



DFO Capital SA, Lugano

Independent Auditor's report
to the Board of Directors
Financial Statements 2020



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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 2020, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting 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.

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.
- 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
Swiss Certified Accountant

Benjamin Marte
Swiss Certified Accountant

Zurich, 16 March 2023

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 2020

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Statement of profit and loss and other comprehensive income

for the years ended 31 December 2020 and 2019

In CHF

	Notes	2020	2019 (restated)
Statement of profit and loss			
Revenue	8	15'864.99	13'655.00
Other operating income	9	4'095.00	-
Personnel expenses	10	-7'931.95	-18'752.00
Audit fees	10	-1'150.00	-1'250.00
Other costs	10	-2'196.16	-2'968.59
Operating gain/ (loss)		8'681.88	-9'315.59
Financial result	11	22.28	-3'021.09
Earnings before taxes		8'704.16	-12'336.68
Income tax	12	-725.00	-169.00
Profit/ (loss) for the year		7'979.16	-12'505.68
Other comprehensive income			
Items that will not be reclassified through profit and loss		-	-
Items that are or may be reclassified subsequently through profit and loss		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year			
		7'979.16	-12'505.68
Basic earnings/ (loss) per share			
	14	0.04	-0.06
Diluted earnings/ (loss) per share			
	14	0.04	-0.06

Statement of financial position

as of 31 December 2020 and 2019

In CHF

	Notes	31.12.2020	31.12.2019 (restated)
ASSETS			
Non-current assets			
Investments in subsidiaries	5	340'000.00	-
Total non-current assets		340'000.00	-
Current assets			
Loans to a related party	13	-	205'721.66
Trade receivables	7	27'585.00	16'555.65
Other receivables	7	1'555.79	923.21
Cash and cash equivalents	6	2'835.29	2'285.81
Total current assets		31'976.08	225'486.33
Total assets		371'976.08	225'486.33
EQUITY AND LIABILITIES			
Equity			
Share capital	2.7	200'000.00	200'000.00
Legal reserves	2.7	1'538.90	1'538.90
Retained earnings	2.7	31'757.59	23'778.43
Total equity		233'296.49	225'317.33
Current liabilities			
Loans from a related party	13	137'573.83	-
Tax liabilities		725.00	169.00
Other liabilities		380.76	-
Total current liabilities		138'679.59	169.00
Total liabilities		138'679.59	169.00
Total equity and liabilities		371'976.08	225'486.33

Statement of changes in equity

for the years ended 31 December 2020 and 2019

<i>In CHF</i>	Share capital	Legal reserves	Retained earnings	Total
Balance as at 01 January 2019 according to IFRS for SME	200'000.00	1'380.30	36'442.71	237'823.01
Restatement - note 3	-	-	-	-
Balance as at 01 January 2019 according to full IFRS applicable in the European Union	200'000.00	1'380.30	36'442.71	237'823.01
Loss for the year	-	-	-12'505.68	-12'505.68
Other comprehensive income	-	-	-	-
Allocation to Legal reserves/Retained earnings	-	158.60	-158.60	-
Balance as at 31 December 2019	200'000.00	1'538.90	23'778.43	225'317.33
Balance as at 01 January 2020	200'000.00	1'538.90	23'778.43	225'317.33
Profit for the year	-	-	7'979.16	7'979.16
Other comprehensive income	-	-	-	-
Balance as at 31 December 2020	200'000.00	1'538.90	31'757.59	233'296.49

The share capital consists of 200'000 bearer shares with a nominal value of CHF 1 each. As of December 31, 2020, the share capital is CHF 200'000.00. All shares are fully paid up.

Statement of cash flows

for the years ended 31 December 2020 and 2019

<i>In CHF</i>	Notes	2020	2019 <i>(restated)</i>
Cash flows from operating activities			
Profit/ (loss) for the year		7'979.16	-12'505.68
Increase (-) / decrease (+) in trade receivables		-11'029.35	-875.65
Increase (-) / decrease (+) in other receivables		-632.58	-903.30
Increase (+) / decrease (-) in tax liabilities		556.00	-286.90
Increase (+) / decrease (-) in other liabilities		380.76	-2'489.93
Other adjustments		3.60	28.76
Net cash flow from operating activities		-2'742.41	-17'032.70
Cash flows from investing activities			
Acquisition of investment in subsidiaries		-150'000.00	-
Proceeds from loans to a related party		15'721.66	-
Payments from loans to a related party		-	9'259.39
Net cash flow from investing activities		-134'278.34	9'259.39
Cash flows from financing activities			
Proceeds from loans from a related party		144'573.83	-
Repayments of amounts borrowed		-7'000.00	-
Net cash flow from financing activities		137'573.83	-
Effect of movements in exchange rates on cash held			
		-3.60	-28.76
Net change in cash and cash equivalents		549.48	-7'802.07
Cash and cash equivalents at beginning of year		2'285.81	10'087.88
Cash and cash equivalents at end of year	6	2'835.29	2'285.81
In the cash flows from operating activities is included:			
Interest received		27.51	1'107.90
Interest paid		-	-

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 March 16, 2023.

2 Basis of preparation and accounting policies

The financial statements have for the first time been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union (EU) as of December 31, 2020. The previous year has been restated, see note 3. The preparation of financial statements in accordance with 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 most significant accounting principles used in the preparation of the financial statements 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 1.0815 (previous year: 1 EUR : CHF 1.0870).

2.2 Revenue recognition

Revenue from services is recognized in the period in which the services are rendered by the company (point in time).

Revenue is measured at the market value of the consideration received or to be received and represents the amounts expected for services rendered in the ordinary course of business, less markdowns, volume discounts and sales-related taxes.

2.3 Taxation

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

Deferred income taxes are accrued on all temporary taxable or tax-deductible valuation differences between tax and IFRS values using the liability method. Deferred income taxes are measured using the tax rates that are expected to apply in the period in which an asset will be realized or a liability settled. Deferred income tax assets from deductible temporary differences and tax loss carryforwards are only capitalized if it is probable that future taxable income will be available to realize the related benefit.

2.4 Investments in subsidiaries

Investments in subsidiaries are measured at cost less impairment.

2.5 Cash and cash equivalents

Cash and cash equivalents include bank balances.

2.6 Financial instruments

DFO Capital SA classifies its financial instruments as follows:

Loans to a related party, trade and other Receivables

Loans to a related party, trade and other receivables are initially recognized at the transaction price. The sales are on common credit terms and the receivables do not bear interest. Interest-bearing receivables or receivables with unusual payment terms are measured at amortized cost using the effective interest method.

DFO Capital SA recognizes an allowance for expected credit losses (ECL) on financial assets measured at amortized cost. For trade and 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.

Financial liabilities

Financial liabilities are initially recognized at the transaction price (less transaction costs). Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

2.7 Equity

Share capital

Share capital represents the nominal value of the shares that have been issued. The share capital of CHF 200'000 consists of 200'000 bearer shares at CHF 1 each. All shares are fully paid up (previous year: CHF 200'000 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

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

Transaction costs related to equity transactions are charged directly to retained earnings.

2.8 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 is currently assessing the possible impact of various new and revised standards and interpretations, which are currently not applied however will be mandatory from January 1, 2021. Based on the current analysis, the company does not expect any material impact on the overall results and financial position. The company is also examining the impact of other new and revised standards, which will be mandatory after 2021.

3 Transition from IFRS for SMEs to (full) IFRS applicable in the European Union

These financial statements have been prepared for the first time in accordance with (full) IFRS as applicable in the European Union (EU) as of December 31, 2020.

The presentation of the annual financial statements and the notes have been supplemented and adjusted accordingly. The analysis of the accounting and valuation principles did not result in any changes in the value basis of assets and liabilities. The equity as of January 1, 2019.

and December 31, 2019 and the profit for the year 2019 have therefore not changed compared to IFRS for SMEs.

4 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. In addition, accounting policies are explained which, based on the assessment of the management, can have a significant impact on the financial statements.

Investments in subsidiaries

If there are adverse indications, DFO Capital SA determines whether there is an impairment indicator on investments in subsidiaries. This requires to estimate the value in use. Estimating value in use requires estimating the future cash flows from investments in subsidiaries and applying an appropriate discount rate to calculate the present value of those cash flows.

5 Investments in subsidiaries

The investments in subsidiaries and the percentage of effective ownership interest are as follows:

<i>Investments in subsidiaries</i>	<i>Domicile</i>	<i>Effective ownership share</i>	
		31.12.2020	31.12.2019
Aurasol AG	Zug	100%	0%

The shares in Aurasol AG have been purchased in 2020.

6 Cash and cash equivalents

<i>In CHF</i>	31.12.2020	31.12.2019
Cash in bank	2'835.29	2'285.81
Cash and cash equivalents	2'835.29	2'285.81

Cash in bank as of December 31, 2020, include a foreign currency position of EUR 586.18 (previous year: EUR 654.29).

7 Financial instruments

<i>In CHF</i>	31.12.2020	31.12.2019
Financial assets measured at amortised cost		
Loans to a related party	-	205'721.66
Trade receivables	27'585.00	16'555.65
Other receivables	1'555.79	923.21
Cash and cash equivalents	2'835.29	2'285.81
Financial assets	31'976.08	225'486.33
Financial liabilities measured at amortised cost		
Loans from a related party	137'573.83	-
Financial liabilities	137'573.83	-

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

8 Revenue

<i>In CHF</i>	2020	2019
Advisory fees	15'864.99	13'655.00
Revenue	15'864.99	13'655.00

Revenues include consulting fees.

9 Other operating income

<i>In CHF</i>	2020	2019
Reversal of impairments	4'095.00	-
Other operating income	4'095.00	-

10 Personnel expenses, fees and other expenses

The personnel expenses (2020: CHF 7'931.95 and 2019: CHF 18'752.00) 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.

The audit fees amounted to CHF 1'150.00 in 2020 and CHF 1'250.00 in 2019.

Other expenses (2020: CHF 2'196.16; 2019: CHF 2'968.59) mainly include space, communication and various administrative expenses as well as bank charges.

11 Financial result

<i>In CHF</i>	2020	2019
Foreign currency loss, net	-5.23	-4'128.99
Interest income on loans	27.51	1'107.90
Financial result	22.28	-3'021.09

12 Income Taxes

<i>In CHF</i>	2020	2019
Current income taxes	-725.00	-169.00
Deferred income taxes	-	-
Income taxes	-725.00	-169.00

Reconciliation of effective tax

<i>In CHF</i>	2020	2019
Earnings before taxes	8'704.16	-12'336.68
Tax using the company's domicile tax rate	19.16%	19.16%
Expected income taxes	1'667.72	-2'363.71
Tax-exempt income	-2'392.72	-
Non-deductible expenses	-	2'194.71
Effective income taxes	-725.00	-169.00

13 Related party transactions

The related parties of the company include transactions with its key management personnel and shareholders. None of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances were unsecured.

Key management compensation

Transactions with key management personnel include salaries, including social benefits, of CHF 7'931.95 (2019: CHF 18'752.00).

Year-end balances arising from related party

<i>In CHF</i>	31.12.2020	31.12.2019
Loans granted to a shareholder	-	205'721.66
Loans received from a shareholder	137'573.83	-

The loans to a related party bear interest at 0.5% and are short-term. The repayment was made in 2020.

The loans received from the shareholder do not bear interest and are repayable on demand.

14 Earnings/ (loss) per share

<i>In CHF</i>	2020	2019
Profit/ (loss) for the year	7'979.16	-12'505.68
Weighted-average number of ordinary share (basic)	200'000	200'000
Additional weighted number of shares from potentially dilutive instruments	-	-
Weighted-average number of ordinary share (diluted)	200'000	200'000
Basic earnings/ (loss) per share	0.04	-0.06
Diluted earnings/ (loss) per share	0.04	-0.06

The undiluted and diluted earnings per share are CHF 0.04 (2019: loss CHF -0.06) and are calculated from the profit/ (loss) for the year attributable to DFO Capital SA and the weighted number of shares entitled to dividends for the year. There are currently no instruments that have a diluting effect.

15 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 and the liquidity risk. 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 2'835.29 as of December 31, 2020 (previous year: CHF 2'285.81). 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.

Loans to a related party amounts to CHF 0 (previous year: CHF 205'721.26). Receivables amounted to CHF 29'140.79 as of December 31, 2020 (previous year: CHF 17'478.86). 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

31.12.2020	<i>Original currency</i>		
	CHF	EUR	Total CHF
Financial assets			
Trade receivables	27'585.00	-	27'585.00
Other receivables	1'555.79	-	1'555.79
Cash and cash equivalents	2'168.99	586.18	2'835.29
Total financial assets	31'309.78	586.18	31'976.08
Financial liabilities			
Loans from a related party	137'573.83	-	137'573.83
Total financial liabilities	137'573.83	-	137'573.83
Financial instruments by currencies, net	-106'264.05	586.18	-105'597.75

31.12.2019	<i>Original currency</i>		Total CHF
	CHF	EUR	
Financial assets			
Loans to a related party	92'379.90	104'270.43	205'721.66
Trade receivables	16'555.65	-	16'555.65
Other receivables	923.21	-	923.21
Cash and cash equivalents	1'574.60	654.29	2'285.81
Total financial assets	111'433.36	104'924.72	225'486.33
Financial liabilities			
Loans from a related party	-	-	-
Total financial liabilities	-	-	-
Financial instruments by currencies, net	111'433.36	104'924.72	225'486.33

A strengthening of the EUR of 5% against the CHF on December 31, 2020, would have increased the earnings before taxes by CHF 31.70 (previous year: CHF 5'702.66). A correspondingly weakening would have the opposite effect on earnings before taxes.

Interest rate risk

The financial assets and financial liabilities of DFO Capital are short-term. Loans received from related parties are repayable on demand. 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.

The table below summarizes the maturity profile of the company's financial liabilities based on undiscounted contractual payments.

Liquidity risk after contractual maturities

31.12.2020	0-12 months	> 12 months	TOTAL	Carrying amount
Total financial liabilities				
Loans from a related party	137'573.83	-	137'573.83	137'573.83
Total financial liabilities	137'573.83	-	137'573.83	137'573.83

31.12.2019	0-12 months	> 12 months	TOTAL	Carrying amount
Total financial liabilities				
Loans from a related party	-	-	-	-
Total financial liabilities	-	-	-	-

16 Events after the end of reporting year

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