

Confinale AG
6300 Zug

Report of the statutory auditor
on the financial statements 2022

To the shareholders meeting
of Confinale AG
Baarerstrasse 10
6300 Zug

Zurich, 30th March 2023

Report of the statutory auditor on the limited statutory examination

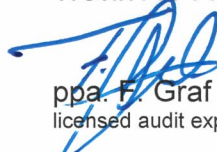
As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of Confinale AG for the financial year ended 31st December 2022.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Trevin AG Audit



ppa. F. Graf
licensed audit expert

Enclosure:

- financial statements 2022
- proposed appropriation of available earnings

Financial Statements

Company: **Confinale AG, 6300 Zug**

Business year: **2022**

Closing date: **31.12.2022**

Content:	- Balance Sheet	Page 1
	- Income Statement	Page 2
	- Notes to the FS	Page 3 - 5
	- Proposed appropriation of available earnings	Page 6

Confinale AG, 6300 Zug

Balance sheet as at 31 December
(in Swiss francs)

Assets	Notes	2022	2021
Current assets			
Cash		7'998'546	6'715'789
Trade receivables	1.1.	2'147'949	1'750'051
due from third parties		1'737'683	1'392'723
due from group companies	4.1.	410'266	357'328
Current account group company		0	49'364
Current account Confinale (UK)		0	49'364
Total Current assets		10'146'495	8'515'204
Non-current assets			
Financial assets		115'986	111'608
Rental deposit	5	69'041	61'023
Participations	3	46'945	50'585
Other non-current assets	2.1.	195'717	167'240
Movable tangible assets		195'715	167'238
Intangible assets		2	1
Total Non-current assets		311'703	278'847
Total Assets		10'458'198	8'794'051
Liabilities	Notes	2022	2021
Short-term liabilities			
Trade payables		166'269	64'988
due to third parties		92'073	64'988
due to group companies		74'196	0
Other short-term liabilities		742'690	604'381
due to third parties		93'746	49'515
Prepayments from customers		92'800	80'000
due to government agencies		556'144	474'866
Accrued expenses and deferred income	2.2	228'000	205'000
Short-term provisions	2.3	4'990'918	2'703'572
Total Short-term liabilities		6'127'877	3'577'941
Long-term liabilities			
Long-term provisions	2.4	100'200	72'700
Total Long-term liabilities		100'200	72'700
Total liabilities		6'228'077	3'650'641
Shareholders' equity			
Share capital		100'000	100'000
Statutory reserves		50'000	50'000
Profit brought forward		1'493'410	1'498'189
Profit for the period		2'586'712	3'495'221
Total Shareholders' equity		4'230'121	5'143'410
Total Liabilities		10'458'198	8'794'051

Confinale AG, 6300 Zug

**Profit and loss statement for the financial year
ended 31 December
(in Swiss francs)**

	Notes	2022	%	2021	%
Revenue from services	1.2	20'014'518		16'592'196	
Expenses for third-party services		-1'450'841		-1'155'308	
Gross Profit I		18'563'678	93%	15'436'888	93%
Salaries		-10'352'689		-8'500'731	
Short-time work compensation		0		14'277	
Social charges		-1'137'592		-1'035'621	
Other staff costs		-687'101		-588'893	
Total staff costs		-12'177'382		-10'110'969	
Gross Profit II		6'386'296	32%	5'325'919	32%
Rental expenses		-189'584		-195'135	
Maintenance and repair		-11'115		-36	
Car and transport expenses		-25'807		-9'620	
Property and liability insurance		-46'394		-41'877	
Administration and IT expenses	2.5	-317'331		-201'209	
Advertisement expenses		-863'538		-604'355	
Total operating costs		-1'453'769		-1'052'232	
Earnings before Interest, Taxes, Depreciation & Amortization		4'932'526	25%	4'273'687	26%
Depreciation on participations		0		0	
Depreciation on tangible and intangible assets		-73'046		-66'411	
Total Abschreibungen		-73'046		-66'411	
Earnings before Interests and Taxes (EBIT)		4'859'480	24%	4'207'276	25%
Financial income		0		210	
Currency gains		179'157		39'540	
Financial expenses		-12'595		-14'461	
Currency losses		-408'960		-190'345	
Net financial income and expenses		-242'399		-165'055	
Earnings before Taxes (EBT)		4'617'082	23%	4'042'221	24%
Non-operating income		0		0	
Non-operating expenses		-1'600'000		0	
Net non-operating income and expenses	2.6	-1'600'000		0	
Profit before Taxes		3'017'082	15%	4'042'221	24%
Direct taxes		-430'370		-547'000	
Total tax expenses		-430'370		-547'000	
Profit for the year		2'586'712	13%	3'495'221	21%

Notes to the 2022 financial statements
(in Swiss francs)

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

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations.

Due to rounding, minor differences may arise in the totals in the below presented report.

Significant balance sheet items are accounted for as follows:

1.1. Trade receivables

Trade receivables, less allowances (bad debt allowances), as well as other current receivables are recognised at nominal value.

1.2. Revenue recognition

Revenue includes all income from consulting and software development activities, as well as brand licensing income. The company charges royalties to its direct investments which benefit from the use of Confinale.

1.3. Movable tangible assets

Movable tangible assets are stated at costs less economically necessary depreciation.

The following depreciation methods were used to calculate the depreciation amounts:

Movable assets	Method
Furniture and fittings	25% degressive
Office machines / equipment	40% degressive
Software industry specific	40% degressive
Pool vehicles	40% degressive

1.4. Foreign currency items

The positions in foreign currencies were converted into CHF at the following rates:

Foreign currency	Balance sheet as at 31.12.2022	Balance sheet as at 31.12.2021
1 EUR	ESTV closing rate: 0.987450	ESTV closing rate: 1.036150
1 USD	ESTV closing rate: 0.925228	ESTV closing rate: 0.911141
1 GBP	ESTV closing rate: 1.112933	ESTV closing rate: 1.234099

2. Details, analyses and explanations to the financial statements

2.1. Movable assets	31.12.2022	31.12.2021
Furniture and fittings	15'550	19'820
Office machines / IT	121'973	89'354
Software	10'030	14'950
Pool vehicles	48'162	43'115
Development costs -reclaimer	1	1
Development costs -eSpark	1	0
	195'717	167'240
2.2. Accrued expenses and deferred income	31.12.2022	31.12.2021
Accruals for audit fees 2022	5'000	5'000
Accrual country reporting 2022 PWC/Avaloq	203'000	195'000
Accrual Avaloq ACCP	20'000	5'000
	228'000	205'000

Notes to the 2022 financial statements
(in Swiss francs)

2.3. Short-term provisions	31.12.2022	31.12.2021
Provision for taxes	459'718	500'572
Provision for bonuses and overtime incl. social charges	2'931'200	2'203'000
Provision Retention- and Incentive-Bonus	1'600'000	0
	4'990'918	2'703'572
2.4 Long-term provisions	31.12.2022	31.12.2021
Provisions for warranty work	100'200	72'700
	100'200	72'700
2.5 Administration and IT expenses	2022	2021
Office supplies, printed material	9'350	4'537
Communication	6'338	3'699
Association fees	7'175	6'940
Accounting expenses	19'098	6'985
Management consulting	18'103	12'539
Legal advice	19'981	32'418
Audit fees	5'250	5'050
Other administrative expenses	644	0
Hard- and Software	231'391	129'042
	317'331	201'209
2.6 Non-operating expenses	31.12.2022	31.12.2021
Retention-Bonus 2022	1'000'000	0
Incentive-Bonus 2022	600'000	0
	1'600'000	0
3. Participations	31.12.2022	31.12.2021
Confinale (Germany) GmbH (EUR 25'000)	29'045	29'045
Value adjustment due to foreign currency adjustment	-4'359	-3'143
	24'686	25'903
Confinale (UK) Ltd. (GBP 20'000)	25'704	25'704
Value adjustment due to foreign currency adjustment	-3'445	-1'022
	22'259	24'682
4.1. Trade receivables due from group companies	31.12.2022	31.12.2021
Confinale (Germany) GmbH (LJ: EUR 408'199 / VJ: EUR 344'861.50)	403'076	357'328
Confinale (UK) Ltd. (GBP 6'460)	7'190	0
	410'266	357'328
5. Other informations		
5.1. Pension fund liabilities		
On 31.12.2022 the liabilities to the pension scheme is CHF 423.05		
5.2. Total amount of securities and pledges for own liabilities as well as assets under retention of title	31.12.2022	31.12.2021
UBS Schweiz AG, tenant deposit accounts Limmatstr. 107 + 109	61'023	61'023
	61'023	61'023

**Notes to the 2022 financial statements
(in Swiss francs)**

5.3. Rental obligations over 12 months	31.12.2022	31.12.2021
Office Limmatstrasse 107 + 109, Zürich (Livit AG)	310'034	416'331
	310'034	416'331

5.4. Number of full-time equivalents

The number of full-time equivalents on an annual average basis	unter 250	unter 250
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6. Contingent liabilities

Currently the appeal against the 2019 and 2020 tax assessment from the Zurich tax office is open. The management does currently not see any offsetting on the part of the tax authorities, and therefore no provision is made for any additional tax expenses. For the current business year, no changes were made to the procedure for the tax assessment.

Confinale AG, 6300 Zug

**Retained earnings carried forward
(in Swiss francs)**

	2022	2021
Retained earnings at the beginning of the period	4'993'410	3'498'188
Appropriation of profit according to resolution of the annual general meeting		
- Allocation to legal reserves	0	0
from ordinary profit	0	0
allocation out of superdividend resolution	0	0
- Distribution to shareholders	-3'500'000	-2'000'000
5% base dividend	-5'000	-5'000
portion of superdividend	-3'495'000	-1'995'000
Profit/loss for the year	2'586'712	3'495'221
Retained earnings available to the general meeting	4'080'122	4'993'410

**Motion of the board of directors on the
allocation of retained earnings
(in Swiss francs)**

	2022 Motion of the board of directors	2021 Motion of the board of directors
Retained earnings available to the general meeting	4'080'122	4'993'410
Allocation to legal reserves	0	0
from ordinary profit	0	0
allocation out of superdividend resolution	0	0
Distribution to shareholders	0	-3'500'000
5% base dividend	0	-5'000
portion of superdividend	0	-3'495'000
Carried forward	4'080'122	1'493'410