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INTELLECT DESIGN ARENA SA NEUCHÂTEL

REPORT

OF THE STATUTORY AUDITORS
TO THE GENERAL MEETING
AS AT 31 MARCH 2022

Fiduciaire Muller Christe & Associés SA
NEUCHÂTEL / YVERDON-LES-BAINS / LA CHAUX-DE-FONDS / GENEVE

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Report of the statutory auditors on the limited statutory examination to the general meeting of Intellect Design Arena SA, Neuchâtel

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of Intellect Design Arena SA for the year ended 31st March 2022.

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.

We draw your attention to section 4 in the notes to the financial statements which indicates that a tax issue could arise if the loans to group companies are not reduced significantly. We had already raised this issue with management during the audit of the financial statements for the year ended 31st March 2022.

Neuchâtel, 3rd May 2022
DRA/cti

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Jessica D'Angelo
Audit expert

Daniele Raffaele
Audit expert
(auditor in charge)

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

INTELLECT DESIGN ARENA SA, NEUCHATEL**COMPANY AND BRANCH CONSOLIDATED
BALANCE SHEET AS AT 31 MARCH 2022**

	2022		2021	
	CHF	CHF	CHF	CHF
FINANCIAL ASSETS				
Loan receivable - group companies - long term portion	-		-	
Portuguese Branch current account	-		-	
TOTAL FINANCIAL ASSETS		-		-
CURRENT ASSETS				
Bank accounts	343 861		766 160	
Accounts receivable - third parties	-		-	
Accounts receivable - holding company	5 930 938		383 064	
Other debtors	13 060		17 053	
Revenue to be billed - third parties	189 700		228 250	
Tax recoverable	7 761		30 514	
Loans receivable - group companies	669 578		5 783 735	
TOTAL CURRENT ASSETS	7 154 897		7 208 776	
FIXED ASSETS				
Computer Software	700		-	
Depreciation	(117)		-	
TOTAL FIXED ASSETS	583		-	
LESS : CURRENT LIABILITIES				
Salary control a/c	(5 242)		(127)	
Social security charges control a/c	(7 713)		(9 784)	
Payroll tax account	(25 751)		(29 580)	
Corporate tax payable	(21 255)		(39 469)	
Creditors - third parties	(12 406)		(4 854)	
Creditors - holding company	-		-	
VAT payable	(39 438)		(50 439)	
Loans payable - group companies - short term portion	-		-	
Accruals	(500 596)		(864 665)	
TOTAL CURRENT LIABILITIES	(612 401)		(998 919)	
NET CURRENT ASSETS		6 543 080		6 209 858
TOTAL FIXED AND NET CURRENT ASSETS		6 543 080		6 209 858
REPRESENTED BY :				
Share capital		350 000		350 000
General reserve	75 000		75 000	
Revenue reserves brought forward	5 784 858		5 684 839	
Profit (Loss) for the period	333 222		100 019	
TOTAL REVENUE RESERVES	6 193 080	6 193 080	5 859 858	5 859 858
TOTAL CAPITAL		6 543 080		6 209 858

INTELLECT DESIGN ARENA SA, NEUCHATEL**COMPANY AND BRANCH CONSOLIDATED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2022**

	2022		2021	
	(Period 01.04.21-31.03.22)		(Period 01.04.20-31.03.21)	
	CHF	CHF	CHF	CHF
FINANCIAL INCOME				
Service income - third parties	2 352 895		2 717 132	
Interest income - related parties	134 592		221 647	
Other income	956		1 059	
	<u>2 488 443</u>		<u>2 939 838</u>	
TOTAL FINANCIAL INCOME		2 488 443		2 939 838
EXPENSES				
Salaries and wages	597 766		660 087	
Social security charges	96 635		110 014	
Consulting/outsourcing - related party	1 430 615		1 739 882	
Travelling expenses	2 108		99	
Directors fees	10 000		10 000	
Audit fees	8 000		8 027	
Legal, administration and consultancy fees	46 379		72 168	
Visa, work permit & registration fees	21 120		25 693	
Telephone, postage and courier services	2 172		310	
Rent and office costs	2 206		17 036	
Bank interest and charges	3 223		3 057	
Tax on capital and profits	52 347		40 253	
Irrecoverable VAT	-		580	
Training expenses	-		334	
Business promotion expenses	587		-	
Depreciation	117		-	
Computer consumables	36		-	
Exchange fluctuation	(118 090)		152 280	
	<u>2 155 221</u>		<u>2 839 819</u>	
TOTAL EXPENSES		(2 155 221)		(2 839 819)
PROFIT / (LOSS) FOR THE PERIOD		<u>333 222</u>		<u>100 019</u>

INTELLECT DESIGN ARENA SA, NEUCHATEL

NOTES TO THE FINANCIAL STATEMENTS

1. Yearly average number of employees

The average yearly number of employees is below 250 for the fiscal years 2022 and 2021.

2. Debts toward pension fund

	31.03.2022	31.03.2021
	CHF	CHF
Helvetia Fondation collective de prévoyance du personnel (credit balances)	16 400	16 050

3. Post-balance sheet events

In 2022, the company has had to continue to face the problem of the COVID-19 pandemic and related health restrictions.

This could result in a temporary but significant drop in activity over a few months, implying a reduction in working hours and a drop in turnover.

Currently it is impossible to quantify the financial impact.

There are no other significant post-balance sheet events to report.

4. Loans receivable - group companies

The Company has loans receivable from fellow subsidiaries totalling the equivalent of CHF 669'578 (2021 – CHF 5'783'735).

The Company's parent company and sole shareholder has issued a letter of comfort to confirm that it will support the subsidiaries in repaying the loans if such a situation arises. The Company received a tax audit in February 2017, during which the auditor referred to the loans and, in response to that, the Company has provided the said comfort letter.

5. Portuguese Branch

The Company established a branch in Lisbon, Portugal in August 2019. The balance sheet and income statement of the branch have been consolidated in these financial statements.

There are no other items which require disclosure in the notes to the financial statements in accordance with Article 959C of the Swiss Code of Obligations.

INTELLECT DESIGN ARENA SA, NEUCHATEL**PROPOSED APPROPRIATION OF AVAILABLE EARNINGS**

	2022 31 st March 2022 CHF	2021 31 st March 2021 CHF
RESULT AVAILABLE TO THE ANNUAL GENERAL MEETING		
Retained profits at the beginning of the year	5 784 858	5 684 839
Net income	333 222	100 019
	<u>6 118 080</u>	<u>5 784 858</u>
PROPOSAL OF THE BOARD OF DIRECTORS		
Attribution to general reserve	-	-
Carried forward	6 118 080	5 784 858
	<u>6 118 080</u>	<u>5 784 858</u>