WISeKey International Holding AG

Statutory Financial Statements

As at December 31, 2024

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BDO Ltd
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To the general meeting of

WISeKey International Holding Ltd
General-Guisan-Strasse 6
6300 Zug

Report on the Audit of the Financial Statements 2024

(for the period from 01.01.2024 to 31.12.2024)

17 April 2025

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STATUTORY AUDITOR'S REPORT

To the general meeting of WISeKey International Holding Ltd, Zug

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of WISeKey International Holding Ltd (the Company), which comprise the Balance Sheet as at 31 December 2024, 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 financial statements (pages F-63 to F-77) 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.

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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the Key Audit Matter was addressed in the audit
Valuation of Investments in subsidiaries	
The Company carries investments in subsidiaries in the amount of CHF 20.6 million on the balance sheet. Investments are valued individually at acquisition costs less impairment. The valuation of investments involves judgment in the projections and assumptions used, which are sensitive to the expected future market developments that could affect the profitability of these entities. We focused on this area due to the degree of management's judgment involved, its significant impact on the financial statements and the impact it has on presentation and disclosures. We refer to Note 5 to the statutory financial statements for the Company's disclosure on the investments in subsidiaries.	We assessed the Company's impairment considerations and valuation for all significant investments for reasonableness. We evaluated key assumptions used in the valuations relating to future expected cash flows and net asset values. We assessed the appropriateness and completeness of the related disclosures in Note 5.
Valuation of intercompany loans	
The Company carries an intercompany loan balance in the amount of CHF 3.1 million on the balance sheet. We focused on this area due to its significant impact on the financial statements and the impact it has on presentation and disclosures. We refer to Note 4 to the statutory financial statements for the Company's disclosure on the investments in subsidiaries.	We assessed the financial solvency of each corresponding subsidiary based on the net asset values as well as future expected cash flows. We assessed the appropriateness and completeness of the related disclosures in Note 4.

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, the consolidated financial statements, the compensation report and our auditor’s reports thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

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Responsibilities of the Board of Directors 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 the auditor's responsibilities for the audit of the financial statements is located at EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits. This description forms part of our auditor's 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 financial statements according to the instructions of the board of directors.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposal of the board of directors complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Geneva, 17 April 2025

BDO Ltd

Philipp Kegele

Auditor in Charge

Licensed Audit Expert

Sascha Gasser

Licensed Audit Expert

Balance Sheet as at December 31, 2024

ASSETS	2024 CHF	Note ref:	2023 CHF
Current Assets			
Cash and bank deposits	1'500'823		3'933'943
Short-term intercompany receivables	2'621'638	4	2'294'658
Other receivables	33'403		239'491
Prepaid expenses	412'778		394'609
Intercompany accrued income and interests	419'778	4	1'298'720
Total Current Assets	4'988'421		8'161'422
Non-current Assets			
Investments in subsidiaries, net	20'639'355	5	20'539'355
Intercompany loans	64'414	6	1'278'170
Total Capital Assets	20'703'769		21'817'525
Total Non-current Assets	20'703'769		21'817'525
TOTAL ASSETS	25'692'189		29'978'946

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	2024 CHF	Note ref:	2023 CHF
Current Liabilities			
Trade payables	297'260		464'594
Intercompany accounts payable	979'946	7	1'177'919
Other payables	851'958	8	957'162
Accrued liabilities	3'056'648	9	2'750'323
Total Current Liabilities	5'185'811		5'349'998
Non-Current Liabilities			
Long term loans - interest bearing	9'069		168'269
Total Non-Current Liabilities	9'069		168'269
Total Liabilities	5'194'880		5'518'267
Shareholders' Equity			
Share Capital	352'565	10	8'090'595
Capital Contribution Reserves approved for tax purposes	48'061'292	10	48'061'292
Capital Contribution Reserves not yet approved*	24'222'732	10	14'263'893
Other Legal Capital Reserves	28'913'251	10	28'913'251
Reserve for Treasury Shares held by subsidiaries	119'880	11	283'760
Treasury Shares held by WISeKey International Holdings AG	(340'195)	11	(340'195)
Accumulated Deficit	(74'648'036)	12	(66'176'250)
Net Profit / (Loss) for the Period	(6'184'180)	12	(8'635'666)
Total Shareholders' Equity	20'497'309		24'460'680
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	25'692'189		29'978'947

*: this amount of capital contribution reserves is subject to the approval of the Swiss Federal Tax Administration. For further information, see also note 10.1 to the financial statements.

The accompanying notes are an integral part of these financial statements.

Income Statement for the Period

	2024 CHF	Note ref:	2023 CHF
INCOME			
Other Income	115'245		70'502
Management Fee Income	5'163'754		6'339'967
	5'278'999		6'410'469
OPERATING EXPENSES			
Salaries and Personnel Costs	(5'697'699)		(5'700'451)
Office Expenses	(9'606)		(8'073)
Insurances	(633'282)		(540'062)
Travel & Accommodation	(54'820)		(45'633)
Consultancy and Professional Services	(1'940'198)	15	(2'742'728)
Marketing	(113'087)		(203'429)
Management Fees and Intercompany Charges	(2'299'701)	16	(1'988'055)
Valuation Adjustments on Loans and Investments	(1'105'434)	17	(3'655'675)
FINANCIAL COSTS AND FINANCIAL INCOME			
Foreign Exchange (Loss)/Gain	214'431		(670'967)
Other Financial Charges	(21'834)		(126'849)
Financial Charges on Loan	(339'768)	18	(459'296)
Interest Income	587'160		579'130
Interest Expense	31'434		(36'578)
Profit on Sale of Treasury Shares	12'801	11	1'106'300
Loss on Sale of Treasury Shares	-	11	(8)
PRIOR PERIOD COSTS			
Prior Period Expenditure	(30'259)		2'629
NON-OPERATIONAL COSTS AND INCOME			
Non-Operating Losses	(63'316)	19	(556'389)
LOSS BEFORE TAXES	(6'184'180)		(8'635'666)
Taxes	-		-
LOSS FOR THE YEAR	(6'184'180)		(8'635'666)

The accompanying notes are an integral part of these financial statements.

Note 1. Background and Operations

WISeKey International Holding A.G., (**the Company)**, was registered in Zug, Switzerland, on November 17, 2015 and was listed on the Swiss Stock Exchange, SIX AG, with the valor symbol “WIHN” on March 31, 2016. The Company’s purpose is to incorporate, acquire, hold and dispose of participations in companies, both in Switzerland and abroad, especially in the field of cybersecurity and related areas. The Company may engage in all types of transactions that appear appropriate to promote, or are related to the purpose of the Company.

The annual average number of full-time equivalents (FTE) for 2024 and 2023 was more than 10 but less than 50.

The Company has a net payable of CHF 13’384 as at 31st December 2024 (zero outstanding at 31st December 2023) toward its pension funds.

On March 3, 2016, the Company acquired 100% of the shares of WISeTrust SA.

On March 22, 2016, WISeKey SA’s shareholders exchanged a total of 90.3% of their shares into those of the Company shares. During 2017, several shareholders approached the Company to exchange their shares in WISeKey SA, having failed to participate in the original share exchange program of 2016. As at December 31, 2019, the Company had acquired an additional 5.28% of WISeKey SA’s shares, bringing its holding up to 95.58%. The remaining 4.42% of the WISeKey SA’s share capital will be obtained either through share exchanges or as part of a squeeze-out merger.

On September 20, 2016 the Company acquired the semiconductor assets and supporting operations from Inside Secure, a French company listed on the Euronext, Stock Exchange in Paris, in the form of a carve-out. The entity was renamed WISeKey Semiconductors. As part of the deal, the Company also acquired the supporting operations in Japan, Taiwan and Singapore, renamed WISeKey KK, WISeKey Taiwan and WISeKey Singapore Pte Ltd respectively.

On October 5, 2016, the Company established a Joint Venture, WISeKey SAARC Ltd, in London, U.K., for operations in the South Asian region. It owns 51% of the venture. WISeKey SAARC Ltd owns 88% of WISeKey India Private Ltd, a sales and support operation based in New Delhi, India.

On April 3, 2017, the Company acquired 85% of the share capital of QuoVadis Holding Ltd, a Bermudan-based company in the managed PKI and digital signature management business, having operations in the UK, Netherlands, Belgium, Germany and Switzerland, as well as Bermuda itself. As part of the consideration, a shareholders’ put and call option agreement over the 15% remaining non-controlling interest (“NCI”) was signed by the Group and the 15% NCI shareholders. Per the shareholders’ put and call option agreement over the 15% non-controlling interest, WISeKey granted the non-controlling interest shareholders an option (put option) pursuant to which the non-controlling interest shareholders were entitled to sell all of their shares in QV Holding Ltd to WISeKey, and the non-controlling interest shareholders granted WISeKey an option (call option) pursuant to which WISeKey was entitled to buy all shares in QV Holding Ltd held by the non-controlling interest shareholders. Both options were exercisable at the earliest on May 01, 2018 and at the latest on May 31, 2018. In May 2018, the NCI shareholders exercised their put option. On May 24, 2018, the Company acquired the remaining 15% of QuoVadis Holding Ltd through the issue of 860,000 Ordinary B shares valued at CHF5.42 per share for a total consideration of CHF 4,664,994.

On January 16, 2019 the Company completed the sale of WISeKey (Bermuda) Holding Ltd (including all of its subsidiaries) to DigiCert, Inc. pursuant to a Share Purchase Agreement entered into by and between the Company and DigiCert, Inc. on December 21, 2018. As of January 16, 2019, the following subsidiaries are no longer part of the WISeKey Group: WISeKey (Bermuda) Holding Ltd., QuoVadis Trustlink Schweiz AG, QuoVadis Trustlink BVBA, QuoVadis Trustlink BV, QV BE BV, QuoVadis Trustlink GmbH, QuoVadis Services Ltd. and QuoVadis Ltd.

At January 16, 2019, the Regulatory Authority in Bermuda (“RAB”) consent to transfer the ownership of QuoVadis Services Ltd had not yet been obtained. Therefore, in application of the SPA terms and conditions, the shares in QuoVadis Services Ltd. held by WISeKey (Bermuda) Holding Ltd were transferred to WISeKey International Holding AG who, as a result, held a 51% interest in QuoVadis Services Ltd, and WISeKey directly operated QuoVadis Services Ltd. on trust for DigiCert, Inc. until receipt of the RAB Consent and the effective transfer of the shares in QuoVadis Services Ltd. to DigiCert, Inc. The RAB Consent was received in February 2019 and the transfer of ownership of QuoVadis Services Ltd from the Company to DigiCert Inc. was effective on February 28, 2019.

During 2019, the Company applied to the SEC for permission to trade its shares, in the form of American Depository Receipts (ADRs), on a US exchange. On December 4, 2019, having received approval from both the SEC and the NASDAQ, the Company commenced trading of ADRs on the NASDAQ Global Market.

On February 1, 2021, the Company acquired 51% of the share capital of arago GmbH, a German company engaged in the use of Artificial Intelligence for the purpose of Knowledge Automation. As part of the deal, the Company also acquired the subsidiary operations in America and India. On March 14, 2022, the Company signed a Share Purchase and Transfer Agreement (the “SPTA”) to sell its 51% ownership in arago GmbH and its affiliates (together “arago” or the “arago Group”) to OGARA GmbH, with Neutrino Energy Property GmbH & Co. acting as “Buyer Guarantor”, who signed on March 16, 2023. The completion of the sale was conditional on the consideration being transferred to WISeKey and the shares owned by the Group being transferred to OGARA GmbH. The sale was completed on June 24, 2022, when the shares owned by WISeKey in arago were transferred to OGARA GmbH as WISeKey issued a waiver to accept a delayed payment of the consideration, because of the high cash burn rate of arago.

On May 23, 2023, the Company distributed a dividend-in-kind in the form of 1,500,300 Ordinary Shares in its subsidiary undertaking, SEALSQ Corp. SEALSQ Corp's Ordinary Shares began trading on the Nasdaq exchange on May 23, 2023.

As of December 31, 2024, the Company continued to hold 12.55% of the share capital of SEALSQ Corp and 52.99% of the voting rights of SEALSQ Corp.

Note 2. Future Operations

The Company made a loss from operations in this reporting period, which includes significant provisions made against receivables due from subsidiary companies. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern.

The Company made a loss of CHF 6,184,180 (2023: loss of CHF 8,635,666).
Historically, the Company has been dependent on debt and equity financing to augment the operating cash flow to cover its cash requirements. Any additional equity financing may be dilutive to shareholders.

On Octobre 23, 2024, WISeKey entered into two Agreements for the Subscription of up to $15M Convertible Notes each with (the "Anson Facility") Anson Investments Master Fund LP ("Anson") and with (the "L1 facility") L1 Captial Global Opportunities Master fund, pursuant to which Anson & L1 commits to grant a loan to WISeKey for up to a maximum amount of USD 15 million each divided into tranches of variable sizes, during a commitment period of 24 months ending Octobre 22, 2026. On December 12, 2024, WISeKey and Anson and L1 signed the First Amendment to the Subscription Agreement (the "Anson First Amendment" and "L1 First Amendment"), pursuant to which, for the remaining facility, WISeKey has the right to request Anson and L1 to subscribe for six "accelerated" note tranches of up to USD 2,500,000 each. The "minimum" Conversion Amount is US$ 100,000 and Conversion Amounts must be in multiples of US$ 100,000 (the "Anson Accelerated Tranches" and "L1 Accelerated Tranches") at the date and time determined by WISeKey during the commitment period, subject to certain conditions. In 2024, WISeKey made one subscription under the Anson Facility and L1 Facility. As at December 31, 2024, the outstanding for each Anson Facility & L1 Facility available was USD 13.75 million.

The Anson Facility and L1 Facility will be used as a safeguard should there be any additional cash requirements not covered by other types of funding.

Based on the Group's cash projections for the next 12 months to April 30, 2026, it has sufficient liquidity to fund operations and financial commitments. Management therefore believe it is correct to present these figures on a going concern basis.

Note 3. Significant accounting policies

These financial statements were prepared according to the provisions of the Swiss financial reporting law (32nd title of the Swiss Code of Obligations). Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount. Certain prior year numbers were reclassified to conform to the current year presentation.

As WISeKey International Holding AG prepares consolidated financial statements under a recognized accounting standard (US GAAP), it has elected in these statutory financial statements, as permitted by law, not to prepare a management report and to omit a cash flow statement and notes on interest-bearing liabilities and audit fees.

The significant accounting policies adopted by the Company are as follows:

Foreign currency translation

The accounting records of the Company are maintained in Swiss Francs. All transactions in other currencies are translated into Swiss Francs at the rate prevailing at the time of the transaction. Assets and liabilities in other currencies remaining at the balance sheet date are translated at the appropriate year-end rate. Transaction and translation foreign exchange profits and losses are included in the statement of income and expenses in the year in which they are incurred. Unrealized foreign exchange gains on non-current assets and liabilities at the balance sheet date are provided for in accrued liabilities at the year-end.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits, and short-term highly liquid investments, which are convertible to a known amount of cash and bear an insignificant risk of change in value.

Restricted Cash

Restricted cash is defined as cash held on behalf of the Company in accounts outside of the Company's direct control and that can only be transferred to the Company upon the fulfilment of specific criteria.

Tax

The Company is liable for Swiss federal income tax and cantonal/communal income and capital taxes and therefore accrues for all taxes due for the period.

Other investments

Other investments are carried at cost less any necessary provision for impairment in value.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less any necessary provision for impairment in value.

Treatment of sale of treasury shares

Treasury shares are held at historic cost at the date of acquisition. Gains and losses made upon the sale of treasury shares are recognized in the income statement.

Debt issuance costs

It is the Company policy to capitalize issuance costs on long-term credit facilities, defined as those with a duration in excess of one year at the point of inception. These costs are amortized over the life of the credit facility to which they relate.

Note 4. Short-term intercompany receivables and accrued income

As the Ultimate Parent Company of the Group, WISeKey International Holding AG incurs costs that are for the benefit of other companies within the Group. The Company raises invoices to its subsidiary undertakings for the recharge of these costs.

Note 5. Investments in subsidiaries, net

Cost CHF	Ownership/Voting interests %	Net value of the investment as at 31.12 2024	Ownership/Voting interests %	Net value of the investment as at 31.12 2023
WISeKey SA *Geneva, Switzerland*	**95.75%**	-	**95.75%**	-
WISeTrust SA *Geneva Switzerland*	**100%**	4'102'244	**100%**	4'102'244
WISeKey SAARC Ltd *London, United Kingdom*	**51%**	-	**51%**	-
WISeCoin AG *Zug, Switzerland*	**90%**	-	**90%**	-
WISeKey Equities AG *Zug, Switzerland*	**100%**	100'000	**100%**	100'000
WISeKey Semiconductors GmbH *Munich, Germany*	**100%**	27'916	**100%**	27'916
WISe.Art AG (formerly TrusteCoin AG) *Zug, Switzerland*	**87.5%**	100'000	**100%**	100'000
WISeSat.Space AG *Zug, Switzerland*	**100%**	100'000	**100%**	100'000
WISeKey Arabia - Information Technology *Jeddah, Saudi Arabia*	**51%**	25'116	**51%**	25'116
WISeKey (Gibraltar) Limited *Gibraltar*	**100%**	121	**100%**	121
SEALCOIN AG *Zug, Switzerland*	**100%**	100'000		
SEALSQ Corp. *British Virgin Islands*	**12.55% / 52.99%**	16'083'958	**58.83% / 69.42%**	16'083'958
Total		**20'639'355**		**20'539'355**

Management has reviewed the carrying value of the investments in the Company's subsidiaries and has determined that the carrying values remain appropriate.

In assessing the potential impairment of the investments, the Company considers the net asset value, the expected cash-flows that will be generated by each of these investments and the market capitalization of the Group. Management believes that, on the basis of this and other than as set out in note 21, the carrying value of these investments as at December 31, 2024 is not impaired.

WISeKey International Holding AG and SEALSQ France SAS (previously WISeKey Semiconductors SAS) entered into a Capital Increase Agreement on December 15, 2022, whereby an amount of EUR 7 million (CHF 6,870,959 at the prevailing rate of exchange) owed to WISeKey International Holding AG by WISeKey Semiconductors SAS was converted into a capital contribution by way of an offset with the outstanding debt under the Revolving Credit Agreement and the loans resulting from the above-mentioned debt transfers. Under the terms of this agreement, the investment in SEALSQ France SAS was increased by EUR 7 million (CHF 6,870,959) and the balance owed to WISeKey International Holding AG was reduced by an equivalent amount.

On January 1, 2023, the Company transferred 100% of the issued share capital of SEALSQ France to another subsidiary undertaking, SEALSQ Corp in return for the issuance of 7,501,400 Ordinary Shares and 1,499,700 Founder Shares in SEALSQ Corp. On May 23, 2023, the Company distributed 1,500,300 Ordinary Shares to its shareholders by way of a dividend-in-kind from reserves from capital contributions.
SEALSQ Corp made further capital increases in 2023 & 2024 meaning that, as at December 31, 2024, the Company owned 12.55% of SEALSQ Corp and held 52.99% of the voting rights of SEALSQ Corp.

On July 16, 2024 the company acquired 100% of the issued share capital of SEALCOIN AG, a newly incorporated company registered in Zug, Switzerland for a total consideration of CHF 100,000, with the purpose to provide consultancy services and services of all kinds in Switzerland and abroad, in the field of the Internet of Things (IoT).

Note 6. Intercompany loans

The Company has extended multiple loans to its subsidiary undertakings. These bear an interest rate of 2.5% per annum.

Note 7. Intercompany accounts payable

Intercompany accounts payable includes charges payable to the Company's subsidiary undertaking, WISeKey SA, for management fees charged and costs incurred on behalf of the Company.

Note 8. Other payables

The Other Payables relate to salary related payments that were due as at December 31, 2024.

Note 9. Accrued liabilities

The accrued liabilities include a provision for accrued vacation not yet taken by the employees.

Note 10. Share Capital

The Company has 2 classes of shares in its share capital, Class "A" shares with a nominal value of CHF 0.01 per share and Class "B" shares with a nominal value of CHF 0.10 per share. Both classes of share have the same voting rights, namely 1 share, 1 vote. Only the Class "B" shares are listed on the International Reporting Standard of the SIX Stock Exchange.

On December 4, 2019, the Companies' American Depositary Shares ("ADS") started trading on The Nasdaq Stock Market LLC ("NASDAQ") under the ticker symbol WKEY. Each ADS represents five Class B Shares. As at December 31, 2024, 5,102,504 (2023: 1,802,140) ADSs were outstanding.

	31 December 2024		31 December 2023	
	Number of Shares	**CHF**	**Number of Shares**	**CHF**
Share Capital Class "A" Shares	1'600'880	16'009	1'600'880	16'009
Share Capital Class "B" Shares	4'070'522	407'052	3'365'560	336'556
Total Share Capital	5'671'402	423'061	4'966'440	352'565
Issued Share Capital	5'671'402	423'061	4'966'440	352'565
Authorised Share Capital, not issued, Class "B" Shares	1'618'117	161'812	1'618'117	161'812
Conditional Share Capital Class "A" Shares	400'000	4'000	400'000	4'000
Conditional Share Capital Class "B" Shares	505'628	50'563	1'210'590	121'059

10.1 Movement of share capital

The movements of the changes in shareholders' equity are explained further here.

Movements in shareholders' equity in 2024 mainly relate to the issuance of shares resulting from the change in nominal values of the Class "A" and class "B" shares.

The legal general reserves from capital contribution relate to capital contributions contributed to the Company by its shareholders since 1997, which, under Swiss tax law, may be distributed without being subject to Swiss withholding tax effective January 1, 2011, if certain conditions are met.

One of the conditions is that the reserves from capital contribution have to be declared to the Federal tax administration no later than 30 days following the ordinary general meeting of the shareholders.

As of December 31, 2023, capital contribution reserves of CHF 78'761'639 have been approved by the Swiss Tax authorities. Following the payment of the dividend-in-kind on May 23, 2023 from approved reserves from capital contributions in the amount of CHF 1'787'096, an amount of

CHF 28,913,251 was additionally transferred from the approved capital contribution reserve to Other Legal Capital Reserves. This represents the difference between the book value of the shares in SEALSQ Corp that were distributed through the dividend in kind and the market value based upon the Variable Weighted Average Price (VWAP) of the shares of SEALSQ Corp on the first day of trading on the Nasdaq exchange.

On June 30, 2023, the Company completed a reverse split whereby 1 new Class "A" Share was issued for every 25 old Class "A" Shares held and 1 new Class "B" Share was issued for every 50 old Class "B" Share held.

On June 28, 2024, the Company changed the nominal values of the Class "A" Shares from CHF 0.25 to CHF 0.01 and of the Class "B" Shares from CHF 2.50 to CHF 0.10.

10.2 Conditional share capital

The share capital may be increased in an amount not to exceed CHF 50,562.80 with a nominal value of CHF 0.10 per share and CHF 4,000 with a nominal value of CHF 0.01 per share.

Its use is limited to 3 categories, namely:

- up to an amount of CHF 31,917.40 by the issuance of up to 319,174 fully paid-in Class B Shares with a nominal value of CHF 0.10 through the exercise of conversion, option, exchange, warrant or similar rights for the subscription of shares granted to third parties or shareholders in connection with bonds (including convertible bonds and bonds with options), options, warrants, notes, other securities newly or already issued in national or international capital markets or new or already existing contractual obligations by, or of a member of, the Company (the "Rights-Bearing Obligations"); and

  up to an amount of CHF 18,645.40 by the issuance of up to 186,454 fully paid-in Class B Shares with a nominal value of CHF 0.10 in connection with the issuance of Class B Shares, Rights-Bearing Obligations, options or other share-based awards granted to members of the Board of Directors, members of executive management, employees, contractors, consultants or other persons providing services to the Company or a member of the Company.

- Up to an amount of CHF 4,000.00 by the issuance of up to 400,000 fully paid-in Class A Shares with a nominal value of CHF 0.01 in correction with the issuance of Class A Shares, Rights-Bearing Obligations, options or other share-based awards granted to members of the Board of Directors, members of executive management, employees, contractors, consultants or other persons providing services to the Company or a member of the Company

10.3 Capital band

The Company has a capital band ranging from CHF 320,202.36 (lower limit) to CHF 514,376.56 (upper limit). The Board of Directors shall be authorized within the capital band to increase or reduce the share capital once or several times and in any amounts or to acquire shares directly or indirectly, until June 27, 2029 or until an earlier complete use or until an earlier expiry of the capital band. The capital increase may be effected by issuing up to 1,618,117 fully paid-in registered shares with a par value of CHF 0.10 each and cancelling up to 323,623 registered shares with a par value of CHF 0.10 each, or by increasing or reducing the par value of the existing shares by up to CHF 161,811.76 and CHF 32,362.44, respectively, within the limits of the capital band or by simultaneous reduction and re-increase of the share capital.

In the event of a capital increase within the capital band, the Board of Directors shall, to the extent necessary, determine the issue price, the type of contribution (including cash contributions, contributions in kind, set-off and conversion of reserves or of profit carried forward into share capital), the date of issue, the conditions for the exercise of subscription rights and the beginning date for dividend entitlement. In this regard, the Board of Directors may issue new shares by means of a firm underwriting through a financial institution, a syndicate of financial institutions or another third party and a subsequent offer of these shares to the existing shareholders or third parties (if the subscription rights of the existing shareholders have been withdrawn or have not been duly exercised). The Board of Directors is entitled to permit, to restrict or to exclude the trade with subscription rights. It may permit the expiration of subscription rights that have not been duly exercised, or it may place such rights or shares as to which subscription rights have been granted, but not duly exercised, at market conditions or may use them otherwise in the interest of the Company.
In the event of a share issue the Board of Directors is authorized to withdraw or restrict subscription rights of existing shareholders and allocate such rights to third parties (including individual shareholders), the Company or any of its group companies:

- if the issue price of the new shares is determined by reference to the market price; or
- for raising equity capital in a fast and flexible manner, which would not be possible, or would only be possible with great difficulty or at significantly less favorable conditions, without the exclusion of the subscription rights of existing shareholders; or
- for the acquisition of companies, part(s) of companies or participations, for the acquisition of products, intellectual property or licenses by or for investment projects of the Company or any of its group companies, or for the financing or refinancing of any of such transactions through a placement of shares; or
- for purposes of broadening the shareholder constituency of the Company in certain financial or investor markets, for purposes of the participation of strategic partners including financial investors, or in connection with the listing of new shares on domestic or foreign stock exchanges; or

- for purposes of granting an over-allotment option (Greenshoe) of up to 20% of the total number of shares in a placement or sale of shares to the respective initial purchaser(s) or underwriter(s); or
- for the participation of members of the Board of Directors, members of the Executive Committee, employees, contractors, consultants or other persons performing services for the benefit of the Company or any of its group companies.

10.4 Significant shareholders

The Swiss Financial Market Infrastructure Act (**FMIA**) and the rules and regulations promulgated thereunder, to which the Company and beneficial owners of its Shares are subject, requires persons who directly, indirectly or in concert with other parties acquire or dispose of Shares or purchase or sale rights or obligations relating to such Shares, and, thereby, directly, indirectly or in concert with other parties reach, exceed or fall below a threshold of 3%, 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% or 66 2/3% of the Company's voting rights (whether exercisable or not) to notify the Company and the Disclosure Office of SIX of such acquisition or disposal in writing.

Each Class A share and each Class B share carries one vote at a general meeting of shareholders of the Company and, as such, the number of shares held by each person or entity set forth below is equal to the number of voting rights held by such person or entity.

The following table sets out, to the knowledge of the Company, beneficial owners holding 3% or more of the voting rights of the Company as disclosed on the SIX disclosure platform on December 31, 2024. The percentages indicated above have been established based on the share capital of the Company registered with the commercial register of the Canton of Zug on the date on which the respective disclosure obligation pursuant to the FMIA was triggered. For a full review of the disclosure reports, including with respect to sale and purchase positions, that were made to the Company and the SIX Disclosure Office during fiscal year 2024, and then published on the SIX electronic publication platform in accordance with the FMIA and the rules and regulations promulgated thereunder, please refer to the search facility of the SIX Disclosure Office at https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

Name	Number of Shares owned		Purchase Position	Sale Position	Total number of voting rights	Percentage of voting rights
	Class A Shares	Class B Shares	Class B Shares	Class B Shares		
A lock-up group consisting of: Carlos Moreira and one additional individual	1'600'880	- -	- -	- -	1'600'880	28.23%

<u>Note 11. Reserve for Treasury Shares</u>

During the year, the Company and its subsidiary undertaking, WISeKey Equities SA, acquired Treasury Shares for various purposes. These Treasury shares came from various sources. A summary of the Treasury Shares acquired is as follows:

- On July 9, 2019, the Company started a share buyback program to buy back the Company's class B shares up to a maximum 10.0% of the share capital and 5.35% of the voting rights. On July 29, 2020, the Company extended its share buyback program to include the purchase of ADS. In compliance with Swiss Law, at no time will WISeKey hold more than 10% of its own registered shares. At December 31, 2024, the Company held 8,549 (December 31, 2023: 8,549) Ordinary 'B' shares purchased through the share and ADS buyback program.

- WISeKey Equities SA, a subsidiary of the Company, holds Ordinary 'B' shares purchased at nominal value for the purpose of fulfilling exercise notices under option agreements, SEDA drawdowns and other such arrangements. 65,545 (2023: 9,172,967) were sold for the purpose of settling conversions and fees relating to L1 Capital Global Opportunities Master Fund. At December 31, 2024, there remained 47,959 Ordinary 'B' shares held by WISeKey Equities SA (December 31, 2023: 113,504)

Treasury shares held by subsidiaries	**Number of shares**	**Reserve for treasury shares held by subsidiaries as at 31.12.2024 (CHF)**		Number of shares	Reserve for treasury shares held by subsidiaries as at 31.12.2023 (CHF)
January 1, 2024	**113'504**	**283'760**	**January 1, 2023**	39'904	1'995
Number of shares purchased / sold, reserves transferred prior to nominal value change	**(48'673)**	**(121'683)**	Number of shares purchased / sold, reserves transferred prior to reverse split	5'830'946	291'547
June 30, 2024	**64'831**	**162'078**	**June 30, 2023**	5'870'850	293'543
Balance at July 1	**64'831**	**162'078**	**Balance at July 1 post reverse split**	117'417	293'543
Number of shares purchased / sold, reserves transferred post to nominal value change	**(16'872)**	**(42'180)**	Number of shares purchased / sold, reserves transferred post reverse split	(3'913)	(9'783)
December 31, 2024	**47'959**	**119'898**	**December 31, 2023**	113'504	283'760

In 2024, WISeKey Equities sold 65,545 shares with an average price of CHF2.50.
In 2023, prior to the reverse split carried out on June 30, 2023, WISeKey Equities SA purchased 15,000,000 treasury shares during 2023 with an average purchase price of CHF0.05, Treasury share sales totaled 9,172,967 with an average sale price of CHF 0.05 per share Subsequent to the reverse split, WISeKey Equities sold 3,913 shares with an average sale price of CHF2.50 per share.

Treasury shares held by WISeKey International Holding AG (WIHN)	**Number of shares**	**Cost of treasury shares held by WIHN as at 31.12.2024 (CHF)**		Number of shares	Cost of treasury shares held by WIHN as at 31.12.2023 (CHF)
January 1, 2024	**8'549**	**340'195**	January 1, 2023	417'360	338'440
Number of shares purchased / sold, reserves transferred prior to nominal value change			Number of shares purchased / sold, reserves transferred prior to reverse split	(10)	(10)
June 30, 2024	**8'549**	**340'195**	June 30, 2023	417'350	338'430
Balance at July 1 post nominal value change	**8'549**	**340'195**	Balance at July 1 post reverse split	8'347	338'430
Number of shares purchased / sold, reserves transferred post to nominal value change			Number of shares purchased / sold, reserves transferred post reverse split	202	1'764
December 31, 2024	**8'549**	**340'195**	December 31, 2023	8'549	340'195

In 2024 there have been 65,545 shares sales with an average price of CHF 2.70. In 2023 prior to the reverse split effected on June 30, 2023, treasury share purchases by the Company during 2023 totaled 9,169,013 with an average purchase price of CHF 0.05 per share . Treasury share sales totaled 9,169,023 with an average sale price of CHF 0.17 per share Subsequent to the reverse split, treasury share purchases by the Company totaled 202 with an average purchase price of CHF 8.74 per share.
During the year 2024, the Company recognized profits of CHF 12,801 (2023: 1,106,292) on the sale of Treasury Shares.

Total Treasury shares	**Number of shares**	**Total reserve for treasury shares as at 31.12.2024 (CHF)**		Number of shares	Total reserve for treasury shares as at 31.12.2023 (CHF)
January 1, 2024	**122'053**	**623'955**	January 1, 2023	457'264	340'435
Number of shares purchased / sold, reserves transferred prior to nominal value change	**(48'673)**	**(121'683)**	Number of shares purchased / sold, reserves transferred prior to reverse split	5'830'936	291'538
June 30, 2024	**73'380**	**502'272**	June 30, 2023	6'288'200	631'973
Balance at July 1	**73'380**	**502'272**	Balance at July 1 post reverse split	125'764	631'973
Number of shares purchased / sold, reserves transferred post to nominal value change	**(16'872)**	**(42'180)**	Number of shares purchased / sold, reserves transferred post reverse split	(3'711)	(8'018)
December 31, 2024	**56'508**	**460'092**	December 31, 2023	122'053	623'955

WISeKey International Holding AG has met the legal requirements of the Swiss Code of Obligations under Article 659 et. seq. for the treasury shares.

In 2024 there have been no purchases of treasury shares. In 2023 prior to the reverse split effected on June 30, 2023, treasury share purchases by the Group during 2023 totaled 15,000,000 with an average purchase price of CHF 0.05 per share. On the 28th June 2024, there was a nominal value change of CHF 2.50 per share to CHF 0.10 per share. Before the nominal change, WISeKey Equities sold 48,673 shares with an average price of CHF2.50. Subsequent to the nominal change, WISeKey Equities sold 16,872 shares with an average sale price of CHF0.10 per share. In 2024 there have been 65,545 Treasury shares sales with an average price of CHF 2.70. In 2023 Treasury share sales totaled 9,169,064 with an average sale price of CHF 0.17 per share. Subsequent to the reverse split of 30 June 2023, treasury share purchases by the Group totaled 202 with an average purchase price of CHF 8.74 per share. Treasury share sales in 2023 subsequent to the reverse split totaled 3,913 with an average sale price of CHF3.70 per share.

Note 12. Movements in reserves

Accumulated deficit **CHF**	**Accumulated deficit as at 31.12.2024**	**Accumulated deficit as at 31.12.2023**
January 1	**(74'811'916)**	(65'894'485)
Transfer to/(from) reserve for treasury shares	**278'964**	(281'765)
Net loss for the period	**(6'184'180)**	(8'635'666)
December 31	**(80'717'132)**	(74'811'916)

Due to the decrease (2023: increase) in the balance of Treasury Shares held by WISeKey Equities SA (see note 11), a subsidiary undertaking of the Company, CHF 278,964 has been transferred to (2023: CHF 281,765 transferred from) the Accumulated Deficit into the Reserve for Treasury Shares held by Subsidiaries.

Note 13. Guarantees to Related Parties

On May 10, 2022, the Company signed a written agreement to subordinate its claims against WISeKey SA for an amount of CHF 15,000,000 until such time as the liabilities of WISeKey SA are covered by its assets.

On March 1, 2024, the Company signed a written guarantee in favor of WISeKey SA for the value of investments in and long-term receivables owed by certain subsidiaries of WISeKey SA.

On March 1, 2024, the Company provided a letter of comfort to its subsidiary WISeKey SA. The Company confirmed that it will provide financial and other support to WISeKey SA for at least the next 24 months and thereafter for the foreseeable future.

On February 22, 2023, the Company provided a letter of comfort to its subsidiary SEALSQ France SAS. The Company confirmed that it will provide financial and other support to WISeKey Semiconductors for at least the next 24 months and thereafter for the foreseeable future.

Note 14. Shares & Options held by Board of Directors and Executive Management

Shareholding per Board members' confirmation

	Class A shareholding	ADS	Class B shareholding			% of voting rights	
			Own name	ADS Equivalent	Total		Name of the Related Party Transaction
María Pía AQUEVEQUE JABBAZ	-	-	-	-	-	0.0%	
Philippe DOUBRE	-	-	-	-	-	0.0%	
David FERGUSSON	-	-	20	-	20	0.0%	
Jean-Philippe LADISA	-	-	1'339	-	1'339	0.0%	
Philippe MONNIER	-	-	6'773	-	6'773	0.1%	
Carlos CREUS MOREIRA	1'593'461	24'000	82'031	12'000	94'031	33.98%	
John O'HARA	-	-	1'917		1'917	0.0%	
Peter WARD	7'419	-	- 129	-	- 129	0.1%	

The share options held by the Board of Directors and Executive Management as at December 31, 2024 were as follows:

	Class A Options	Class B Options
María Pía AQUEVEQUE JABBAZ	-	5'922
Philippe DOUBRE	-	-
David FERGUSSON	-	24'523
Jean-Philippe LADISA	-	32'667
Philippe MONNIER	-	-
Carlos MOREIRA	218'180	68'225
John O'HARA	-	4'000
Peter WARD	174'540	80'204

Note 15. Consultancy and Professional Services

The main costs incurred under Consultancy and Professional Services in the year includes CHF 759,288 (2023: 1,615,149) of legal costs and for accountancy fees, a further CHF 434,766 (2023: CHF 443,759) .

Note 16. Management Fees and Intercompany Charges

Costs incurred under Management Fees and Intercompany Charges in the year includes CHF 2,280,332 (2023: CHF 1,962,711) relating to management fees charged by its subsidiary undertaking, WISeKey SA, for salaries and associated costs incurred on behalf of the parent company.

Note 17. Valuation Adjustments on Loans and Investments

Following reviews of the carrying value of its Intercompany Loans and Investments in 2019, 2020 and 2021, the Company decided to make a valuation adjustment to reduce the carrying value of its Loans and Investments with WISeCoin AG and WISeKey India Pte Limited. Following a review in 2022, the Company decided to make a valuation adjustment to reduce the carrying value of its Loans and Investments with WISeKey SA and WISeKey SAARC Limited, whilst also increasing the valuation adjustment to include further amounts owed by WISeCoin AG and WISeKey India. Following a further review in 2023, the Company decided to make a valuation adjustment to reduce the carrying value of its Loans and Investments with WISeArt AG and WISeKey USA Inc., whilst also increasing the valuation adjustment to include further amounts owed by WISeKey SA, WISeCoin AG and WISeKey India. Following the last review in 2024 it was decided to include further amounts owed by WISeKey SA, WISeCoin AG and WISeKey USA Inc. As for WISeArt AG due to a reduction of total amounts owned, that valuation adjustments has been adapted accordingly.
These were all due to the uncertainty surrounding the recoverability of these balances.

During 2021, the Company agreed to forgive part of the loans due to it from its subsidiary, SEALSQ France SAS (previously WISeKey Semiconductors SAS). This was due to historic losses made by SEALSQ France SAS with a significant amount of this being as a result of the impact of the COVID-19 pandemic on the Company's revenues. The Company has retained the right to receive repayment of a maximum of €3,000,000 of these amounts when WISeKey Semiconductors SAS returns to profitability.

Note 18. Financial Charges on Loan

The financial charges on loans relate to the financing facilities arranged by the Company with L1 Capital Global Opportunities Master Fund and Anson Investments Master Fund LP.

Note 19. Non-Operating Losses

The 2023 non-operating loss incurred relates to transfer taxes due on the purchase and sale of treasury shares and shares in subsidiary undertakings as well as stamp duties payable on the issuance of additional share capital.

Note 20. Impact of ongoing Conflicts

Impacts of the war in Ukraine
Following the outbreak of the war in Ukraine in late February 2022, several countries imposed sanctions on Russia, Belarus and certain regions in Ukraine. There has been an abrupt change in the geopolitical situation, with significant uncertainty about the duration of the conflict, changing scope of sanctions and retaliation actions including new laws.
The WISeKey group does not have any operation or customer in Russia, Belarus or Ukraine, and, as such, does not foresee any direct impact of the war on its operations. However, the war has also contributed to an increase in volatility in currency markets, energy prices, raw material and other input costs, which may impact the Group's supply chain in the future.
As at December 31, 2024, WISeKey has assessed the consequences of the war for its financial disclosures and considered the impacts on key judgments and significant estimates, and has concluded that no changes were required. WISeKey will continue to monitor these areas of increased risk for material changes.

Impacts of the Israel–Hamas conflict
Israel's declaration of war on Hamas in October 2023 has degraded the geopolitical environment in the region and created uncertainty.
The WISeKey group does not have any operation or customer in that region, and, as such, does not foresee any direct impact of the war on its operations. However, depending on its duration and intensity, the war may adversely affect the global economy, financial markets and the Group's supply chain in the future.
As at December 31, 2024, WISeKey has assessed the consequences of the war for its financial disclosures and considered the impacts on key judgments and significant estimates, and has concluded that no changes were required. WISeKey will continue to monitor these areas of increased risk for material changes

J. O'Hara	**C. Moreira**
Chief Financial Officer	Chairman and Chief Executive Officer

WISeKey International Holding AG

Proposed appropriation of accumulated losses

	2024	2023
	CHF	CHF
Net loss for the year	-6'184'180	-8'635'666
Accumulates losses brought forward*	-74'532'952	-66'176'251
Accumulated losses to the Annual General Meeting	-80'717'132	-74'811'916

The Board of Directors proposes the following appropriation of accumulated losses at the end of the year:

	2024	2023
Allocation to the general reserve	-	-
Loss to be carried forward	-80'717'132	-74'811'916
	-80'717'132	-74'811'916

	2024	2023
*Accumulated losses brought forward	-74'811'916	-65'894'486
reclassification treasury shares held by subsidiaries	278'964	-281'765
	-74'532'952	-66'176'251