

Matica Technologies Group SA
Ordinary Audit Report for the year 2022

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Report of the statutory auditor
to the General Meeting of
Matica Technologies Group SA
6300 Zug

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Matica Technologies Group SA (the Company), which comprise the statement of financial position as of 31 December 2022 and the statement of income 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 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 and 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.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors 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 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 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.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 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 the financial statements according to the instructions of the Board of Directors.

Furthermore, we 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.

Lugano, 28.04.2023

HRK & Partners SA
(FAOA-Nr. 504438)



Hamid-Reza Khoyi
(Swiss CPA)
(Auditor in charge)
(Licensed Audit Expert)
(FAOA-Nr. 100195)



Nicoletta Prandi
(Licensed Auditor)
(FAOA-Nr. 111229)

Enclosures:

- Financial statements
(Balance sheet, income statement, statement of changes in equity, cash flow statement and notes)
- Proposed appropriation of available earnings



MATICA TECHNOLOGIES GROUP SA FINANCIAL STATEMENTS 31/12/2022

Technologies for a safe world



Matica Technologies Group SA

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BALANCE SHEET (in CHF 1'000)

ASSETS	31/12/2022	31/12/2021
Cash and cash equivalents	1,283	-
Trade accounts receivables	3,236	-
<i>Third parties</i>	2,137	-
<i>Subsidiaries</i>	1,154	-
<i>Provision for bad debt</i>	(55)	-
Other receivables	964	-
Inventory	2,777	-
Prepaid expenses and deferred income	193	-
Current assets	8,453	-
Financial assets	18,207	11,312
Account receivables non current Intercompany	1,566	-
Tangible fixed asset	2,203	-
Intangible assets	425	-
Non current assets	22,401	11,312
Total assets	30,854	11,312
LIABILITIES	31/12/2022	31/12/2021
Trade accounts payables	5,924	-
<i>Third parties</i>	3,360	-
<i>Subsidiaries</i>	2,564	-
Short term Bank Loans	-	0
Other short term provisions	1,254	511
Lease liabilities short term	36	-
Accruals and deferred income	589	12
Short term liabilities	7,803	523
Long term Debt	17,685	-
Shareholder long term debt	1,025	4,937
Other long term provisions	167	5,468
Long term liabilities	18,877	10,405
Share Capital	450	450
Statutory capital reserves	3,840	40
Merger loss	(2,272)	-
Retained earnings	2,156	(106)
<i>Profits/loss carried forward</i>	(106)	(92)
<i>Result for the year</i>	2,262	(14)
Totale Shareholder's equity	4,174	384
Total Liabilities and Shareholder's equity	30,854	11,312

INCOME STATEMENT (in CHF 1'000)

	31/12/2022	31/12/2021
Net sales	9,038	-
Other income	930	-
Write offs and variation bad debt provisions	(40)	(127)
Total net sales	9,928	(127)
Cost of material	(1,912)	-
Third parties expenses	(941)	-
Inventory variation	347	-
Cost of goods	(2,506)	-
Purchase of goods	(4,565)	-
Employee costs	(1,046)	-
Gross Profit/Loss	1,811	(127)
Premises costs	(152)	(3)
General & Administrative expenses	(243)	(15)
Marketing expenses	(61)	-
Other operating expenses	(347)	-
Total operating expenses	(803)	(18)
Profit/loss before taxes	1,008	(145)
Depreciation of tangible fixed assets	(231)	-
Amortization of intangible fixed assets	(48)	-
Amortization of financial fixed assets	0	(56)
Income/Loss from operations	730	(201)
Financial costs	(1,091)	(86)
Financial income	2,863	274
Profit/Loss before taxes	2,501	(13)
Taxes	(239)	(1)
Profit/Loss for the year	2,262	(14)

CASH FLOW (in CHF 1'000)

	31/12/2022	31/12/2021
Net profit	2,262	(14)
Depreciation and amortisation	279	56
Provision for risk and charges	(3,782)	(134)
Trade receivables	1,239	-
Other current receivables	1,187	-
Inventory	(602)	-
Trade payables	877	(431)
Other current liabilities	161	456
Net cash (inflow)/outflow from operating activities	1,621	(67)
Investments in property, plant and equipment	(372)	-
Investments in intangible assets	(98)	-
Net cash (inflow)/outflow from investing activities	(470)	-
Proceeds/(Repayment) of loans and borrowings	(560)	5,467
Cash from merger	692	-
Acquisitions	-	(5,400)
Net cash (inflow)/outflow from financing activities	132	67
Cash flow for the period	1,283	-
Cash at the beginning of the period	-	-
Cash at the end of the period	1,283	-

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Matica is a leading worldwide company that designs, manufactures, and markets card personalization, card mailing systems and ID card printers with an extensive product portfolio that includes innovative central and instant issuance solutions for Financial, Government, Healthcare, Corporate, Education, Transport, Telecommunication, and Retail application, such as passports, driving licenses, or access control cards.

Matica operates around the world through its offices in Switzerland (HQ), Italy, India, Malaysia, China, the USA, the UAE, UK and supports its thousands of customers with its global network of Certified Resellers, Value Added Distributors, and Integration Partners

2. Significant accounting principles

Basis of accounting and presentation

These Financial Statements have been prepared in accordance with the provisions on accounting and Financial reporting of the Swiss Code of Obligations (Art. 957 to 963b CO).

Cash & Cash equivalents

Cash and cash equivalents are shown in the balance sheet at nominal value and include cash, post office and bank balances such as also restricted accounts with banks with a duration of less than three months. Any foreign currency balances are converted at the year-end exchange rate.

Foreign currency transactions/translation

Transactions in foreign currencies have been recorded in Swiss Francs at the rates prevailing at the time of the transactions. Assets and liabilities denominated in foreign currencies are translated to Swiss Francs at year-end-rates. Exchange gains and losses transactions as well as exchange losses arising from the translation of balance sheet items denominated in foreign currencies are included in the income statement.

Tax liabilities

Tax accrual covers all tax liabilities calculated based on the statutory accounts, taking into consideration on-account payments made and refund received.

3. Intangibles Assets (in CHF 1'000)

Cost Value	Software	R&D	Other	Total
Balance at 31.12.2021	-	-	-	-
Increase	14	388	56	458
Decrease	-	-	-	-
Balance at 31.12.2022	14	388	56	458
Accumulated depreciation				
Balance at 31.12.2021	-	-	-	-
Increase	(1)	-	(32)	(33)
Decrease	-	-	-	-
Balance at 31.12.2022	(1)	-	(32)	(33)
Net book value 31.12.2022	13	388	24	425

Intangible fixed assets are recognized at the historical acquisition cost. Depreciation is calculated on a straight-line basis over the useful life.

4. Tangible Assets (in CHF 1'000)

Cost Value	Machinery & Equipment	IT infrastructure	Total
Balance at 31.12.2021	-	-	-
Increase	2,537	454	2,991
Decrease	-	-	-
Balance at 31.12.2022	2,537	454	2,991
Accumulated depreciation			
Balance at 31.12.2021	-	-	-
Increase	(618)	(170)	(788)
Decrease	-	-	-
Balance at 31.12.2022	(618)	(170)	(788)
Net book value 31.12.2022	1,919	284	2,203

Depreciation of Fixed Assets is calculated on a straight-line basis over the useful life. Moulds are depreciated in 48 months.

5. Investments in subsidiaries

Investments are recorded at historical cost, determined on the basis of purchase or subscription price of the investment, increased by any additional charges. If there is a significant loss of values, the cost is reduced accordingly.

	31/12/2022			31/12/2021		
	Capital share in %	Voting rights in %	Investments CHF	Capital share in %	Voting rights in %	Investments CHF
Matica Technologies Group SA (Swiss)	-	-	-	100.00%	100.00%	11,312
Diso Verwaltungs AG (Germany)	84.99%	84.99%	11,136	-	-	-
Matica Corp (Usa + India)	100.00%	100.00%	3,759	-	-	-
Matica Technologies Europe SL (Spain)	100.00%	100.00%	11	-	-	-
Matica Technologies Sea (Malaysia)	100.00%	100.00%	221	-	-	-
Matica Technologies Co Ltd (China)	100.00%	100.00%	332	-	-	-
Matica Technologies Fze (UAE)	100.00%	100.00%	1,769	-	-	-
Javelin (UK)	100.00%	100.00%	979	-	-	-

Matica Technologies Group has an indirect participation in Matica Fintec SpA, through the control of DISO Verwaltungs AG which controls 59.08% of Matica Fintec SpA.

On November 11, 2022, a merger by absorption was carried out between SCL Investments Group SA and Matica Technologies Group SA with effect June 30, 2022. The assets and liabilities of Matica Technologies Group SA were transferred to SCL Investments Group SA creating a merger loss of CHF 2,272. SCL Investments Group SA was renamed in Matica Technologies Group SA.

2021 comparative is represented by SCL Investment Group SA Financial Statements.

Statement of changes in shareholder's equity

	Share Capital	Statutory capital reserves	Merger loss	Retained earnings	Profit for the year	Total
Balance at 31.12.2021	450	40	-	(92)	(14)	384
Increase	-	3,800	(2,272)	-	-	1,528
Allocation of 2021 result	-	-	-	(14)	14	-
Profit/(Loss) for the year	-	-	-	-	2,262	2,262
Balance at 31.12.2022	450	3,840	(2,272)	(106)	2,262	4,174

The subscribed and fully paid-up capital at December 31, 2022 is represented by 450'000 registered shares of nominal values of Swiss Francs 1.00 each.

6. Full time equivalents

The annual average number of full-time equivalents for this reporting year is between 10 and 50. In 2021 was below 10.

7. Significant events occurring after balance sheet date

- In March 2023, Matica Technologies Group SA bought 3,600,600 shares for a value of CHF 2,594, representing 54.55% of 'Digital Printing Solutions Co., Ltd', a Korean company for the production and marketing of DPSCI consumables.

- In February 2023, Matica Technologies Group SA bought 994,323 shares of Matica Fintec SpA from DISO Verwaltungs AG for a value of CHF 1,681.

8. Liabilities vis-à-vis pension schemes.

The debt of pension fund at 31.12.2022 is equal to CHF 99 (2021: -)

9. Details of leasings transactions and other leasing obligations

The company has concluded several leasing agreements with residual value CHF 568 (2021: -) subdivided as follows:

Years	CHF
2023	148
2024	145
2025	138
2026	137
Total	568

10. Proposed appropriation of available earnings

Retained earnings	(106)
Profit for the period	2,262
Dividend distribution	(100)
Attribution to Legal reserve	(113)
Profit carried forward	1,943