

beaconsmind AG

Stäfa

Report of the statutory auditor
to the General Meeting

on the financial statements 2021/22

Report of the statutory auditor

to the General Meeting of beaconsmind AG

Stäfa

Report on the audit of the financial statements

Opinion

We have audited the financial statements of beaconsmind AG (the Company), which comprise the balance sheet as at 30 June 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 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.

Material uncertainty related to going concern

We draw your attention to note 15 to these financial statements, which states that the company experienced liquidity issues after the balance sheet date. This, along with other matters as described in note 15, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern. If it is not possible for the company to continue as a going concern, the financial statements will need to be prepared on the basis of liquidation values. This would lead to a substantiated concern that the company's liabilities exceed its assets within the meaning of article 725b CO, requiring compliance with the corresponding legal provisions. Our opinion is not modified in respect of this matter.

Our audit approach

Overview

Overall materiality: CHF 80'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.



As key audit matter the following area of focus has been identified:
Revenue Recognition

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 80'000
Benchmark applied	Ordinary result
Rationale for the materiality benchmark applied	We chose ordinary result as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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. In addition to the matter described in the 'Material uncertainty related to going concern' section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Revenue Recognition

Key audit matter

The financial statements include revenues from different kind of contracts including the sale of goods and Software-as-a-Service subscriptions, Software-as-a-Service licencing revenue and the rendering of services. Depending on the contract, those revenues are allocated to distinct performance obligations based on their relative fair values.

Software-as-a-Service subscriptions, Software-as-a-Service licencing revenue and Service revenues are then accrued over the service period outlined in the contract. We focused on this area due to the amount of individual revenue streams, and the fact that accounting for such contracts involves judgement and estimates in assessing and allocating the transaction price based on the underlying terms of an individual contract.

The identified risks mainly include:

- Improper recognition of revenues from sale of goods and rendering of services through incorrect allocation of individual revenue elements.
- Recognition of service revenues in the wrong accounting period (improper cut-off) as judgement from management is involved.

The accounting policies regarding revenue recognition are further outlined in note 2.6 of the financial statements.

How our audit addressed the key audit matter

We obtained an understanding of the processes and controls around revenue recognition for different kind of contracts and ensured that the applied accounting policy is in line with Swiss Law.

We challenged management's assessments around different kind of contracts and the allocation of revenues of goods and services, especially where judgement is involved.

We selected a sample of revenue transactions to test the appropriateness of the separation of revenues from the sale of goods and rendering of services.

We assessed whether revenue transactions occurred and were recorded in the correct period.

From the evidence obtained from our procedures we obtained sufficient evidence to address the risks identified in connection with revenue recognition for individual contracts.

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 remuneration 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.

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.

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 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.

We communicate with the Board of Directors or its relevant committee 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.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 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.

We recommend that the financial statements submitted to you be approved.

Additionally, we point out that contrary to the requirements of article 958 para. 3 CO, a business report was not prepared within six months of the end of the financial year and submitted to the general meeting of shareholders for approval. Furthermore, the annual general meeting did not convene within six months of the end of the financial year, which is contrary to the requirements of article 699 para. 2 CO.

PricewaterhouseCoopers AG

Thomas Wallmer
Licensed audit expert
Auditor in charge

Kevin Mueller
Licensed audit expert

Zurich, 4 April 2023

Enclosure:

- Financial statements (balance sheet, income statement and notes)

Beaconsmind AG, Stäfa

Balance sheet

as per 30 June 2022

	in CHF	in CHF
	30 Jun 2022	30 Jun 2021
Assets		
Cash	2'947'177	675'349
Cash	2'947'177	675'349
Trade accounts receivable	244'560	31'357
Other short-term receivables from third parties	9'587	33'355
Allowance for doubtful accounts	-188'265	0
Other short-term receivables from related parties	1'122'255	0
Other short-term receivables from subsidiaries	1	1
Other short-term receivables from shareholders	0	52'500
Prepayments and accrued income	222'950	52'250
Trade accounts receivable and other current assets	1'411'089	169'463
Inventory	90'000	15'539
Inventory	90'000	15'539
Total current assets	4'448'266	860'351
Loans to subsidiaries	1'354'439	1
Investments	38'618	1
Investments	1'393'057	2
Property, plant and equipment	32'715	19'295
Property, plant and equipment	32'715	19'295
Intangible assets	276'078	138'551
Intangible assets	276'078	138'551
Total non-current assets	1'701'850	157'848
Total Assets	6'150'116	1'018'199
Liabilities and shareholders' equity		
Trade accounts payable	960'519	101'485
Other short-term liabilities	51'157	28'142
Short-term interest bearing liabilities due to shareholders	3'528	62'047
Accrued expenses and deferred income	631'352	136'425
Current liabilities	1'646'556	328'099
COVID-19 Loan	0	45'000
Long-term interest bearing liabilities due to shareholders	15'000	15'000
Non-current liabilities	15'000	60'000
Total liabilities	1'661'556	388'099
Share capital	268'888	210'888
Reserves from capital contributions	10'010'776	4'392'502
Accumulated losses	-3'973'291	-1'875'631
Loss of the period	-1'817'813	-2'097'660
Total shareholders' equity	4'488'560	630'100
Total liabilities and shareholders' equity	6'150'116	1'018'199

Beaconsmind AG, Stäfa

Income statement

for the period 1 July 2021 to 30 June 2022

in CHF

in CHF

	1 Jul 2021 - 30 Jun 2022	1 Jul 2020 - 30 Jun 2021
Revenue from sales of services and goods	1'663'084	779'369
Revenue from sales of services and goods	1'663'084	779'369
Cost of sales	-193'629	-34'770
Personnel expenses	-1'146'272	-599'498
Other operating expenses	-2'138'196	-2'176'748
EBITDA	-1'815'012	-2'031'647
Depreciation and amortization	-124'764	-56'649
Operating result (EBIT)	-1'939'776	-2'088'296
Financial income	3'636	0
Financial expenses	-71'879	-9'071
Extraordinary, non-recurring or prior-period costs and income	195'112	0
Ordinary result	-1'812'907	-2'097'367
Income taxes	-4'906	-293
Net result	-1'817'813	-2'097'660

Beaconsmind AG, Stäfa

Notes to the Financial Statement as per June 30, 2022

1. Information on the principles applied in the annual accounts

These financial statements were prepared in accordance with the provisions of Swiss law, in particular the articles on commercial bookkeeping and accounting of the Swiss Code of Obligations (Articles 957 to 961).

The preparation of financial statements requires the Board of Directors to make estimates and judgements that may affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Board of Directors decides in each case at its own discretion whether to make use of the existing statutory valuation and accounting latitude. In the interests of the Company, depreciation, value adjustments and provisions may be made in excess of the extent required for business purposes, in accordance with the principle of prudence.

2. Accounting and Valuation Principles

2.1 Cash

Cash comprise cash held in Swiss Francs at banks, that can be withdrawn without notice.

2.2 Property, plant and equipment

Property, plant and equipment consist of hardware and equipment and is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced or disposed of. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Hardware and equipment are both depreciated over 5 years using the diminishing balance method.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.3 Intangible assets

Intangible assets consist mainly of a software (beaconsmind Suite) which was developed by third parties and through internal resources. The software is already in use and generated revenues for the company during all reporting periods. Expenditure connected with the further development of this software is capitalized only if the expenditure can be measured reliably and future economic benefits are probable and attributable to this software. Otherwise, expenditure is recognized in profit or loss as incurred.

Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Software is amortized over its estimated useful life of 3 years using the straight-line method. Amortization method, useful life and residual value are reviewed at each reporting date and adjusted if appropriate.

2.4 Trade accounts payable and other short-term liabilities

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.5 Short-term and long-term interest bearing liabilities

These loans are initially recognized at fair value, net of transaction costs incurred and are subsequently measured at amortized cost.

2.6 Revenue from sales of services and goods

Revenue from sales of beacons and SaaS subscriptions:

beaconsmind AG sells a bundled solution allowing the customer targeted point-of-sale marketing and data collection through Bluetooth-based beacon hardware. The bundle consists of a sale of the beacon hardware, its installation and configuration and the subscription to the beaconsmind Suite, a Software-as-a-Service (SaaS) solution with a modular setup, allowing the customer different levels of data collection and analysis, the implementation of push-notification based marketing, beacon hardware management functionalities as well as ongoing support from beaconsmind AG.

This bundle is considered to include the distinct performance obligations (i) sale of the beacon hardware (revenue recorded at the time of delivery of the beacons to the customer), (ii) installation and configuration (revenue recorded at the time the service is provided) and (iii) SaaS subscription (revenue recorded over the minimum contract term on a linear basis). SaaS subscriptions typically include renewal options, allowing the customer to renew the subscription on identical terms as the ones originally agreed. Depending on the terms originally agreed, such renewal options may represent material rights provided to the customer, resulting in the deferral of a part of the initial revenue and its recognition over the time of the renewal period.

SaaS licensing revenue

Distribution licensing: beaconsmind AG has provided a license to address the above-described bundle in four European markets. Revenue from this agreement is recorded on a linear basis over the term of the agreement.

Software licensing: beaconsmind AG offers the development of customised shopping Apps based on the needs of the customer to accompany the use of the beacons for point-of-sale marketing purposes. Apps are designed using the beaconsmind AG's modular App construction kit and can include multiple features as required by the customer. Revenue from such licenses is recorded at the time of delivery of the finished App to the customer.

Services revenue

beaconsmind AG offers further services in the form of content management for the beaconsmind AG suite, custom software programming such as for interfaces between the beaconsmind AG Suite and the customer's other applications and general advisory services related to digitised marketing. Revenue from these services is recorded either at a point in time or over time, depending on the nature of the services.

When revenue is recorded at a point in time beaconsmind AG assesses at which point in time the criteria for the recognition of revenue are fulfilled. This is typically the case when customer acceptance occurs, at which point in time beaconsmind AG has a present right to receive payment for its goods/ services. When recording revenue over time, beaconsmind AG oftentimes may present deferred revenue balances as the timing of payment from the customer precedes the recognition of revenue.

3. Number of full-time positions

The company has in the current year above 10 but below 50 employees on annual average (prior year less than 10 employees on annual average)

4. Participations

			30.06.2022		30.06.2021
Beaconsmind Deutschland GmbH, Gründwald (DE)					
1 Stammanteil zu EUR 25'000.00 nom.	100%	CHF	26'750	CHF	26'750
Beaconsmind Mena Data LLC, Dubai (VAE)					
AED 147'000.00	49%	CHF	38'617	CHF	-

5. Liabilities to pension funds	30.06.2022		30.06.2021	
BVG SwissLife	CHF	10'718	CHF	22'001

6. Shares for members of the board or employees	30.06.2022		30.06.2021	
	Quantity	Value in CHF nom.	Quantity	Value in CHF nom.
Participation rights owned by:				
Members of the board	576'655	57'666	587'855	58'786
Employees	-	-	34'064	3'406

7. Significant events after the balance sheet date

After the balance sheet date beaconsmind AG had five major developments.

Strategically beaconsmind finalized the acquisition of 51% of the shares of Frederix GmbH, a market leading Hotspot provider with a large and international customer base mainly from retail and real estate industry. The closing of this transaction was executed on February 2nd, 2023. The financial effects of this transaction can not be quantified at this point of time.

Secondly, beaconsmind has completed the foundation process of the new subsidiary beaconsmind (Shanghai) Co., Ltd. in Shanghai, China. This is the next milestone in the implementation of the internationalisation strategy, leading to further market entries in KSA and the USA, which are currently being prepared for 2023.

Furthermore beaconsmind finalized the acquisition of 100% of the shares of Socialwave GmbH in a further acquisition and coherent extension of its business model as a B2B Point-of-Sales solution provider. The signing of this transaction was executed on March 31st, 2023. The financial effects of this transaction can not be quantified at this point of time.

Socialwave is a fully automated location-based marketing service provider offering guest Wi-Fi as well as additional online (Bluetooth) and offline (NFC, QR-codes) technologies collecting guest data for efficient review collections, marketing campaigns, recommendation marketing, and customer analytics. This acquisition will allow beaconsmind to further develop the product offering and at the same time open direct contacts to the Frederix customer base in order to win the Frederix customers also for the beaconsmind AG location based marketing solution.

Additionally beaconsmind AG successfully completed an equity raise of CHF 1,937,062.50 to increase the share capital from authorised capital with 258,275 new shares issued. The new shares are entitled to participate in profits from 29 March 2023 onwards.

Lastly Michal Krupinski has resigned from the Board of Directors on March 28th, 2023 and Martin Niederberger and Jonathan Sauppe joined the Board of Directors of beaconsmind AG on March 29th, so with Michael Ambros, Max Weiland and Jörg Hensen the Board of Directors consists of five members since then.

Beside the before mentioned no material subsequent event occurred between the 30 June 2022 and 4 April 2023, being the date when beaconsmind AG financial statements were authorized for publication.

8. Liabilities to related parties

30.06.2022

30.06.2021

Current account Max Weiland

CHF 18'528

CHF 77'047

Suxsess Holding AG

In the 2021/2022 financial year, the company realised two project plans with one of its minority shareholders (shareholding <5%), Suxsess Holding AG.

Between July 2021 and December 2021 inclusive, the Company has commissioned services in the areas of corporate consulting services, blockchain ICO conceptualisation and related legal opinions as well as in the areas of IT, marketing and software.

In the first half of 2021/2022, the company actively sought growth financing and was already in contact with various capital providers from the private equity sector as well as with institutional investors, including in the context of organised roadshows. The desired financing commitments failed to materialise in this phase due to the current difficult market situation and the company's minority shareholder, Suxsess Holding AG, was to be involved in order to provide parallel support within the framework of an ICO, so that further equity could be raised via this new financing measure.

After the company received a financing commitment of CHF 5,500,000 from its institutional investor (anchor investor), who is still active today, in December 2021 and a capital increase was successfully carried out, the company was in a position to complete the measures commissioned with Suxsess Holding AG.

Between January 2022 and June 2022, the company commissioned its Suxsess Holding AG to drive forward the development of sales in selected countries. In addition to sales development itself, services in the area of market-specific legal opinions (DSGVO/app terms and conditions/use and consumer information) as well as concept development and consulting for the implementation of the beaconsmind Suite software in partner apps and shops were also taken on.

The total expenditure for the two projects in the business year amounted to CHF 393,940.

Within the framework of a sales licence, beaconsmind also offers its beaconsmind Suite software to third-party providers in the form of a white-label solution so that they can offer the beaconsmind Suite software directly to end customers without having to actively involve beaconsmind in the sales process. beaconsmind offers ongoing technical support and consulting services on demand as part of the licence. Suxsess One GmbH, a company of Suxsess Holding, is one of the licensees of beaconsmind AG. In the 2021/2022 financial year, the licensing expenses amounted to CHF 1,240,216.88 as revenue for the company within the scope of technology use in the markets of Austria, Portugal, Spain and the Czech Republic.

With the setup of the beaconsmind Suite software as a white label solution within the framework of a licensing model, the distribution partner can use the beaconsmind Suite software to establish a new sales and marketing channel for their end customers, which they would not be able to establish themselves due to a lack of expertise, budget and technology. The using company therefore benefits from a mature software solution, which is already implemented in over 40 countries and can be used immediately, without the risk of significantly higher investments in the development of in-house software to develop it and which lacks a crucial time-to-market component.

As at the end of June 2022, beaconsmind AG had other short-term receivables of CHF 1'122'255 from the Suxxess Holding AG

9. Unrecognised liabilities

Obligations from leasing contracts (maturity within 1 year)	CHF	64'486	CHF	46'572
Obligation from rental agreement (maturity within 1 year)	CHF	-	CHF	27'171
Obligations from leasing contracts (maturity within 2-5 years)	CHF	115'432	CHF	74'050
Obligation from rental agreement (maturity within 2-5 years)	CHF	-	CHF	-
Total	CHF	179'918	CHF	147'793

10. Other information

		30.06.2022	30.06.2021
The following exchange rates were applied:	EUR	CHF 1.01	CHF 1.09
	USD	CHF 0.96	CHF 0.91
	CNY	CHF 0.15	CHF 0.14
	AED	CHF 0.26	CHF 0.25

11. Capital Reserves

CHF 5'617'983 of the reported capital contribution reserves totaling CHF 10'010'776 have not yet been approved by the Federal Tax Administration. The application for approval will be submitted with these annual financial statements.

12. Major shareholders

	30.06.2022	30.06.2021
Fluxunit GmbH	7.5%	10%
Max Weiland	18.6%	24%
Crown Fund S.C.A. SICAV-RAIF	21.6%	0%

13. Auditors' fee

	30.06.2022	30.06.2021
PricewaterhouseCoopers AG - Assurance Services	CHF 92'000	CHF 32'000

During the financial year no non-assurance services were received from PricewaterhouseCoopers AG

14. Extraordinary, non-recurring or prior-period costs and income

The CHF 195'111.94 prior-period income refers to an expense which was incorrectly recorded in prior year on behalf of beaconsmind AG's subsidiary "Beaconsmind Mena Data LLC". The amount was corrected in the current financial year against loans to subsidiaries.

15. Going Concern

The annual result is below budget expectations. The company's cash and cash equivalents as of 30 June 2022 were mostly consumed in the months after the balance sheet date due the still negative operating cash flow. Cash and cash equivalents are limited as of the date of authorization of issue. The going concern of the company depends on the refinancing of the company and the ability of the group to become profitable and whether it is able to generate positive operating cash flows.

The downstream (post-COVID) impact of the Corona pandemic (COVID-19 crisis) on the company's business activities was still felt in the financial year, but not to the same extent as in the previous financial year. There was a delay in the implementation and roll-out of the company's software and hardware solutions mainly due to budget allocations and project pauses on the part of anchor customers, which is why the roll-out operations materialised less strongly than planned. The impact of the Ukraine conflict and the unstable market situation, primarily in Europe on the group should also be highlighted. Following the start of the conflict in the first quarter of 2022, roll-out operations for existing anchor customers in the Ukraine and Russian markets had to be discontinued.

The Board of Directors states that further capital increases are to be carried out. Based on the company's budget and cash flow planning, the projection is showing a positive cash flow situation in the second half of the fiscal year of 2023. After the balance sheet date of June 2022, measures were taken to provide the company with further growth capital. In order to provide the company with further growth capital, additional financing measures have been realized by the company in a first follow-on financing in the form of a shareholder loan in the amount of EUR 0.5M in March 2023, as well as a further planned follow-on financing in the amount of EUR 0.5M, which is expected in April 2023.

Additional financing measures were taken to provide the company with further growth capital of EUR 3M or more based on a capital increase which new registered shares shall be issued to one or several investors in order to repay the existing shareholder loan and at the same time to carry out planned group acquisitions. However, acquisition plans would be discontinued if capital cannot be raised as planned. New shares shall be issued through conditional capital or, if necessary, authorized capital or via the capital band of the company based on the revised articles of association of the company.

The Board of Directors expects that the capital required for the continuation of the company can be contributed and that the entity will reach sufficient profitability levels until second half of 2023 to fund the needs of the operating business. For this reason, the Board of Directors has prepared the financial statements on a going concern basis. The going concern of the company would be endangered if the above measures are not materializing in the course of the financial year for the upcoming period end. This includes the risks that the company may not be able to operate profitable as currently expected nor that sufficient funds can be accessed to ensure the future operation of the business.

As a consequence, this would endanger the company's liquidity situation. In this respect and in the event that neither the budgeted, projected figures nor the required growth capital can be successfully achieved, a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern and, therefore, that the company may be unable to realize its assets and discharge its liabilities in the normal course of business.