



DFO Capital SA, Lugano

Independent Auditor's report
to the Board of Directors
Financial Statements 2023



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Independent Auditor's Report on the Financial Statements to the Board of Directors of DFO Capital SA, Lugano

Opinion

We have audited the financial statements of DFO Capital SA (Company), which comprise the statement of financial position as at 31 December 2023, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by European Union (EU-IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (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

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 financial statements of the company, 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.

Responsibilities of the Board of Directors for the Financial Statements

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



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to the Board of Directors
on the Financial Statements 2023

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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.

KPMG AG

Lars Klossack
Licensed Audit Expert

Cora Schmidheini
Licensed Audit Expert

Zurich, 9 February 2024

Enclosure:

- Financial Statements comprising the statement of profit and loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes

DFO Capital SA

Financial Statements for the year ended 31 December 2023

Statement of profit and loss and other comprehensive income

for the years ended 31 December 2023 and 2022

In CHF

Statement of profit and loss	Notes	2023	2022
Revenue		-	-
Other operating income	6	-	249'758.00
Personnel expenses	7	-7'929.05	-7'941.30
Consulting fees		-29'320.17	-15'130.19
Audit fees		-25'187.51	-11'650.00
Other costs	7	-35'721.06	-9'246.13
Operating (loss)/ gain		-98'157.79	205'790.38
Financial result	8	-15'498.90	-2'633.20
Earnings before taxes		-113'656.69	203'157.18
Income tax	9	-362.00	-370.00
(Loss)/ profit for the year		-114'018.69	202'787.18
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-114'018.69	202'787.18
Basic (loss)/earnings per share	11	-0.23	0.81
Diluted (loss)/ earnings per share	11	-0.23	0.81

Statement of financial position

as of 31 December 2023 and 2022

In CHF

ASSETS	Notes	31.12.2023	31.12.2022
Total non-current assets		-	-
Current assets			
Other receivables	5	1'741.02	248.16
Cash and cash equivalents	4	401'554.31	702'073.86
Total current assets		403'295.33	702'322.02
Total assets		403'295.33	702'322.02
EQUITY AND LIABILITIES			
Equity			
Share capital	2.5	500'000.00	500'000.00
Legal reserves	2.5	12'045.90	2'083.90
(Accumulated losses)/ retained earnings	2.5	-109'112.57	199'868.12
Total equity		402'933.33	701'952.02
Current liabilities			
Tax liabilities		362.00	370.00
Total current liabilities		362.00	370.00
Total liabilities		362.00	370.00
Total equity and liabilities		403'295.33	702'322.02

Statement of changes in equity

for the years ended 31 December 2023 and 2022

<i>In CHF</i>	Share capital	Legal reserves	Retained earnings/ (Accumulated losses)	Total
Balance as at 01 January 2022	200'000.00	2'083.90	630.82	202'714.72
Increase of share capital	300'000.00	-	-3'549.88	296'450.12
Profit for the year	-	-	202'787.18	202'787.18
Other comprehensive income	-	-	-	-
Allocation to Legal reserves/Retained earnings	-	-	-	-
Balance as at 31 December 2022	500'000.00	2'083.90	199'868.12	701'952.02

Balance as at 01 January 2023	500'000.00	2'083.90	199'868.12	701'952.02
Dividends paid	-	-	-185'000.00	-185'000.00
Loss for the year	-	-	-114'018.69	-114'018.69
Other comprehensive income	-	-	-	-
Allocation to Legal reserves/Retained earnings	-	9'962.00	-9'962.00	-
Balance as at 31 December 2023	500'000.00	12'045.90	-109'112.57	402'933.33

As of December 31, 2023, the share capital is CHF 500'000.00. All shares are fully paid up.

In the 2023 financial year, a dividend of CHF 185'000.00 was declared and distributed (CHF 0.37 per share).

Statement of cash flows

for the years ended 31 December 2023 and 2022

<i>In CHF</i>	Notes	2023	2022
Cash flows from operating activities			
(Loss)/ profit for the year		-114'018.69	202'787.18
Gain on sale of investments in subsidiaries		-	-249'758.00
Increase (-) / decrease (+) in trade receivables		-	21'439.89
Increase (-) / decrease (+) in other receivables		-1'492.86	-233.72
Foreign currency loss, net		15'498.90	2'633.20
Income tax		362.00	370.00
Interest income received		4'940.79	-
Income taxes paid		-379.00	-372.15
Other adjustments		9.00	166.05
Net cash flow from operating activities		-95'079.86	-22'967.55
Cash flows from investing activities			
Proceeds from sale of investments in subsidiaries		-	589'758.00
Net cash flow from investing activities		-	589'758.00
Cash flows from financing activities			
Proceeds from loans from a related party		-	11'000.00
Repayments of amounts borrowed		-	-172'073.83
Proceeds receipts from capital increase		-	300'000.00
Transaction costs		-	-3'549.88
Dividends paid		-185'000.00	-
Net cash flow from financing activities		-185'000.00	135'376.29
Effect of movements in exchange rates on cash held		-20'439.69	-2'799.10
Net change in cash and cash equivalents		-300'519.55	699'367.64
Cash and cash equivalents at beginning of year		702'073.86	2'706.22
Cash and cash equivalents at end of year	4	401'554.31	702'073.86

Notes to the financial statements

1 General information

DFO Capital SA („the company“) specializes in provision of consultancy services as well as acquisition, management, brokerage and sale of investments in companies of all kinds. The company is a public limited company incorporated and domiciled in Switzerland. The address of its registered office is Viottolo dei Frassini 1, 6977 Ruvigliana.

These financial statements were authorised for issue by the board of directors on 9 February 2024.

2 Basis of preparation and accounting policies

The financial statements have been prepared in accordance with IFRS Accounting Standards as applicable in the European Union (EU-IFRS) as of December 31, 2023. The preparation of financial statements in accordance with EU-IFRS requires accounting estimates to be made. The annual financial statements are prepared in Swiss francs (CHF).

Reporting is based on the going concern assumption. It is based on historical costs. The material accounting principles are set out below. Unless otherwise stated, these principles have been applied consistently to all years presented.

2.1 Foreign currency

The financial statements are prepared in Swiss francs (CHF), the functional currency of DFO Capital SA.

Foreign currencies are translated into the functional currency at the rates prevailing on the transaction date or, if these represent a reasonable approximation, at monthly average rates. Foreign currency gains and losses from such transactions as well as from the translation into CHF of financial foreign currency positions at the balance sheet date are recognized in profit or loss.

The following year-end exchange rate was used:

1 EUR : CHF 0.9297 (previous year: 1 EUR : CHF 0.9874).

2.2 Taxation

Current income taxes are recognized on an accrual basis based on the results.

Deferred income tax assets from tax loss carryforwards are only capitalized if it is probable that future taxable income will be available to realize the related benefit.

2.3 Cash and cash equivalents

Cash and cash equivalents include bank balances and short-term deposits with maturity of three months or less.

2.4 Financial instruments

DFO Capital SA classifies its financial instruments as follows:

Other Receivables

Other receivables are initially recognized at the transaction price.

DFO Capital SA recognizes an allowance for expected credit losses (ECL) on financial assets measured at amortized cost. For other receivables, the company measures the allowance for doubtful accounts based on the lifetime expected credit losses. Based on the company's assessment, the expected losses from credit losses are not material and have therefore not been recognised.

2.5 Equity

Share capital

Share capital represents the nominal value of the shares that have been issued. The share capital of CHF 500'000 consists of 500'000 bearer shares at CHF 1 each. All shares are fully paid up (previous year: CHF 500'000 bearer shares at CHF 1 each).

Legal reserves

Legal reserves consist of the reserves that have to be constituted according to Swiss law.

Retained earnings/ accumulated losses

Retained earnings/ accumulated losses include all retained earnings of the current and prior periods and accumulated losses.

Transaction costs related to the issuance of equity instruments are charged directly to retained earnings.

2.6 Change in significant accounting policies

The various minor adjustments to existing standards and interpretations in the reporting period did not have a significant impact on the company's financial statements.

The company doesn't expect impacts of various new and revised standards and interpretations, which are currently not applied however will be mandatory from January 1, 2024 (or later).

3 Use of judgements and estimates

Use of judgements and estimates are made on an ongoing basis and are based on experience and other factors, as well as expectations of future events that appear reasonable under the circumstances. The assumptions and estimates with the greatest risk of causing a material adjustment to the carrying amount of an asset or liability in a future financial year are discussed below.

Deferred income tax assets on unused loss carryforwards are not capitalized because it is not likely that profits will be available against which these loss carryforwards can be offset for tax purposes. The assessment of the ability to be activated is based on the expected business development and the existence of tax savings opportunities.

4 Cash and cash equivalents

<i>In CHF</i>	31.12.2023	31.12.2022
Cash in bank	76'159.31	702'073.86
Time deposits	325'395.00	-
Cash and cash equivalents	401'554.31	702'073.86

Cash in bank as of December 31, 2023, include a foreign currency position of EUR 353'467.55 (previous year: EUR 383'180.56).

5 Financial instruments

<i>In CHF</i>	31.12.2023	31.12.2022
Financial assets measured at amortised cost		
Cash and cash equivalents	401'554.31	702'073.86
Financial assets	401'554.31	702'073.86
Financial liabilities measured at amortised cost	-	-

For financial assets measured at amortized cost, the fair value corresponds to the carrying value.

6 Other operating income

<i>In CHF</i>	2023	2022
Gain on sale of investments in subsidiaries	-	249'758.00
Other operating income	-	249'758.00

The shares in Aurasol AG were sold on October 6, 2022, at a selling price of CHF 589'758.00.

7 Personnel expenses and other expenses

The personnel expenses (2023 CHF 7'929.05 und 2022: CHF 7'941.30) include salaries, employer contributions to social security and accident insurance contributions for the respective periods. There are no statutory pension plans for the employees included in personnel expenses.

Other expenses (2023: CHF 35'721.06; 2022: CHF 9'246.13) mainly include capital market fees, space, communication and various administrative expenses as well as bank charges.

8 Financial result

<i>In CHF</i>	2023	2022
Foreign currency loss, net	-20'439.69	-2'633.20
Interest income	4'940.79	-
Financial result	-15'498.90	-2'633.20

9 Income Taxes

<i>In CHF</i>	2023	2022
Current income taxes	-362.00	-370.00
Deferred income taxes	-	-
Income taxes	-362.00	-370.00

Reconciliation of effective tax

<i>In CHF</i>	2023	2022
Earnings before taxes	-113'656.69	203'157.18
Tax using the company's domicile tax rate	19.16%	19.16%
Expected income taxes	21'776.62	-38'924.92
Tax-exempt income	-	38'554.92
Non-capitalisation of deferred income tax assets	-22'138.62	-
Effective income taxes	-362.00	-370.00

No deferred income tax asset was capitalized on tax loss carryforwards of CHF 114,018.69, which expire in 2030.

10 Related party transactions

The related parties of the company include transactions with the board of directors. None of the transactions incorporate special terms and conditions and no guarantees were given or received.

Compensation of the board of directors

Transactions with the board of directors include salaries, including social benefits, of CHF 7'929.05 (2022: CHF 7'941.30).

11 Earnings/ (loss) per share

<i>In CHF</i>	2023	2022
(Loss)/ profit for the year	-114'018.69	202'787.18
Weighted-average number of ordinary share (basic)	500'000	250'000
Additional weighted number of shares from potentially dilutive instruments	-	-
Weighted-average number of ordinary share (diluted)	500'000	250'000
Basic (loss)/ earnings per share	-0.23	0.81
Diluted (loss)/ earnings per share	-0.23	0.81

The undiluted and diluted loss per share are CHF -0.23 (2022: earnings CHF 0.81) and are calculated from the profit/ (loss) for the year and the weighted number of shares entitled to dividends for the year. There are currently no instruments that have a diluting effect.

12 Financial risk management

DFO Capital SA is exposed to various financial risks arising from its business and financial activities. The most significant financial risks for the company result from changes in foreign exchange rates. The risks are continuously identified and monitored.

A. Credit risk

Credit risk arises from the possibility that counterparties to a transaction will be unable to meet their obligations and the company will suffer a financial loss. The aim of counterparty credit risk management is to avoid losses when investing in cash and cash equivalents. The maximum credit risk arising from financial activities corresponds to the carrying amount of the company's financial assets.

Cash and cash equivalents at Bank CIC amounted to CHF 401'554.31 as of December 31, 2023 (previous year: CHF 702'073.86). Bank CIC is a 100 percent subsidiary of the French financial group Crédit Mutuel. Due to its cooperative structure and its diversified business model, it is one of the best capitalized banks in Europe with consistently solid ratings. Moody's long-term rating for the financial group is Aa3.

Receivables amounted to CHF 1'741.02 as of December 31, 2023 (previous year: CHF 248.16). Based on the company's assessment, the expected losses from credit losses are not material and have therefore not been recognised.

B. Market risk

Foreign currency risk

DFO Capital SA uses Swiss Francs as its functional currency and is therefore exposed to exchange rate fluctuations. This applies to cash and cash equivalents in euros. Foreign currency risks are not hedged.

The table below shows an overview of the foreign currency positions in the reporting year and in the previous year.

Financial instruments by currencies

31.12.2023	Original currency		
	CHF	EUR	Total CHF
Financial assets			
Other receivables	1'741.02	-	1'741.02
Cash and cash equivalents	72'935.53	328'618.78	401'554.31
Total financial assets	74'676.55	328'618.78	403'295.33
Total financial liabilities	-	-	-
Financial instruments by currencies, net	74'676.55	328'618.78	403'295.33

31.12.2022	Original currency		
	CHF	EUR	Total CHF
Financial assets			
Other receivables	248.16	-	248.16
Cash and cash equivalents	323'702.22	378'371.64	702'073.86
Total financial assets	323'950.38	378'371.64	702'322.02
Total financial liabilities	-	-	-
Financial instruments by currencies, net	323'950.38	378'371.64	702'322.02

A strengthening of the EUR of 5% against the CHF on December 31, 2023, would have increased the earnings before taxes by CHF 16'430.94 (previous year: CHF 18'917.62). A correspondingly weakening would have the opposite effect on earnings before taxes.

Interest rate risk

The financial assets of DFO Capital are short-term. There are no significant interest rate risks for the company.

C. Liquidity risk

The liquidity risk describes the risk that DFO Capital SA can no longer fully meet its financial obligations. Prudent liquidity risk management includes maintaining sufficient funds and ensuring short-term liquidity reserves. The company monitors cash reserves based on expected cash flow.

DFO Capital SA did not enter into any financial obligations (financial liabilities) in the reporting year or the previous year.

13 Events after the end of reporting year

There are no events after the balance sheet date that needs to be disclosed.