company continually monitors the creditworthiness of our customers to which we grant credit terms in the normal course of business. The terms and conditions of the Company's credit sales are designed to mitigate or eliminate concentrations of credit risk with any single customer.

Currency risk

Due to the global nature of the Company's operations, many of its subsidiaries are exposed to currency risk in their operating activities from entering into transactions in currencies other than their functional currency. To manage such currency risks, the Company's policies require its subsidiaries to hedge their foreign currency exposures from binding sales and purchase contracts denominated in foreign currencies. Forward foreign exchange contracts are the main instrument used to protect the Company against the volatility of future cash flows (caused by changes in exchange rates) of contracted and forecasted sales and purchases denominated in foreign currencies. In addition, within its treasury operations, the Company primarily uses foreign exchange swaps and forward foreign exchange contracts to manage the currency and timing mismatches arising in its liquidity management activities. Foreign currency contracts are used to hedge receivable and payable transactions and other monetary assets and liabilities denominated in currencies other than the functional currency of the subsidiary.

Note 21

Current and non-current debt

(USD in thousands)	December 31, 2024	2023
Current debt	3,267	1,803
Non-current debt	475,320	475,818
Total debt	**478,587**	**477,621**

The Company's total debts are recognized at nominal value.

On September 30, 2022, the Company entered into a CHF 450 million credit facility (Facility) with maturity on September 30, 2027 with UBS Switzerland AG. The Facility includes term loan commitments in the amount of CHF 350 million and a committed multi-currency revolving credit facility (RCF) in the amount of CHF 100 million. On this day, the Company drew a term loan in the amount of CHF 300 million.

On March 20, 2023, the Company drew an additional term loan in the amount of CHF 50 million under the Facility. On July 18, 2023, the Company drew the amount of CHF 50 million under the RCF. On September 25, 2024, the Company extended the maturity of the Facility until September 29, 2028. On November 26, 2024 – after the issuance of the CHF bond – the Company paid back the amount of CHF 150 million under the existing Facility.

On December 31, 2024 CHF 250 million (USD 275 million) was outstanding under the Facility. Interest costs on the drawings under the Facility are calculated using the Swiss Average Rate Overnight (SARON) plus a predefined margin, while commitment fees (payable on the Facility) are amortized until maturity.

On November 14, 2024 the Company issued the following CHF bond: CHF 180 million, 1.375% bond with a maturity on November 14, 2030. The aggregate net proceeds of this CHF bond, after fees, amounted to CHF 179.4 million (equivalent to approximately USD 202.5 million on date of issuance).

Details of the outstanding bond are as follows:

				December 31,
(in thousands)		2024		2023
	Nominal outstanding	Carrying value[1]	Nominal outstanding	Carrying value[1]
1.375% CHF Bond, due 2030	CHF 180,000	USD 199,893	CHF —	USD —

1 USD carrying values include unamortized debt issuance costs and bond premiums

The Company's various debt instruments contain cross-default clauses which would allow the bondholders to demand repayment if the Company were to default on any borrowing at or above a specified threshold. Furthermore, the bond constitutes unsecured obligations of the Company and rank pari passu with other debt obligations.

The Company's long-term debt is recorded at adjusted cost, net of unamortized premiums, discounts and debt issuance costs. The fair value of long-term debt is estimated based upon quoted prices for similar instruments or quoted prices for identical instruments in inactive markets (Level 2).

Note 22

Commitments and contingencies

Regulatory, compliance and legal commitments
In the normal course of business, Accelleron is subject to legal proceedings, lawsuits, and other claims. While the potential financial impact with respect to these ordinary course matters is subject to many factors and uncertainties, management believes that any financial impact to the Company from these matters, individually and in the aggregate, would not have a material adverse effect on the Company's financial position or results of operations.

Contingencies
Guarantees and letters of comfort issued by third parties are reported as contingent liabilities.
As of December 31, 2024 and December 31, 2023, they amount to USD 6,622 thousands and USD 6,275 thousands, respectively.

Note 23

Non-current liabilities

		December 31,
(USD in thousands)	2024	2023
Deferred income	2,658	1,243
Other non-current liabilities	2,852	4,224
Total non-current liabilities	**5,510**	**5,467**

As of December 31, 2024, the non-current liabilities include the contingent consideration to be paid over the consecutive two years – refer to Note 26.

Note 24

Related party transactions

The Company conducts business with certain companies where members of the Company's Board of Directors or Executive Committee act, or in recent years have acted, as directors or senior executives. The Company's Board of Directors has determined that the Company's business relationships with those companies do not constitute material business relationships. This determination was made in accordance with the Company's related party transaction policy which was prepared based on the Swiss Code of Best Practice.

Note 25

Subsidiaries

Country	Name of subsidiary	Economic interests %[1]
Argentina	Turbo Systems Argentina S.A.	100%
Australia	Turbo Systems Australia PTY LTD	100%
Bangladesh	Turbocharging Bangladesh Limited	100%
Belgium	Turbo Systems The Netherlands – Branch Belgium	100%
Brazil	Turbocharging Brasil Ltda.	100%
Bulgaria	Turbo Systems Italy S.P.A. – Branch Bulgaria	100%
Cameroon	Turbo Systems Cameroon PLC	100%
Canada	Turbo Systems Canada Inc	100%
Canada	True North Marine Inc.	100%
China	Accelleron Turbo Systems (Chongqing) Limited	61%
China	Accelleron (China) Investment Limited	100%
China	Kunshan Kenda OMT Fuel Injection	50%
Colombia	Turbo Systems Colombia SAS	100%
Cyprus	Turbocharging Greece, Single Member – Branch Cyprus	100%
Denmark	Turbo Systems Finland Oy – Branch Denmark	100%
Dominican Republic	Turbo Systems Dominican Republic SRL	100%
Ecuador	Turbo Systems Ecuador SA	100%
Egypt	Turbo Systems Egypt for Turbocharging LLC	100%
Finland	Turbo Systems Finland Oy	100%
France	Turbocharging Systems France SAS	100%
Germany	Turbo Systems Germany GmbH	100%
Greece	Turbocharging Greece, Single Member S.A.	100%
Hong Kong	Accelleron Turbo Systems (Hong Kong) Limited	61%
Hong Kong	Accelleron Industries (Hong Kong) Limited	100%
India	Turbocharging Industries and Services India Private Limited	100%
India	True North Marine India Private Limited	100%
Indonesia	PT Turbo Systems Sakti Indonesia	60%
Iraq	Turbo Systems Middle East FZCO - Branch Iraq	100%
Italy	Turbo Systems Italy S.P.A.	100%
Italy	O.M.T. Officine Meccaniche Torino S.p.A.[3]	100%
Italy	O.M.C. 2 Diesel S.p.A.	100%
Japan	Turbo Systems United Co., Ltd.	60%
Korea	Turbo Systems Korea Ltd.	100%
Korea	OMT Korea Limited Company	100%
Malta	Turbo Systems Italy S.P.A. – Branch Malta	100%
Mauritius	Turbocharging Systems France SAS – Branch Mauritius	100%
Mexico	Swiss Turbochargers SA DE CV	100%
Myanmar	Turbo Systems Myanmar Limited[2]	100%
Netherlands	Turbo Systems The Netherlands B.V.	100%
Nigeria	Turbosystems Nigeria LTD	100%
Norway	Turbo Systems Finland Oy – Branch Norway	100%
Pakistan	Turbo Systems Pakistan (Private) Limited	100%
Philippines	Turbo Systems South East Asia Pte. Ltd. – Branch Philippines	100%
Poland	Turbo Systems Finland Oy – Branch Poland	100%
Portugal	Turbo Systems Iberia - Sucursal em Portugal	100%
Saudi Arabia	Turbosystems Red Sea Company	65%
Senegal	Turbo Systems Senegal	100%
Singapore	Turbo Systems South East Asia Pte. Ltd.	100%
South Africa	Turbo Systems Middle East FZCO – Branch South Africa	100%
Spain	Turbo Systems Iberia, S.L.	100%
Sri Lanka	Accelleron Lanka (Private) Limited	100%
Sweden	Turbo Systems Finland Oy – Branch Sweden	100%
Switzerland	Accelleron Switzerland Ltd	100%
Switzerland	Accelleron Verwaltungs Ltd	100%
Taiwan	Turbo Systems South East Asia Pte. Ltd. – Branch Taiwan	100%
Thailand	Turbocharging Systems Co., Ltd.	49%
Turkey	Turbo Systems Turkey Mühendislik Makine Sanayi Ve Ticaret Anonim Sirketi	100%
United Arab Emirates	Turbo Systems Middle East FZCO	100%
United Arab Emirates	Turbo Systems Middle East FZCO – Branch Dubai	100%
United Kingdom	Turbocharging UK Limited	100%
United States	Turbo Systems US Inc.	100%

1 Economic interest: voting rights and ownership are equal for each subsidiary with the exception of the Thailand subsidiary (Turbocharging Systems Co., Ltd), where the ownership and voting rights amount to 49% and 91%, respectively.

2 Legal entity in liquidation.

3 SmarTrade S.r.l and OMT Digital S.r.l merged into OMT Officine Meccaniche Torino S.p.A during 2024.

Note 26

Acquisitions

Acquisition of O.M.C. 2 Diesel S.p.A. (OMC2)
On August 29, 2024, the Company completed its acquisition of all of the issued and outstanding shares and voting interests of OMC2, a manufacturer of fuel injection systems for marine engines based in Italy. The acquisition will support the growth of the Company and further strengthen its position as a leading innovator in the use of alternative fuel technologies for large marine engines and contribute to the decarbonization of the shipping industry.

Acquisition of True North Marine Inc. (TNM)
On August 29, 2024, the Company completed its acquisition of all of the issued and outstanding shares and voting interests of TNM, a provider of weather-routing guidance and voyage optimization including consulting services from pre-voyage estimates to post-voyage claims. This acquisition strengthens the Company's position in the maritime digital space and supports marine decarbonization by helping customers make data-driven decisions to reduce their carbon footprint while cutting costs.

The purchase consideration of USD 63.5 million includes a net financial position adjustment of USD 1.3 million which will be paid in the new reporting period and a contingent consideration of USD 1.8 million which, if earned, will be paid in October 2026.

As a consequence, the Company's cash outflow for the business acquisition was USD 60.4 million, being the total consideration transferred for the acquisition during the year ended December 31, 2024. Controlling interests acquired are accounted for under the acquisition method and included in the Company's Consolidated Financial Statements from the date of acquisition.

The following table discloses the allocation of the purchase price to the identifiable assets acquired and liabilities assumed as of the date of the acquisitions of OM2 and TNM:

(USD in millions)	December 31, 2024
Consideration transferred	
Cash	60.4
Contingent consideration	1.8
Net financial position adjustment not yet paid	1.3
Total consideration in acquisition of business	**63.5**
Fair value of acquired assets:	
Cash and cash equivalents	4.5
Net working capital (excl. inventory)	0.7
Inventory	5.5
Property, plant and equipment	17.1
Other assets and liabilities	(3.3)
Customer relationships	4.6
Order backlog	0.1
Technology	1.7
Total assets acquired	**30.9**
Deferred tax liabilities assumed	(1.6)
Net assets recognized as a result of acquisitions of business	**29.3**
Goodwill[1]	**34.2**

1 Recorded as goodwill (see Note 11).

The residual balance of the purchase price, after the allocations to all identified assets and liabilities based on their fair value, represents goodwill, which reflects expected synergies and cost savings. As of December 31, 2024, the purchase price allocation is still being evaluated. While the Company uses its best estimates and assumptions as part of the purchase price allocation process to value assets acquired and liabilities assumed at the acquisition date, the purchase price allocation for acquisitions is preliminary for up to 12 months after the acquisition date and may be subject to adjustment.

The results of OMC2 and TNM are included in the Company's Consolidated Financial Statements from the date of the acquisitions. The impact of the activity since the acquisition date on the Consolidated Financial Statements is not material.

Note 27

Subsequent events

There were no events between the balance sheet date of December 31, 2024, and March 11, 2025 (the date these Consolidated Financial Statements were approved by the Board of Directors) requiring additional disclosures or changes in the Consolidated Financial Statements.

07

Statutory Financial Statements of Accelleron Industries AG

Statutory Auditor's Report

To the General Meeting of Accelleron Industries AG, Baden

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Accelleron Industries AG (the Company), which comprise the balance sheet as at December 31, 2024, and the income statement the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the Financial Statements (pages 102 to 105) 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. We have determined that there are no key audit matters to communicate in our report.

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 Consolidated Financial Statements, the Statutory Financial Statements of the Company, the audited content of the Compensation Report and our auditor's reports 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 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

KPMG

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.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and SA-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.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposals of the Board of Directors comply with Swiss law and the Company's articles of incorporation. We recommend that the Financial Statements submitted to you be approved.

KPMG AG

Simon Studer
Licensed Audit Expert
Auditor in Charge

Andrius Cibas
Licensed Audit Expert

Zurich, March 11, 2025

Statutory Financial Statements

Income statement

		Twelve-month period ended December 31,	
(CHF in thousands)	**Note**	**2024**	**2023**
Dividend income	4	79,722	70,000
Other income	3	938	1,198
Interest and other finance income		530	—
Interest and other finance expense		(338)	(513)
General and administrative expenses	5	(89)	(21)
Net income before taxes		**80,763**	**70,664**
Income tax expense		(181)	(178)
Net income		**80,582**	**70,486**

See accompanying Notes to the Statutory Financial Statements

Balance sheet

		December 31,	
(CHF in thousands)	**Note**	**2024**	**2023**
Cash and cash equivalents		3,662	909
Receivables		5	—
Receivables from subsidiaries		421	1,539
Other current assets		1,554	918
Total current assets		**5,642**	**3,366**
Financial receivables from subsidiaries	6	180,000	—
Investments	7	297,747	297,747
Total non-current assets		**477,747**	**297,747**
Total assets		**483,389**	**301,113**
Accrued expenses and other liabilities		720	249
Total current liabilities		**720**	**249**
Interest-bearing liabilities	8	180,000	—
Total non-current liabilities		**180,000**	**—**
Total liabilities		**180,720**	**249**
Share capital		945	945
Legal capital reserve		224,007	233,274
Other capital reserve		224,007	233,274
Treasury shares		(3,695)	(3,903)
Available earnings		81,412	70,548
Profit brought forward		830	62
Profit for the year		80,582	70,486
Total shareholder's equity	**9**	**302,669**	**300,864**
Total liabilities and shareholder's equity		**483,389**	**301,113**

See accompanying Notes to the Statutory Financial Statements

Notes to the Statutory

Financial Statements

Note 1

General

Accelleron Industries AG is the parent company of Accelleron and is incorporated in Switzerland with registered offices in Baden, Aargau.

Accelleron Industries AG did not have any employees in the financial year ended December 31, 2024 and in the financial year ended December 31, 2023.

These financial statements were prepared in accordance with Articles 957–963b of the Swiss Code of Obligations (CO). Where not prescribed by law, the significant accounting policies applied are described in “Note 2 – Significant accounting policies”.

Note 2

Significant accounting policies

Investments

Investments in subsidiaries are valued at the lower of cost or fair value, using generally accepted valuation principles.

Financial receivables and interest-bearing liabilities

Financial receivables and long-term interest-bearing liabilities to third parties and subsidiaries are valued at nominal value.

Treasury shares

Treasury shares comprise registered shares of Accelleron Industries AG. Treasury shares are initially recognized at cost and deducted from equity with no subsequent measurement. When treasury shares are disposed of or charged to the respective subsidiary, the resulting gain or loss is recognized in other capital reserve.

Note 3

Other income

Other operating income includes mainly guarantee compensation fees from subsidiaries.

Note 4

Dividend income

Dividend income in the amount of CHF 79,722 thousands was received in 2024 and related to 2023. In 2023, the dividend income related to 2022 amounted to CHF 70,000 thousands.

Note 5

General and administrative expenses

General and administrative expenses include mainly general fees, bank charges and external service charges.

Note 6

Financial receivables from subsidiaries

Following the issuance of the bond (see Note 8) Accelleron Industries AG granted a long-term loan of CHF 180 million (2023: nil) with maturity on November 14, 2030 and at an interest rate of 1.6921% to a subsidiary. These funds were subsequently used to repay current debt under the credit facility of the subsidiary.

Note 7

Investments

As of December 31, 2024 and December 31, 2023, Accelleron Industries AG holds the following direct investment in a subsidiary:

Country	Subsidiary’s name	Ownership and voting rights	Registered capital
Switzerland	Accelleron Switzerland Ltd	100%	CHF 101,000

A comprehensive overview of the subsidiaries that are directly or indirectly controlled by Accelleron Industries AG is provided in Note 25 to the Group’s Consolidated Financial Statements.

Note 8

Long-term interest-bearing liabilities

On November 14, 2024 the Company issued the following CHF bond: CHF 180 million, 1.375% bond with a maturity on November 14, 2030. The aggregate net proceeds of this CHF bond, after fees, amounted to CHF 179.4 million.

Details of the outstanding bonds are as follows:

		December 31,
(in thousands)	2024	2023
	Nominal outstanding	Nominal outstanding
1.375% CHF Bond, due 2030	CHF 180,000	CHF —

The Company's various debt instruments contain cross-default clauses which would allow the bondholders to demand repayment if the Company were to default on any borrowing at or above a specified threshold. Furthermore, the aforementioned bond constitutes unsecured obligations of the Company and ranks pari passu with other debt obligations.

Note 9

Shareholders' equity

Share capital

As of December 31, 2024, the Company's share capital is CHF 945,000, divided into 94,500,000 fully paid-in registered ordinary shares with a nominal value of CHF 0.01 each.

Treasury shares

The movement in the number of treasury shares in the financial year ended December 31, 2024, and for financial year ended December 31, 2023, was as follows.

				December 31,
	2024		2023	
(CHF in thousands, except share numbers)	Number of shares	Total transaction amount	Number of shares	Total transaction amount
Balance as of January 1	**736,857**	**(3,903)**	**748,701**	**(3,966)**
Delivery for employee share programs	(39,273)	208	(11,844)	63
Balance as of December 31	**697,584**	**(3,695)**	**736,857**	**(3,903)**

Treasury shares originate from a contribution of the Former Parent prior to the first day of trading.

Note 10

Shareholdings of Board of Directors and Executive Committee

As of December 31, 2024 and December 31, 2023, the members of the Board of Directors held the following number of shares in Accelleron Industries AG:

			December 31,
		2024	2023
Name	Function	Number of Accelleron Industries AG shares held	Number of Accelleron Industries AG shares held
Oliver Riemenschneider	Chair	14,833	10,497
Monika Krüsi	Vice-Chair and AC Chair	6,753	1,992
Gabriele Sons	NCC Chair	3,236	1,581
Stefano Pampalone	Member	2,595	1,268
Bo Cerup-Simonsen	Member	2,804	1,370
Detlef Trefzger	Member	3,322	1,623
Total shares		**33,543**	**18,331**

In 2024 12,412 shares with a value of CHF 441 thousands (2023: 11,844 shares with a value of CHF 255 thousands) were allocated to board members.

As of December 31, 2024, members of the Executive Committee held the following number of shares in Accelleron Industries AG and the conditional rights to receive Accelleron Industries AG shares under the long-term incentive plans (LTIPs):

					December 31, 2024
Name	Function	Number of Accelleron Industries AG shares held	Number of non-vested shares under the long term incentive plans		
			LTIP 2022	LTIP 2023	LTIP 2024
Daniel Bischofberger	CEO	12,243	19,774	19,126	14,521
Adrian Grossenbacher	CFO	1,555	9,322	7,514	5,705
Annika Parkkonen	CHRSO	200	2,110	5,101	3,873
Dirk Bergmann	CTO	1,006	6,328	5,101	3,873
Roland Schwarz	Division President Service	1,674	9,322	7,514	5,705
Christoph Rofka	Division President Medium & Low Speed	2,793	9,322	7,514	5,705
Herbert Müller	Division President High Speed	1,577	6,328	5,101	3,873
Total shares		**21,048**	**62,506**	**56,971**	**43,255**

As of December 31, 2023, members of the Executive Committee held the following number of shares in Accelleron Industries AG and the conditional rights to receive Accelleron Industries AG shares under the long-term incentive plans (LTIPs):

					December 31, 2023
Name	**Function**	**Number of Accelleron Industries AG shares held**	**Number of non-vested shares under the long term incentive plans**		
			LTIP 2021	**LTIP 2022**	**LTIP 2023**
Daniel Bischofberger	CEO	17	12,226	19,774	19,126
Adrian Grossenbacher	CFO	—	1,555	9,322	7,514
Annika Parkkonen	CHRSO	—	—	2,110	5,101
Dirk Bergmann	CTO	7	1,400	6,328	5,101
Roland Schwarz	Division President Service	100	1,574	9,322	7,514
Christoph Rofka	Division President Medium & Low Speed	162	2,631	9,322	7,514
Herbert Müller	Division President High Speed	22	1,555	6,328	5,101
Total shares		**308**	**20,941**	**62,506**	**56,971**

Note 11

Significant shareholders

As of December 31, 2024 and December 31, 2023, to the best of Accelleron Industries AG's knowledge, the following shareholders had holdings reaching or exceeding 3% or more of the voting rights in the Company, as notified in accordance with Art. 120 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (the FMIA):

				December 31,
		2024		2023
Name	**Number of shares**	**Voting rights %**	**Number of shares**	**Voting rights %**
UBS Fund Management (Switzerland) AG	4,779,675	5.1%	4,779,675	5.1%
Swisscanto Fondsleitung AG	4,723,731	5.0%	4,723,731	5.0%
Norges Bank (the Central Bank of Norway), Oslo, Norway	3,140,052	3.3%	3,140,052	3.3%
BlackRock, Inc., New York, USA	3,058,791	3.2%		
Credit Suisse Funds AG			2,868,820	3.0%

Note 12

Contingent liabilities

As of December 31, 2024, Accelleron Industries AG has issued guarantees to banking institutions for credit facilities and guarantee limits of subsidiaries in the amount of CHF 455,000 thousands (2023: CHF 455,000 thousands).

Note 13

Subsequent events

There were no events between the balance sheet date of December 31, 2024, and March 11, 2025 (the date these financial statements were approved by the Board of Directors) requiring additional disclosures or changes in the statutory financial statements.

Appropriation of available earnings and repayment from other capital reserve

The Board of Directors proposes to the Annual General Meeting of Shareholders a distribution of available earnings and a repayment from other capital reserve as follows:

	December 31,
(CHF in thousands)	**2024**
Profit brought forward	830
Profit for the year	80,582
Total available earnings	**81,412**
Dividend[1]	(81,270)
Balance to be carried forward	**142**

1 The total dividend amount covers all registered ordinary shares (including treasury shares).

	December 31,
(CHF in thousands)	**2024**
Other capital reserve	224,007
Repayment from other capital reserve	(36,855)
Other capital reserve after repayment	**187,152**

The Board of Directors proposes to the Annual General Meeting of Shareholders a dividend payment from available earnings of CHF 0.86 gross per share totaling to CHF 81,270 thousands and a repayment from other capital reserves of CHF 0.39 gross per share totaling to CHF 36,855 thousands. The total distribution based on all registered ordinary shares amounts to CHF 1.25 gross per share, resulting in a total dividend amount of CHF 118,125 thousands.

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Supplemental information

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Alternative performance measures

The following are definitions of alternative performance measures used to evaluate Accelleron's operating performance.

These performance measures are referred to in this Annual Report and are not defined under United States generally accepted accounting principles (U.S. GAAP).

Accelleron's management believes that the non-GAAP performance measures herein are useful in evaluating the operating results of Accelleron. This information should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with U.S. GAAP.

Performance measure	Definition
Organic revenue growth (on a constant currency basis)	Revenue growth at constant currency and adjusted for M&A-related effects. The organic growth rate measures growth on a like-for-like basis. Newly acquired companies are considered organic once a full comparison period is reflected in the Consolidated Financial Statements.
Operational EBIT	Operational EBIT represents income from operations excluding costs related to acquisition and divestment, one-time items in income statements, non-operational integration costs, special non-operational projects, restructuring costs and temporary unrealized timing differences in the context of foreign exchange transactions (FX)
Operational EBITDA	Operational EBITDA represents Operational EBIT excluding depreciation and amortization
Operational EBITA	Operational EBITA represents Operational EBIT excluding acquisition-related amortization
Operational EBITA margin	Operational EBITA as a percentage of revenues
Free cash flow	Net cash provided by operating activities adjusted for net investments in property, plant and equipment and intangible assets
Free cash flow conversion	Free cash flow divided by reported net income, expressed as a percentage
Net leverage	Interest-bearing liabilities (including finance leases) net of cash and cash equivalents, divided by last twelve months' operational EBITDA