

Confinale AG
6300 Zug

Report of the statutory auditor
on the financial statements 2023

To the shareholders meeting
of Confinale AG
Baarerstrasse 10
6300 Zug

Zurich, 28th March 2024

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 2023.

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



Stephan Schweizer
licensed audit expert

Enclosure:

- financial statements 2023
- proposed appropriation of available earnings

Financial Statements

Company: **Confinale AG, 6300 Zug**

Business year: **2023**

Closing date: **31.12.2023**

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Confinale AG, 6300 Zug

Balance sheet as at 31 December
(in Swiss francs)

Assets	Notes	2023	2022
Current Assets			
Bankable Assets		10'355'661	7'998'546
Trade receivable	1.1.	2'743'294	2'147'949
due to 3rd parties		1'325'013	1'737'683
due to group companies	2.1.	1'418'282	410'266
Total Current Assets		13'098'955	10'146'495
Non-current assets			
Financial assets		117'923	115'986
rent deposit	3.2.	73'223	69'041
participations	2.2.	44'700	46'945
Fixed Assets	2.3.	286'409	195'717
tangible assets		286'407	195'715
intangible assets		2	2
Total Non-current assets		404'332	311'703
Total Assets		13'503'287	10'458'198
Liabilities			
Short-term liabilities			
Trade payables		86'921	166'269
due to 3rd parties		86'921	92'073
due to group companies		0	74'196
Other short-term liabilities		1'083'343	742'690
due to 3rd parties		81'094	93'746
due to customers from advance payments		239'160	92'800
due to government agencies		763'089	556'144
Accrued expenses and deferred income	2.4.	281'073	228'000
Short-term provisions	2.5.	6'809'392	4'990'918
Total Short-term liabilities		8'260'729	6'127'877
Long-term liabilities			
Long-term provisions	2.6.	117'300	100'200
Total Long-term liabilities		117'300	100'200
Total Fremdkapital		8'378'029	6'228'077
Shareholders' equity			
Share capital		100'000	100'000
Legal reserves		50'000	50'000
Optional reserves		19'868	0
Profit/loss brought forward		4'080'121	1'493'410
Profit/loss for the period		875'269	2'586'712
Total Shareholders' equity		5'125'258	4'230'121
Total Liabilities		13'503'287	10'458'198

Confinale AG, 6300 Zug

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

	Notes	2023	%	2022	%
Service income from 3rd parties		19'794'019		17'367'609	
Service income from group companies		3'503'787		2'678'408	
Reduction in earnings		-23'200		-31'500	
Service income	1.2.	23'274'606		20'014'518	
3rd party services		-426'206		-397'494	
Group company services		-713'249		-1'053'347	
Expenses for 3rd-party services		-1'139'455		-1'450'840	
Gross profit I		22'135'151	95%	18'563'678	93%
Salary expenses		-14'771'223		-10'352'689	
Social security expenses		-1'666'238		-1'137'592	
Other personnel expenses		-1'052'842		-687'101	
Personnel expenses		-17'490'304		-12'177'382	
Gross profit II		4'644'847	20%	6'386'296	32%
Facility costs		-271'107		-189'584	
Maintenance and repairs		-4'167		-11'115	
Vehicle expenditure		-34'822		-25'807	
Insurance expenses		-42'953		-46'394	
Administration and IT expenses	2.7.	-317'392		-317'331	
Advertising expenses		-1'119'704		-863'538	
Operating expenses		-1'790'145		-1'453'769	
Operating result before depreciation		2'854'703	12%	4'932'526	25%
Depreciation of tangible and intangible assets		-93'211		-73'046	
Depreciation		-93'211		-73'046	
Operating result before financial result		2'761'492	12%	4'859'480	24%
Financial income		173		0	
Profits from foreign currency exchange		215'774		179'157	
Financial expenses		-2'950		-12'595	
Losses from foreign currency exchange		-544'107		-408'960	
Financial income		-331'111		-242'399	
Operating Result before taxes		2'430'381	10%	4'617'082	23%
Non-operating expenses		-1'106'603		-1'600'000	
Total non-operating expenses	2.8.	-1'106'603		-1'600'000	
Profit/loss before taxes		1'323'778	6%	3'017'082	15%
Corporate taxes		-448'509		-430'370	
Tax expense		-448'509		-430'370	
Annual result		875'269	4%	2'586'712	13%

Notes to the 2023 financial statement
(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 value adjustments (bad debts), and other current receivables are recognized at nominal value.

1.2. Sales recording

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

1.3. Tangible assets

Property, plant and equipment are recognized at cost less depreciation.

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

Tangible assets	Method
Furniture and furnishings	25% degressive
Office machines / equipment	40% degressive
Software sector-specific	40% degressive
Pool vehicles	40% degressive

1.4. Foreign currency positions

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

Foreign currency	Balance sheet as at 31.12.2023	Balance sheet as at 31.12.2022
1 EUR	ESTV closing price: 0.929700	ESTV closing price: 0.987450
1 USD	ESTV closing price: 0.841624	ESTV closing price: 0.925228
1 GBP	ESTV closing price: 1.072875	ESTV closing price: 1.112933

2. Disclosures, breakdowns and notes to the financial statements

2.1. Receivables from Group companies

	31.12.2023	31.12.2022
Confinale (Deutschland) GmbH (LJ: EUR 81'491 / VJ: EUR 408'199)	75'762	403'076
Confinale (UK) Ltd. (VJ: GBP 6'460)	0	7'190
HCL Tech Germany GmbH	839'954	0
HCL Swiss Branch	502'565	0
	1'418'282	410'266

2.2. Participations

	Foreign currency	31.12.2023	31.12.2022
Confinale (Deutschland) GmbH		23'243	24'686
Confinale (Deutschland) GmbH (100%)	EUR	25'000	29'045
Value adjustment foreign currency		-5'803	-4'359
Confinale (UK) Ltd		21'458	22'259
Confinale (UK) Ltd. (100%)	GBP	20'000	25'704
Value adjustment foreign currency		-4'246	-3'445
		44'700	46'945

Notes to the 2023 financial statement
(in Swiss francs)

2.3. Tangible assets	31.12.2023	31.12.2022
Furniture and furnishings	15'077	15'550
Office machines / equipment	172'395	121'973
Software sector-specific	6'740	10'030
Pool vehicles	92'195	48'162
Development costs -reclaimer	1	1
Development costs -eSpark	1	1
	286'409	195'717
2.4. Accrued expenses and deferred income	31.12.2023	31.12.2022
Provisions for audit	6'000	5'000
Provisions for country reporting PWC/Avaloq	260'573	203'000
Provisions for Avolaq ACCP	0	20'000
Provisions for open service expenses	14'500	0
	281'073	228'000
2.5. Short-term provisions	31.12.2023	31.12.2022
Provisions for taxes PY/LY	1'173'082	461'305
Accruals for bonuses and overtime incl. social security costs	3'911'464	2'931'200
Provisions for retention and incentive bonus	1'724'846	1'600'000
	6'809'392	4'992'505
2.6. Long-term provisions	31.12.2023	31.12.2022
Provisions for warranty work	117'300	100'200
	117'300	100'200
2.7. Administrative and IT expenses	2023	2022
Office supplies, print material	7'189	9'350
Communication	4'468	6'338
Contributions, donations	7'133	7'175
Accounting costs	17'234	19'098
Management consulting	2'800	18'103
Legal advice	28'015	19'981
Audit fee	6'200	5'250
Other administrative expenses	1'048	644
Hard- and software	243'306	231'391
	317'392	317'331
2.8. Non-operating expenses	2023	2022
Retention-Bonus 2022	-892'493	1'000'000
Incentive-Bonus 2022	-576'829	600'000
Retention-Bonus 2023	791'668	0
Incentive-Bonus 2023	802'500	0
Pre-Closing related expenses ¹⁾	981'757	0
	1'106'603	1'600'000

1) The tax audit for the years 2019 - 2022 has shown that the main tax domicile is considered to be in Zurich retroactively. The additional tax expenses from this audit are reported under non-operating expenses.

Notes to the 2023 financial statement
(in Swiss francs)

3. Other information

	31.12.2023	31.12.2022
3.1. Liability to pension funds		
Pension fund	0	423
3.2. Total amount of assets used to secure own liabilities		
	31.12.2023	31.12.2022
Tenant deposit savings account in Zurich	61'196	61'023
Tenant deposit savings account in Geneva	12'027	8'018
	73'223	69'041
3.3. Rental liabilities over 12 months		
	31.12.2023	31.12.2022
Office premises Limmatstrasse 107 + 109, Zurich (Livit AG)	204'493	310'034
	204'493	310'034
3.4. Number of employees		
The annual average number of full-time positions	unter 250	unter 250

Confinale AG, 6300 Zug**Retained earnings carried forward
(in Swiss francs)**

	2023	2022
Retained earnings at the beginning of the period	4'080'122	1'493'410
Allocated to legal reserves	0	0
Distributed to shareholders	0	0
Profit/loss for the year/period	875'269	2'586'712
Retained earnings at the end of the period	4'955'390	4'080'122

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

	2023 Motion of the board of directors	2022 Motion of the board of directors
Retained earnings available to the general meeting	4'955'390	4'080'122
Allocated to legal reserves	0	0
Distributed to shareholders	0	0
Carried forward	4'955'390	4'080'122