



**The Capital Markets Company  
Sàrl, Zurich**

Report of the Statutory Auditor to the  
Partners' Meeting on the  
Financial Statements 2022



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## **Report of the Statutory Auditor to the Partners' Meeting of The Capital Markets Company Sàrl, Zurich**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of The Capital Markets Company Sàrl (the Company), which comprise the balance sheet as at 31 December 2022, and the income statement 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 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, together with 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.

#### **Management's Responsibilities for the Financial Statements**

The Management 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 Management 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 Management 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 Management 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 Managements' 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.

We communicate with the Management 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.

## **Report on Other Legal and Regulatory Requirements**

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Management.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Thomas Affolter  
Licensed Audit Expert  
Auditor in Charge

Annina Hanselmann  
Licensed Audit Expert

Zug, 6 June 2023

Enclosures:

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

Balance Sheet as of 31 December	Note	2022	2021
		CHF	CHF
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		2,985,725	3,975,832
Trade accounts receivable	2.1	2,127,327	1,903,396
Other short-term receivable	2.2	107,283	3,404
Other short-term receivable to group companies		4,241,996	920,072
Unbilled Services		1,688,345	2,941,235
Prepaid expenses		192,104	255,767
Prepaid Taxes		1,387,846	1,241,703
<b>TOTAL CURRENT ASSETS</b>		<b>12,730,626</b>	<b>11,241,409</b>
<b>Non-current assets</b>			
Financial assets	2.3	7,664,749	27,241,087
Property, plant and equipment	2.4	1,287,624	1,778,292
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8,952,373</b>	<b>29,019,378</b>
<b>TOTAL ASSETS</b>		<b>21,682,999</b>	<b>40,260,787</b>

Balance Sheet as of 31 December	Note	2022	2021
		CHF	CHF
<b>LIABILITIES AND QUOTAHOLDERS' EQUITY</b>			
<b>Short-term liabilities</b>			
Trade accounts payable	2.5	7,250,590	19,988,204
Other short-term liabilities		426,720	484,703
Accrued expenses and deferred income	2.6	5,408,483	8,334,919
Provision for unrealized foreign currency translation gain		222,207	123,395
<b>TOTAL SHORT-TERM LIABILITIES</b>		<b>13,308,000</b>	<b>28,931,221</b>
Inter-company payables		3,157,849	335,728
Accrued employee related liability		172,340	983,083
<b>TOTAL LONG-TERM LIABILITIES</b>		<b>3,330,189</b>	<b>1,318,811</b>
<b>Quotaholders' equity</b>			
Quotaholder's capital	2.7	20,000	20,000
Legal retained earnings			
General legal retained earnings		10,000	10,000
Voluntary retained earnings			
Results brought forward		9,980,755	9,727,077
(Loss)/Profit for the year		(4,965,945)	253,678
<b>TOTAL QUOTAHOLDERS' EQUITY</b>		<b>5,044,810</b>	<b>10,010,755</b>
<b>TOTAL LIABILITES AND EQUITY</b>		<b>21,682,999</b>	<b>40,260,787</b>

<b>Income Statement for the year ended 31 December</b>		<b>2022</b>	<b>2021</b>
		CHF	CHF
<b>INCOME</b>			
Revenue from sale of services	2.8	26,854,565	38,595,666
<b>TOTAL OPERATING INCOME</b>		<u>26,854,565</u>	<u>38,595,666</u>
Consultancy costs from other group companies		(6,316,534)	(12,916,769)
Personnel expenses		(18,075,929)	(20,345,946)
Other operating expenses	2.9	(4,602,441)	(5,467,777)
Depreciation		(539,663)	(478,610)
Impairment on financial assets	2.3	(3,387,240)	–
<b>OPERATING RESULT</b>		<u>(6,067,242)</u>	<u>(613,436)</u>
Financial income		107,681	703,298
Financial expenses		(207,881)	(550,590)
Foreign exchange result		1,126,155	777,826
<b>(LOSS)/ PROFIT FOR THE YEAR BEFORE TAXES</b>		<u>(5,041,287)</u>	<u>317,098</u>
Direct taxes		75,342	(63,420)
<b>(LOSS)/ PROFIT FOR THE YEAR</b>		<u><u>(4,965,945)</u></u>	<u><u>253,678</u></u>

## **Notes to the Financial Statements**

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### **1. Principles**

#### **1.1 General aspects**

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that to ensure the company's going concern, the company's financial statements may be influenced by the creation and release of hidden reserves.

#### **1.2 Revenue from sale of services**

For Time and Material projects the revenue is recognized as services are performed on a contract-by-contract basis. The Proportional Performance method is applied for the fixed price projects. Revenues and costs are recognized over the service delivery period.

#### **1.3 Leases**

Leasing transactions are recognized in the balance sheet on a substance over form basis. For this, leasing agreements and rental leases are classified as finance leases if essentially all of the risks and benefits related to the ownership of the leased object have been transferred to Capco as the lessee. All other leasing transactions are considered operating leases. For finance leases the value of the leased or rented object is capitalized in property, plant and equipment (PPE) at the beginning of the contract; the same amount is recorded as leasing liability. The depreciation of PPE and the amortization of the leasing liabilities then take place over the leasing period. For operating leases, the rental and leasing rates paid are directly recognized in the income statement when they become due.

**2. Information on balance sheet and income statement items**

<b>2.1 Trade accounts receivable</b>	<b>2022</b>	<b>2021</b>
	CHF	CHF
Receivable from third parties billed	2,127,327	1,903,396
	<u>2,127,327</u>	<u>1,903,396</u>
<b>2.2 Other short-term receivable</b>	<b>2022</b>	<b>2021</b>
	CHF	CHF
Receivable from third parties	107,283	3,404
	<u>107,283</u>	<u>3,404</u>
<b>2.3 Financial assets</b>	<b>2022</b>	<b>2021</b>
	CHF	CHF
Deposits	170,500	170,500
Long-term Inter-company receivables	6,534,563	20,677,032
Investment	959,686	6,393,555
	<u>7,664,749</u>	<u>27,241,087</u>

Deposits amounting to CHF 175,000 (PY: CHF 175,000) as of 31 December 2022, have been pledged.

Investment

Company	Domicile	Capital in CHF		Share in voting and Capital rights in %	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
andrion ag	Zurich	959,686.00	6,393,554.50	100	100

Change in investment value is due to releases on unused contingent provisions and impairment of CHF 3,387,240 till actual andrion equity.



<b>2.4 Property, plant and equipment</b>	<b>2022</b>	<b>2021</b>
	CHF	CHF
Property Leases	1,569,251	1,544,610
Leasehold improvements	1,251,620	1,237,580
Office furniture and equipment	298,757	298,757
Computer equipment	505,229	494,915
Accumulated depreciation	(2,337,233)	(1,797,570)
	<u>1,287,624</u>	<u>1,778,292</u>

<b>2.5 Trade accounts payable</b>	<b>2022</b>	<b>2021</b>
	CHF	CHF
Accounts payable due to third parties	76,200	97,982
Accounts payable due to other group companies	7,174,390	19,890,222
	<u>7,250,590</u>	<u>19,988,204</u>

<b>2.6 Accrued expenses and deferred income</b>	<b>2022</b>	<b>2021</b>
	CHF	CHF
Deferred revenue	109,399	345,721
Short-term accrued employee related liabilities	3,266,099	3,146,978
Accrued other expenses	2,032,985	4,842,220
	<u>5,408,483</u>	<u>8,334,919</u>

## 2.7 Quotaholder's capital

As at 31 December 2022, the quota holder's capital consists of 200 registered shares at a par value of CHF 100 each.

<b>2.8 Revenue from sale of services</b>	<b>2022</b>	<b>2021</b>
	CHF	CHF
Consultancy revenue from third parties	25,490,846	32,666,063
Consultancy income from other group companies	1,363,719	5,929,603
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	26,854,565	38,595,666
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<b>2.9 Other operating expenses</b>	<b>2022</b>	<b>2021</b>
	CHF	CHF
Office expense	(338,758)	(479,192)
General and admin expenses	(1,175,486)	(986,342)
Travel expenses	(649,698)	(225,748)
Miscellaneous expenses/(revenue)	(50,458)	(55,072)
IC management fees	(2,249,153)	(3,442,899)
Foreign Withholding Tax	(138,888)	(278,524)
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	(4,602,441)	(5,467,777)
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### **3. Other information**

#### **3.1 Full-time equivalents**

The annual average number of full-time equivalents for the reporting year, as well as the previous year, is higher than 50 but lower than 250.

**Proposed Appropriation of Available Earnings**

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According to the proposal of the management, the available earnings of CHF 5,014,810 are to be appropriated as follows:

	<b>2022</b>
	CHF
To be carried forward	<u>5,014,810</u>
Total	<u><b>5,014,810</b></u>