BEACONSMIND LTD, STAEFA
REPORT OF THE STATUTORY AUDITOR
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FROM 1 JANUARY 2023 TO 31 DECEMBER 2023

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Swiss Auditors

Swiss Auditors

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Report of the Statutory Auditor
to the General Meeting of
beaconsmind Ltd, Staefa

Report on the Audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of beaconsmind Ltd and its subsidiaries (the Group), which comprise the statement of consolidated balance sheet as at 31 December 2023, the consolidated statement of profit or loss from January 1 2023 till 31 December 2023 and the consolidated statement of comprehensive loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted under European Union regulations (EU) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) 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 consolidated financial statements' section of our report. We are independent of the group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), 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 25 to these consolidated financial statements, which states that the group's cash and cash equivalents as of 31 December 2023 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 group depends on the refinancing of the group and the ability of the group to become profitable and whether it is able to generate positive operating cash flows. This, along with other matters as described and properly disclosed in note 25, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the group to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matters

Please note that the annual financial statements for the previous year have not yet been approved by the Annual General Meeting. We assume that the annual financial statements for 2022 will be approved in the form revised by us in our report dated 26 August 2024. A non-approval could have an impact on the consolidated financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated 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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated 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 consolidated financial statements as a whole.

Overall Group materiality	CHF 384'000
Benchmark applied	Total equity capital
Rationale for the materiality benchmark applied	Our benchmark was the total equity capital as of the financial statement (company) as well as the consolidated financial statements (group). We consider this benchmark to be appropriate and representative, as the business growth is inherently capital intensive.

Audit scope

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

The group comprises eight group companies in Switzerland, Germany and United Arab Emirates whereby the Swiss company is the most significant to the group and therefore subject to a full scope audit by the group audit team. For several other companies a review was performed.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the reporting period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matter to be communicated in our report.

Key audit matters	How our audit addressed the key audit matters
Revenue recognition The financial statements include revenue from contracts with customers that contain either a single or multiple performance obligations. For contracts containing multiple performance obligations, the total transaction price is allocated to those performance obligations based on their relative fair values. Subsequently, revenue is recognized when the group satisfies a performance obligation by transferring a promised good or service to a customer either at a point in time or over time. We consider revenue recognition for Software-as-a-Service subscriptions, Services and Software-as-a-Service licensing to be a key audit matter for the following reason:	We obtained an understanding of the processes and controls around revenue recognition for contracts with multiple performance obligations and assessed whether the applied accounting policy is in line with International Financial Reporting Standards. We tested management's assessments around contracts with multiple performance obligations and the allocation of the transaction price to individual performance obligations, especially where judgement is involved. We selected a sample of revenue transactions to test the appropriateness of the separation of individual performance obligations. We assessed, on a sample basis, whether performance obligations were fulfilled and

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Key audit matters	How our audit addressed the key audit matters
Revenue from these revenue streams, that are recognized over time, contribute significantly to total revenue. Management uses judgement and estimates in assessing and allocating the transaction price to separable performance obligations based on the underlying terms of an individual contract, with regard to the determination of when a performance obligation is satisfied. An incorrect estimate could have a significant impact on the revenue recorded, the related balance sheet amounts and the net profit of the group. The accounting policies regarding revenue recognition are further outlined in note 1.3 of the financial statements.	revenue transactions occurred and were recorded in the correct period. With our audit procedures performed we obtained sufficient evidence to address the risks identified in connection with revenue recognition.
Acquisitions (Business combinations) The financial statements include financial assets from newly acquired businesses in 2023. We consider the recognition and measurement of this acquired businesses as a key audit matter for the following reasons: a. Recognition and measurement of the identifiable asset acquired and liabilities assumed and any non-controlling interest in the acquiree; b. Recognition and measurement of the goodwill acquired in the business combination; and c. Determination of information disclosed to enable users of the financial statements to evaluate the nature and financial effects of the business combination.	We have assessed and audited the recognition and valuation of acquired intangible assets as well as the impairment testing of goodwill and those intangible assets. Amongst other audit procedures, we tested the mathematical accuracy of the valuation and the key inputs to the models. We further considered the appropriateness of disclosures in relation to business combination and revaluation of financial assets. We obtained sufficient evidence to address the risks identified in connection with the business combination.

Key audit matters	How our audit addressed the key audit matters
The accounting policies regarding business combination and goodwill are further outlined in note 1.3 of the financial statements.	

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the group'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 group or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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, ISAs 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 consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs 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 consolidated 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 Group'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 Group'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 consolidated 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 group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 consolidated 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

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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

Based on our audit in accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we have determined that an internal control system designed in accordance with the instructions of the Board of Directors for the preparation of the financial statements is not appropriate to the risks of the company, taking into account its size, complexity and risk profile.

In our opinion, the internal control system does not comply with Swiss law and consequently we cannot confirm the existence of the internal control system for the preparation of the financial statements.

We recommend that the consolidated 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.

SWA Swiss Auditors AG

Franco A. Straub Licensed Audit expert Auditor in charge	Jannick Burri Licensed Audit expert

Pfaeffikon/SZ, 26 August 2024

beaconsmind AG
(Stäfa, Switzerland)
Consolidated financial statements
for the year ended 31 December 2023

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

CHF	Note	1 Jan 2023- 31 Dec 2023 (12 Months)	1 July 2022- 31 Dec 2022 (6 Months)
Revenue	2	6'011'178	553'049
Other income		160'702	-
		6'171'880	**553'049**
Direct cost	3	(1'238'215)	(95'121)
Personnel expenses	4	(3'927'391)	(1'304'931)
Other operating expenses	4	(2'841'274)	(2'330'721)
Loss before interest, taxes, depreciation and amortisation (EBITDA)		**(1'835'000)**	**(3'177'724)**
Depreciation, amortisation and impairment	20	(1'631'588)	(404'867)
Loss before interest and taxes (EBIT)		**(3'466'588)**	**(3'582'591)**
Financial income	5	2'989	18'513
Financial expenses	5	(802'520)	(99'593)
Loss before income taxes		**(4'266'119)**	**(3'663'671)**
Income tax	19	(44'069)	2'086
Loss for the year | period		**(4'310'188)**	**(3'661'586)**
Total loss attributable to:			
Equity holders of beaconsmind AG		(4'340'296)	(3'661'586)
Non-controlling interests	24	30'108	-
		(4'310'188)	**(3'661'586)**
Earnings per share			
Earnings and diluted earnings per share	22	**(1.2048)**	**(1.3487)**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

CHF	Note	1 Jan 2023- 31 Dec 2023 (12 Months)	1 July 2022- 31 Dec 2022 (6 Months)
Loss for the year | period		**(4'310'188)**	**(3'661'586)**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Currency translation difference on translating foreign operations		(298'989)	12'781
Other comprehensive loss/(income), net of tax		**(298'989)**	**12'781**
Total comprehensive (loss) for the year | period		**(4'609'177)**	**(3'648'805)**
Other comprehensive loss attributable to:			
Equity holders of beaconsmind AG		(289'847)	12'781
Non-controlling interests	24	(9'142)	-
		(298'989)	**12'781**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CHF	Note	31 Dec 2023	31 Dec 2022
<u>Assets</u>			
Current assets			
Inventories	9	501'919	90'000
Trade and other receivables	10	2'721'684	202'185
Prepaid expenses and other advances	11	32'418	64'631
Cash and cash equivalents	12	754'533	547'026
Total current assets		**4'010'554**	**903'842**
Non-current assets			
Advance for investment in subsidiaries		-	2'008'240
Goodwill	23	2'922'847	-
Property, plant and equipment	6	993'476	297'104
Right-of-use assets	7	409'392	347'253
Intangible assets	8	10'974'625	276'875
Financial assets		27'891	38'862
Deferred tax assets	19	-	14'370
Total non-current assets		**15'328'231**	**2'982'704**
Total assets		**19'338'785**	**3'886'546**
<u>Equity and Liabilities</u>			
Current liabilities			
Lease liabilities	7	253'873	135'135
Accrued expenses, deferred income and other provisions	16	1'209'555	602'604
Trade and other payables	17	1'026'711	851'646
Borrowings	18	873'703	-
Deffered tax liabilities	19	2'190'750	-
Total current liabilities		**5'554'592**	**1'589'385**
Non-current liabilities			
Employee benefit obligations		62'650	62'650
Borrowings	18	6'416'287	18'528
Lease liabilities	7	181'881	233'866
Total non-current liabilities		**6'660'818**	**315'044**
Total liabilities		**12'215'410**	**1'904'429**
Equity			
Share capital	14	469'933	284'438
Capital reserve	14	26'874'104	16'481'616
Translation reserve		(316'531)	(26'684)
Accumulated losses		(20'093'903)	(14'757'253)
Total equity		**6'933'603**	**1'982'117**
Equity attributable to:			
Equity holders of beaconsmind AG		6'933'603	1'982'117
Non-controlling interests (NCI)	24	189'772	-
Total equity		**7'123'375**	**1'982'117**
Total equity and liabilities		**19'338'785**	**3'886'546**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHF	Share capital	Capital reserve	Translation reserve	Accumulated losses	Total shareholders' equity	Attributable to non-controlling interests	Total shareholders' equity
At 30 June 2022	**268'888**	**14'508'811**	**(39'465)**	**(11'095'668)**	**3'642'566**	-	**3'642'566**
Loss for the 6 months period ended 31 December 2022	-	-	-	(3'661'586)	**(3'661'586)**	-	**(3'661'586)**
Other comprehensive loss, net of tax	-	-	12'781	-	**12'781**	-	**12'781**
Total comprehensive loss for the 6 months period	**-**	**-**	**12'781**	**(3'661'586)**	**(3'648'805)**	-	**(3'648'805)**
Capital increase	15'550	1'972'805	-	-	**1'988'355**		**1'988'355**
Transactions with shareholders of the Group	**15'550**	**1'972'805**	**-**	**-**	**1'988'355**	**-**	**1'988'355**
At 31 December 2022	**284'438**	**16'481'616**	**(26'684)**	**(14'757'254)**	**1'982'116**	-	**1'982'116**
Loss for the year ended 31 December 2023	-	-	-	(4'340'296)	**(4'340'296)**	30'108	**(4'310'188)**
Other comprehensive loss, net of tax	-	-	(289'847)	-	(289'847)	(9'142)	**(298'989)**
Total comprehensive loss for the year ended 31 December 2023	**-**	**-**	**(289'847)**	**(4'340'296)**	**(4'630'143)**	**20'966**	**(4'609'177)**
Increase in share capital and capital reserve	185'495	10'392'488	-	-	**10'577'983**	-	**10'577'983**
Non-controlling interest as on the date of acquisition (Note 23)	-	-	-	-	**-**	217’671	**217’671**
Acquisition of an additional stake after obtaining control over Frederix GmbH (Note 23)	-	-	-	(893'135)	**(893'135)**	(48’865)	**(942'000)**
Dividends paid during the year	-	-	-	(103'219)	**(103'219)**	-	**(103'219)**
Transactions with shareholders of the Group	**185'495**	**10'392'488**	**-**	**(996'354)**	**9'581'629**	**168'806**	**9'750'435**
At 31 December 2023	**469'933**	**26'874'104**	**(316'531)**	**(20'093'903)**	**6'933'603**	**189'772**	**7'123'375**

- The acquisition of an additional stake after obtaining control over Frederix GmbH represents the amount, by which the consideration transferred exceeded the carrying amount of the acquired non-controlling interest. (Note 23)
- Dividends paid during the year represents the amount paid by one of the subsidiary companies to their shareholders

The accompanying notes form an integral part of these consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

CHF	Note	1 Jan 2023- 31 Dec 2023 (12 Months)	1 July 2022- 31 Dec 2022 (6 Months)
Loss before taxes		**(4'266'119)**	**(3'663'671)**
Depreciation, amortisation and impairment	20	1'631'588	404'867
Movements in employee benefit obligation		-	(4'068)
Interest expense/(income) net		455'327	(377)
Other non-cash items		(205'869)	116'060
Working capital adjustments:			
Changes in trade and other receivables		(121'524)	1'103'893
Changes in prepaid expenses and accrued income		32'213	354'437
Changes in inventory		(36'184)	-
Changes in trade and other payables		(929'695)	(180'896)
Changes in accrued expenses, deferred income and other provisions		380'055	(90'906)
Cash used in operations before interest and taxes		**(3'060'208)**	**(1'960'661)**
Interest paid		(436'340)	(81'080)
Interest received		278	-
Income tax (payments) | reversals	19	(191'499)	967
Net cash used in operating activities		**(3'687'769)**	**(2'040'774)**
(Purchase) of property, plant and equipment	6	(165'139)	(2'447)
Sale proceeds from property, plant and equipment	6	14'455	-
Increase in financial assets		10'971	-
(Purchase) of intangible assets	8	(665'855)	(288'633)
Acquisition of subsidiaries, net of cash acquired	23	(7'107'235)	-
Acquisition of an additional stake after gaining control over Frederix GmbH	23	(475'000)	-
Advance for investment in subsidiaries		-	(2'008'240)
Net cash used in investing activities		**(8'387'803)**	**(2'299'320)**
Increase in capital	14	112'995	15'550
Increase in capital reserve	14	6'303'234	1'972'805
Dividend paid during the year		(103'219)	-
Net movement in borrowings	13	6'479'873	-
Payment of lease liabilities	7	(290'557)	(70'134)
Net cash from financing activities		**12'502'326**	**1'918'221**
Effect of currency translation on cash and cash equivalents		(219'247)	-
Net increase | (decrease) in cash and cash equivalents		**207'507**	**(2'421'872)**
Cash and cash equivalents at the beginning of the year | period		**547'026**	**2'968'898**
Cash and cash equivalents at the end of the year | period	12	**754'533**	**547'026**

The accompanying notes form an integral part of these consolidated financial statements

NOTES TO THE CONOSLIDATED FINANCIAL STATEMENTS

1.1 Accounting policies and basis of preparation

1.2 General information

beaconsmind AG and its subsidiaries ("the Group" or "beaconsmind") is a location-based marketing software provider with headquarters in Stäfa, Switzerland. Its registered office and principal place of business is Seestrasse 3, 8712 Stäfa, Switzerland.

These consolidated financial statements are presented in Swiss Francs (CHF) and have been prepared based on the accounting principles described below. These consolidated financial statements have been approved for issue by the Board of Directors of the Group on 26th August 2024.

The figures shown are rounded in every table. As the calculations are made with a higher level of numerical accuracy, it is possible that small rounding differences may occur.

1.3 Material accounting policies and estimates

This note provides a list of the Material accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied, unless otherwise stated.

Basis of preparation
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted under European Union regulations (EU IFRS)." and apply the historical cost convention unless stated otherwise.

All amounts included in the consolidated financial statements are presented in Swiss Francs ("CHF") except where otherwise indicated.

These financial statements are for the year ended 31 December 2023, while the comparative figures cover the 6-month period from 1 July 2022 to 31 December 2022. As a result, the figures may not be directly comparable. The Group changed its accounting year in the previous period, transitioning from a 12-month period from July to June to the current financial year ended on 31st December 2023.

The preparation of the financial statements in conformity with IFRS requires the use of Material accounting estimates. It also requires management to exercise judgement when applying the Group's accounting policies. Areas with material assumptions and estimates are disclosed in section "Material accounting estimates and judgments" below.

Basis for consolidation and consolidation scope

The consolidated financial statements incorporate the financial statements of beaconsmind AG ("the Company") and entities controlled by the Company (its subsidiaries) made up to 31 December 2023. Control is achieved when the Company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

beaconsmind AG reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not its voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

An overview of the subsidiaries is included in Note 23.

Related party transactions

Transactions between the Group and the related parties are disclosed in Note 21. Transactions with related parties are performed at arm's length.

Foreign currencies

Functional and reporting currency
Items included in the financial statements of subsidiaries are measured using the currency of the primary economic environment in which the entity operates. Functional currencies of beaconsmind AG's subsidiaries are either Arabian Emirates Dirham ("AED") or Euro ("EUR"). The consolidated financial statements are presented in Swiss Francs ("CHF"), which is the functional currency of the parent.

The following exchange rates were applied for the conversion of positions and companies in foreign currency:

	Closing rate	
Currency	**31-Dec-23**	**31-Dec-22**
EUR	0.9297	0.9940
USD	0.8416	0.9330
CNY	0.1187	0.1340
GBP	n/a	1.1240
AED	0.2292	0.25400

	Average rate	
Currency	**1 Jan 2023- 31 Dec 2023**	**1 July 2022- 31 Dec 2022**
EUR	0.9717	1.0048
USD	n/a	n/a
CNY	n/a	n/a
GBP	n/a	n/a
AED	0.2445	0.25988

Revenue recognition

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to a customer. The transfer occurs when the customer acquires control over the asset, which can happen either over time or at a specific point in time.

Performance obligations

At the inception of a customer contract, the Group determines whether the promised goods or services constitute one or multiple performance obligations. Most standard offerings include several distinct performance obligations. A performance obligation is defined as a distinct promise to transfer a good or service to the customer. A promised good or service is considered distinct if:

- The customer can benefit from the good or service either on its own or together with other readily available resources.
- The promise to transfer the good or service is separately identifiable from other promises in the contract.

The Group’s main revenue streams can be described as follows:

1) Revenue from sales of beacons and SaaS subscriptions
The Group 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 the Group.

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.

2) SaaS licensing revenue
Distribution licensing: The Group 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: The Group 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 Group’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.

3) Services revenue
The Group offers further services in the form of content management for the 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 the Group 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 the Group has a present right to receive payment for its goods/ services. When recording revenue over time, the Group oftentimes may present deferred revenue balances as the timing of payment from the customer precedes the recognition of revenue.

Determining the transaction price, the Group uses list prices for individual components that are included in a bundle of goods/ services sold to the customer. The Group takes into account variable consideration, such as discounts offered on certain elements of the Group’s Suite bundle. These discounts are allocated between the different performance obligations identified in the offering to the customer based on relative stand-alone selling prices as represented by the list prices.

No customer contracts within the Group are assessed to contain a significant financing component.

Intangible assets

Upon acquisition, an intangible asset is capitalized at cost or at fair value in case the asset is acquired in the context of a business combination and is separately identifiable from goodwill. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The carrying values of intangible assets are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

Intangible assets are amortized on a straight-line basis over their useful lives. The intangible assets of the Group comprises of software and customer lists. The software was developed by third parties and through internal resources. The customer lists are recognized at fair value based on the business combination. The useful lives of these intangible assets are estimated to be between 5 to 10 years. Estimates of useful lives, expected patterns of consumption and residual values are regularly reviewed. Changes in these factors are accounted for by changing the amortization period or method as appropriate on a prospective basis. For purposes of impairment testing, items of intangible assets are grouped with other assets of their respective cash-generating unit unless it can be clearly demonstrated that an intangible asset should be tested for impairment on a stand-alone basis.

Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.
Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

During the year ended December 2023, beaconsmind AG acquired companies as detailed in Note 23. The corresponding goodwill value is recognized in the consolidated financial statements for the year. In all acquisitions the non-controlling interests in the acquiree have been measured at the proportionate share of the acquiree’s identifiable net assets.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures directly attributable to the acquisition of the asset. Subsequent expenditure is capitalized if it is probable that economic benefits associated with the asset will flow to the Group, and if the cost can be reliably measured. Expenditure on repairs and maintenance is expensed as incurred. The depreciable amount of an item of property, plant and equipment is its cost less its estimated residual value. This amount is depreciated over the estimated useful life, which the Group determines as follows per the respective classes of property, plant and equipment:

Leasehold improvements	3 years
Office equipment	2-15 years
IT hardware	3-5 years
Motor Vehicle	5 years
Building	10-15 years

The residual values and useful lives are reviewed regularly and adjusted when necessary. Gains or losses on the disposal of items of property, plant and equipment are recognized in the statement of profit or loss as other income or other operating expenses, respectively, and consist of the difference between the selling price and the carrying value at the time of disposal.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Financial assets

Financial assets include cash and cash equivalents, trade receivables and other financial assets. These financial assets are classified as at amortized cost. The Group currently does not hold any financial instruments in the fair value (FVTPL or FVTOCI) category.

Financial assets at amortized cost

Financial assets at amortized cost mainly comprise trade receivables and cash and cash equivalents. A financial asset is measured at amortized cost if the asset is held as part of a business model whose objective is to hold financial assets to collect their contractual cash flows, and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets in this category are initially recognized at fair value plus transaction costs that are directly related to the purchase and subsequently measured at amortized cost.

Impairment of financial assets

The Group applies a simplified approach to measuring expected credit losses for trade receivables. Under this approach, a provision is made for lifetime expected credit losses for the trade receivable. Expected credit losses on trade receivables are primarily based on expected default rates of the Group's customers based on their credit rating. Impairment losses of 295'809 CHF (6 months period 31 December 2022 – 359'947 CHF) were recorded during the year presented.

Cash and cash equivalents

Cash and cash equivalents comprise of cash balances held for the purpose of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Where bank overdrafts are repayable on demand and form an integral part of the Group's cash management, they are netted against cash and cash equivalents for the purposes of the statement of cash flows.

Financial liabilities

Financial liabilities include borrowings, accrued expenses, deferred income and trade and other payables. Recognition depends on how the liability is classified. These financial liabilities are classified as at amortized cost. The Group currently does not hold any financial instruments in the fair value category. Financial liabilities are initially measured at fair value less, transaction costs that are directly related to the acquisition or issue of the financial liability.

Employee benefit liabilities

The Group's policy regarding the employee benefit liabilities is based on the applicable pension rules related to the countries where the component companies are located.

The Swiss pension scheme qualifies as a defined benefit plan established under Swiss pension legislation. Up and until 31 December 2022, the defined benefit obligation was determined annually by an independent actuary in accordance with IAS 19. Considering the small number of personnel affected, the limited risk from this pension plan and the immateriality of the related benefit obligation in relation to the financial statements of the Group, management decided to discontinue the complex defined benefit accounting and to treat the Swiss pension plan as a defined contribution plan.

Inventory

Inventory include only purchased inventory. Costs are assigned to individual items of inventory on the basis of weighted average costs determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Taxation

The consolidated statement of profit or loss includes all tax that is to be paid or received for the current year, adjustments relating to tax due for previous years, and changes in deferred tax. These taxes have been calculated at nominal amounts, in accordance with the tax regulations, and in accordance with tax rates that have either been decided or have been notified and can confidently be expected to be confirmed. For items recognized in the statement of profit or loss, associated tax effects are also recognized in the statement of profit or loss. The tax effects of items recognized directly against equity or in other comprehensive income are themselves recognized against equity or in other comprehensive income.

The liability method is used in accounting for deferred tax. This means that deferred tax is recognized on all temporary differences between the carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets relating to tax losses carried forward or other future tax allowances are recognized to the extent that it is probable that the allowance can be offset against taxable income in future taxation. Deferred tax assets and deferred tax liabilities are offset when there is a legal right to do so and when deferred taxes relate to the same tax authority.

The Group measures each uncertain tax positions using either the most likely amount or the expected value, based on the method expected to reflect the outcome in the best way. Assessments are reconsidered when there is new information that affects earlier judgments.

Changes in accounting standards

The following new or amended standards became applicable for the current reporting period and did not have any material effect on the financial statements:

Disclosure of Accounting Policies (Amendments to IAS 1)	
Definition of Accounting Estimates (Amendments to IAS 8)	
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	
International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)	1 January 2023

New accounting pronouncements to be adopted on or after the reporting date

The following IFRS standards and interpretations have been issued, but are not yet effective, as of the reporting date 31 December 2023. With the exception of IFRS 18, The future application of these new or amended standards and interpretations is not expected to have a material impact on the results and the financial position of beaconsmind AG. The impacts from IFRS 18 have not yet been analyzed in detail but will certainly modify the presentation of the statement of profit or loss

Standard / Interpretation	**Effective date**
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7	1 January 2026

Accounting estimates and judgments

The preparation of consolidated financial statements requires management to exercise judgement and to make estimates and assumptions that affect the application of policies, reported amounts of revenues, expenses, assets and liabilities, and disclosures. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual future results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting policies which involve significant estimates, assumptions or judgements, the actual outcome of which could have a material impact on the Group's results and financial position relate the following items:

- Revenue: Judgement as to the term over which renewal options representing material rights are expected to be exercised.
- Leases: Judgement as to the (reasonably certain) lease term based on the existence of renewal and termination options.
- Impairment of non-financial assets and goodwill: In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

- Non-financial assets: Judgment with regards to the use-full lives as well as with regards to impairment considerations.
- Recoverability of trade and other receivables: Judgement with regards to expected credit losses.
- Going concern: Note 27 explains why the financial statements are prepared on a going concern basis

2. Segment Reporting and Revenue

a) Segment Reporting

The Group's primary focus is on selling location-based marketing software as a service (SaaS) to enable retailers to transform the shopping experience for customers in physical stores. This service includes a comprehensive suite of software, Track Bluetooth-Beacons, and software for Wi-Fi management, all designed to be installed in physical stores. The Group's localization technology and software suite empower retailers to merge digital and physical shopping experiences, addressing the convenience gaps inherent in each. This B2B solution, supported by necessary hardware, is marketed primarily to the retail market, aiming to revolutionize the way customers experience physical stores.

The financial management of the Group by the Board of Directors and management is based on net sales by market and revenue stream, as well as the income statement, balance sheet, and cash flow statement. The acquisitions did not change the Group’s primary focus and accordingly, the Group still consists of one single reportable segment. The entity-wide segment disclosure requirements in accordance with IFRS 8.31ff are included in the section “revenue” below. The basics for revenue recognition are identical across all product areas and markets. The geographic distribution of net sales is based on the customer's domicile.

b) Revenue from Contracts with Customers

Disclosure of revenue by product and services

The table below illustrates the disaggregation of recognised revenues for the year ended 31 December 2023 and 6 months period ended 31 December 2022, respectively, by their nature as represented by the offered products and services.

CHF	**1 Jan 2023- 31 Dec 2023 (12 Months)**	**1 July 2022- 31 Dec 2022 (6 Months)**
Services revenue	4'752'737	38'223
SaaS licensing and subscription revenue	1'258'441	514'826
Revenue from sales and services	**6'011'178**	**553'049**

Disclosure by geographical regions

Throughout the current year, over 80% of sales were concentrated among customers predominantly in Europe. The shift in the business model from the prior year resulted in minimal operations outside of Europe. Consequently, revenue by geographic region for the current year is limited to Europe region.

Disclosure by major customers

CHF	**1 Jan 2023- 31 Dec 2023 (12 Months)**	**1 July 2022- 31 Dec 2022 (6 Months)**
Client A	527'931	98'660
Client B	256'581	71'413
Client C	167'264	272'069
Client D	145'922	66'408
Total of top 4 customers	**1'097'698**	**508'550**
Other customers	**4'913'480**	**44'499**
Total net revenues from sales and services	**6'011'178**	**553'049**

NOTES TO THE CONOSLIDATED FINANCIAL STATEMENTS

3. Direct cost

CHF	1 Jan 2023- 31 Dec 2023 (12 Months)	1 July 2022- 31 Dec 2022 (6 Months)
Material expenses	(900'966)	(47'494)
Inventory change	281'984	-
Services purchased	(604'711)	(39'527)
Other direct cost	(14'522)	(8'100)
Total	**(1'238'215)**	**(95'121)**

4. Indirect cost

Personnel expenses **CHF**	1 Jan 2023- 31 Dec 2023 (12 Months)	1 July 2022- 31 Dec 2022 (6 Months)
Salary and other staff expenses	(3'348'126)	(1'087'458)
Social security charges	(561'425)	(99'533)
Other personnel expenses	(17'840)	(117'940)
Total	**(3'927'391)**	**(1'304'931)**

Other personnel expenses relate to expense allowances, housing allowance, leave salary expenses and car expenses.

Other operating expenses **CHF**	1 Jan 2023- 31 Dec 2023 (12 Months)	1 July 2022- 31 Dec 2022 (6 Months)
Office related expenses	(255'804)	(75'713)
IT expenses	(423'038)	(136'242)
Insurance and taxes	(30'727)	(2'444)
Travel expenses	(114'345)	(59'042)
Selling and marketing expenses	(430'667)	(15'895)
Consulting expenses	(798'576)	(1'361'326)
Audit fees	(156'497)	(155'613)
Allowance for expected credit losses	(295'809)	(359'947)
Allowance for impairment of inventory	(65'000)	(44'300)
Accounting fees	(120'963)	(53'269)
Other expense	(149'848)	(66'930)
Total	**(2'841'274)**	**(2'330'721)**

5. Financial income and expenses, net

CHF	1 Jan 2023- 31 Dec 2023 (12 Months)	1 July 2022- 31 Dec 2022 (6 Months)
Financial income		
Interest income	278	11'320
Foreign exchange gains	2'711	7'193
Total	**2'989**	**18'513**
Financial expenses		
Interest expenses and bank charges	(436'340)	(4'706)
Interest expenses on lease liabilities	(19'265)	(5'619)
Interest expenses on employee benefits	-	(618)
Foreign exchange losses	(346'915)	(88'650)
Total	**(802'520)**	**(99'593)**
Total financial expenses net	**(799'531)**	**(81'080)**

6. Property, plant and equipment

Property, plant and equipment comprises assets owned by the Group related to IT hardware, office equipment, motor vehicle, land & buildings and leasehold improvements added to the Group's leased head office. The carrying amounts of property, plant and equipment developed as follows during the reporting period:

CHF	Leasehold improvements	Office equipment	IT hardware	Motor vehicle	Land & building	Total
Cost						
At 1 July 2022	**291'890**	**61'441**	**30'801**	-	-	**384'132**
Additions	-	1'298	1'149	-	-	**2'447**
Exchange difference	(16'128)	(1'526)	(1'453)	-	-	**(19'107)**
At 31 December 2022	**275'762**	**61'213**	**30'497**	**-**	**-**	**367'472**
Accumulated depreciation and impairment						
At 1 July 2022	**15'835**	**9'691**	**5'395**	**-**	**-**	**30'921**
Depreciation charge (6 months period ended 31 December 2022)	29'495	8'078	2'928	-	-	**40'501**
Exchange difference	(810)	(89)	(156)	-	-	**(1'055)**
At 31 December 2022	**44'519**	**17'680**	**8'167**			**70'367**
Net carrying amount 31 December 2022	**231'243**	**43'533**	**22'329**	**-**	**-**	**297'105**
Cost						
At 1 January 2023	**275'762**	**61'213**	**30'497**	**-**	**-**	**367'472**
Acquisitions through business combinations (Note 23)	-	53'829	463'100	87'039	199'690	**803'658**
Additions	-	40'189	124'950	-	-	**165'139**
Disposals	-	(14'455)	-	-	-	**(14'455)**
Exchange difference	(25'361)	(2'399)	(2'395)	-	-	**(30'155)**
At 31 December 2023	**250'401**	**138'377**	**616'152**	**87'039**	**199'690**	**1'291'659**
Accumulated depreciation and impairment						
At 1 January 2023	**44'519**	**17'680**	**8'167**	**-**	**-**	**70'367**
Depreciation charge	51'295	44'109	146'633	-	-	**242'037**
Exchange difference	(6'014)	(1'427)	(6'780)	-	-	**(14'221)**
At 31 December 2023	**89'800**	**60'362**	**148'020**	**-**	**-**	**298'183**
Net carrying amount 31 December 2023	**160'601**	**78'015**	**468'131**	**87'039**	**199'690**	**993'476**

No assets were pledged as security against any of the Group's liabilities as at 31 December 2023 and as at 31 December 2022.

7. Leasing

The Group exclusively leases properties for office space and vehicles.

Property leases include rent payment indexation clauses and renewal options. The Group assesses these renewal options to conclude whether it is reasonably certain that a renewal option may be exercised. The Group's lease liabilities have been determined based on the present value of the future minimum lease payments over the lease term, discounted using the incremental borrowing rate. The discount rate applied to the capitalized lease is in between 1.90% and 4.00%.

Right-of-use assets

The carrying amounts of right-of-use assets related to leases entered into by the Group developed as follows during the reporting period:

CHF	**Cars**	**Property**	**Total**
At 1 July 2022	**186'356**	**167'882**	**354'238**
Additions	72'335	-	72'335
Transfers	(28'368)	28'368	-
Amortization expense (6 months period ended 31 December 2022)	(31'979)	(34'369)	(66'348)
Adjustment as a result of remeasurement of the lease liability	(2'256)	-	(2'256)
Exchange difference	-	(10'716)	(10'716)
At 31 December 2022	**196'088**	**151'165**	**347'253**
At 1 January 2023	**196'088**	**151'165**	**347'253**
Acquisitions through business combinations	203'345	149'489	352'834
Amortization expense	(137'966)	(133'995)	(271'961)
Lease adjustments recognized in statement of profit and loss	(4'620)	(9'533)	(14'153)
Exchange difference	3'146	(7'727)	(4'581)
At 31 December 2023	**259'993**	**149'399**	**409'392**

Lease liabilities

The below table provides an overview of the development in the carrying amounts of Group's lease liabilities during the reporting period:

CHF	**1 Jan 2023-31 Dec 2023**	**1 July 2022-31 Dec 2022**
Opening value of lease	**369'001**	**376'164**
Arising on acquisition	352'834	-
Additions	-	72'335
Accretion of interest	19'264	5'619
Payments	(290'557)	(70'134)
Exchange difference	(11'764)	(12'616)
Lease adjustments recognized in statement of profit and loss	(3'024)	(2'367)
Closing value of lease	**435'754**	**369'001**
thereof current	253'873	135'135
thereof non-current	181'881	233'866

The maturity of the lease liabilities is included in note 15.

Amounts recognized in the statement of profit or loss

The following amounts related to the Group's activities as a lessee and are recognized in the statement of profit or loss during the reporting period:

CHF	1 Jan 2023-31 Dec 2023 (12 Months)	1 July 2022-31 Dec 2022 (6 Months)
Amortization expense on right-of-use assets	(271'961)	(68'604)
Interest expense on lease liabilities	(19'264)	(5'619)
Total	**(291'225)**	**(74'223)**

The total cash outflow for leases for the year ended 31 December 2023 amounted to CHF 238'008. (6 months period ended 31 December 2022: CHF 70'134).

8. Intangible assets

The carrying amounts of intangible assets developed as follows during the reporting period:

CHF	Customer list	IT software	Total
Cost			
At 1 July 2022	**-**	**476'571**	**476'571**
Additions	-	288'633	**288'633**
At 31 December 2022	**-**	**765'204**	**765'204**
Accumulated amortization			
At 1 July 2022	**-**	**(200'493)**	**(200'493)**
Amortization (6 months period ended 31 December 2022)	-	(287'836)	**(287'836)**
At 31 December 2022	**-**	**(488'329)**	**(488'329)**
Net carrying amount 31 December 2022	**-**	**276'875**	**276'875**
Cost			
At 1 January 2023	**-**	**765'204**	**765'204**
Acquisitions through business combinations (Note 23)	11'136'737	708	**11'137'445**
Additions	395'237	270'619	**665'856**
At 31 December 2023	**11'531'974**	**1'036'531**	**12'568'505**
Accumulated amortization			
At 1 January 2023	**-**	**(488'329)**	**(488'329)**
Amortisation	(708'932)	(396'619)	**(1'105'551)**
At 31 December 2023	**(708'932)**	**(884'948)**	**(1'593'880)**
Net carrying amount 31 December 2023	**10'823'042**	**151'583**	**10'974'625**

- The intangible assets is represented by the following:
  - the contracts with the customers obtained by the Group in connection with the acquisitions of Frederix, Socialwave, and Lindentor entities. These intangible assets are estimated to have a useful life of 10 years (Note 23).
  - the contracts with the customers is obtained by the Group through the 100% acquisition of the shares of Ingenieurbüro Netopsie by one of the subsidiary companies. These intangible assets are estimated to have a useful life of 5 years.
- No assets were pledged as security against any of the Group's liabilities as at 31 December 2023 and as at 31 December 2022.

9. Inventories

Inventories consist of stock-in-trade held for sale in the ordinary course of business.

CHF	**31-Dec-23**	**31-Dec-22**
Inventory	566'919	134'300
Less: allowance for impairment of inventories written off	(65'000)	(44'300)
Total	**501'919**	**90'000**

Inventory mainly includes custom solution hardware bundle, beacons, converter and feeder.

10. Trade and other receivables

The below table presents the position of trade and other receivables:

CHF	**31-Dec-23**	**31-Dec-22**
Trade receivables from third parties	2'274'760	587'060
Other receivables from third parties	161'998	85'337
Total receivables	**2'436'758**	**672'397**
Provision for trade receivables	(12'495)	(470'212)
Total receivables (net of provision)	**2'424'263**	**202'185**
Work in progress	264'701	-
Due from related party	32'720	-
Trade and other receivables	**2'721'684**	**202'185**

Details about ageing of trade receivables are the following:

CHF	**31-Dec-23**	**31-Dec-22**
Neither past due nor impaired	1'854'545	192'093
Past due but not impaired:	**566'278**	**10'092**
Less than 30 days	157'890	-
30 to 60 days	161'558	-
More than 60 days	246'830	10'092
Impaired (partial or full provision)	15'935	470'212
Total	**2'436'758**	**672'397**

Details about movement in allowance for expected credit losses during the year | period are the following:

At 1 July 2022	**(110'265)**
Increase in allowance for expected credit losses during the period	(359'947)
At 31 December 2022	(470'212)
At 1 January 2023	(470'212)
Increase in allowance for expected credit losses during the period	(295'809)
Written-off as uncollectible during the period	753'526
At 31 December 2023	(12'495)

- Unimpaired trade receivables are considered collectible based on historic experience.
- Work in progress represents costs incurred for preparation and installation for projects which are yet to be invoiced. These costs are subsequently invoiced in the year 2024.
- Information about the impairment of trade receivables and the Group's exposure to credit risk and foreign currency risk can be found in note 15.

11. Prepaid expenses and other advances

The below table presents the position of prepaid expenses, deposits and advance payments:

CHF	31-Dec-23	31-Dec-22
Thereof prepaid expenses	10'352	42'477
Thereof deposits	17'654	10'637
Thereof advanced payments	4'412	11'517
Total	**32'418**	**64'631**

12. Cash and cash equivalents

CHF	31-Dec-23	31-Dec-22
Bank balance CHF	68'705	120'274
Bank balance other currencies	685'828	426'752
Total	**754'533**	**547'026**

Bank balances are held in CHF and other currencies comprising USD (CHF 30'167), AED (CHF 49'733) and EUR (CHF 605'866). (please refer the table in note 13).

13. Cash flow-related information

The below table presents the components of the Group's net debt. As per 31.12.2023 the Group has a negative net debt position due to the Group's debt comprising of lease liabilities and borrowings exceeding the cash reserves.

CHF		31-Dec-23	31-Dec-22
Lease liabilities	CHF	(435'754)	(369'001)
Borrowings	CHF	(7'289'990)	(18'528)
Cash and cash equivalents (in CHF)	CHF	68'705	120'274
Cash and cash equivalents (in CNY)	CHF	62	1'740
Cash and cash equivalents (in EUR)	CHF	605'866	336'072
Cash and cash equivalents (in AED)	CHF	49'733	88'940
Cash and cash equivalents (in USD)	CHF	30'167	-
Net cash /(debt) by currency		**(6'971'211)**	**159'497**

Movement in opening to closing net cash/(debt):

CHF	Note	Leases	Borrowings	Cash and cash equivalents	Total
Net cash as of 1 July 2022		**(376'164)**	**(18'528)**	**2'968'898**	**2'574'206**
Cash flows	7	64'515	-	(2'421'872)	(2'357'357)
Non-cash effective changes					
New leases	7	(72'335)	-	-	(72'335)
Remeasurements of leases	7	2'367	-	-	2'367
Effect of currency translation		12'616	-	-	12'616
Net cash/(debt) as of 31 December 2022		**(369'001)**	**(18'528)**	**547'026**	**159'497**
Net cash as of 1 January 2023		(369'001)	(18'528)	547'026	159'497
Acquisitions through business combinations (Note 23)		--	(791'589)	--	(791'589)
Cash flows	7	290'557	(6'479'873)	207'507	(5'981'809)
Non-cash effective changes					
Acquisitions through business combinations (Note 23)	7	(352'834)	-	-	(352'834)
Accretion of interest	7	(19'264)	-	-	(19'264)
Remeasurements of leases	7	3'024	-	-	3'024
Effect of currency translation		11'764	-	-	11'764
Net cash/(debt) as of 31 December 2023		**(435'754)**	**(7'289'990)**	**754'533**	**(6'971'211)**

14. Equity

Share capital

The share capital on 31 December 2023 consists of 4'699'326 registered shares (2022: 2’844’384) with a nominal value of CHF 0.10 each, amounting to CHF 469'933 (2022: CHF 284’438). Ordinary shares entitle the holder to participate in dividends, hold one vote per share at general meetings of the Company and share in the liquidation proceeds of the Company in proportion to the number of and amounts paid on the shares held. The share capital is fully paid in.

CHF	**31-Dec-23**	**31-Dec-22**
Ordinary shares fully paid	469'933	284'438
Total share capital	**469'933**	**284'438**

Number of shares	**31-Dec-23**	**31-Dec-22**
Ordinary shares fully paid	4'699'326	2'844'384
Total shares	**4'699'326**	**2'844'384**

The following table summarizes the movement under share capital for the year:

CHF	**31-Dec-23**	**31-Dec-22**
Opening balance	284'438	268'888
Movement against advance for acquisition	(15'550)	15'550
Against current year acquisitions (note 23)	80'550	-
Against acquisition of an additional stake after gaining control of Frederix GmbH (note 23)	7’500	-
Cash inflow	112'995	-
	469'933	**284'438**

Capital reserves

The following table summarizes the movement under capital reserve for the year:

CHF	**31-Dec-23**	**31-Dec-22**
Opening balance	16'481'617	14'508'811
Movement against advance for acquisition	(1'992'690)	1'992'690
Against current year acquisitions (note 23)	5'729'170	-
Against acquisition of an additional stake after gaining control of Frederix GmbH (note 23)	459’500	-
Cash inflow	6'303'234	-
Other non cash items	(106'727)	(19'884)
	26'874'104	**16'481'617**

Dividends

Dividend amounting to CHF 103’219 have been paid out by one of the subsidiary during the year ended 31 December 2023. No dividends have been paid out during the period from 1 July 22 to 31 December 2022.

15. Financial instruments

The Group is exposed to a variety of financial risks, namely market risk in the form of currency risk, interest rate risk, credit risk and liquidity risk.

The Group operates a centralized risk management system that distinguishes between strategic and operating risks and encompasses the Group’s financial risk management. The Group’s overall risk management program seeks to minimize the potential adverse effects on the group’s financial condition or performance.

Currency risk

The Group operates internationally and is exposed to foreign exchange risk from its day-to-day activities that are conducted in currencies other than CHF. These currencies are mainly EUR, CNY, AED and USD.
The following table provides an overview of the Group's gross exposure to foreign currencies as represented by financial assets denominated in foreign currencies as of the reporting date.

CHF	**EUR**	**USD**	**CNY**	**AED**	**Total**
Carrying amount at 31 December 2023					
Trade receivables	3'156'093	-	-	40'377	**3'196'470**
Cash and cash equivalents	605'866	30'167	62	49'733	**685'828**
Net exposure	**3'761'959**	**30'167**	**62**	**90'110**	**3'882'298**
Carrying amount at 31 December 2022					
Trade receivables	269'073	3'579	-	-	**272'652**
Cash and cash equivalents	336'072	-	1'740	88'940	**426'752**
Net exposure	**605'145**	**3'579**	**1'740**	**88'940**	**699'404**

Exchange rate sensitivity

A change of 5% of the spot rate of any of these currencies against the CHF would not have a material impact on the group's net profit or loss or on the group's equity.

Interest rate risk

The Group's interest rate risk arises mainly from its lease liabilities and, to a minor extent, from cash and cash equivalents held in interest-bearing bank balances. The risk related to the latter is not considered material. A sensitivity analysis for the Group's lease liabilities is not performed given the interest rate applied in measuring these liabilities (which are not measured at fair value) is not subject to regular reassessment.

Liquidity risk

Rolling forecasts of the Group's liquidity requirements are established on a regular basis to ensure sufficient cash is available to meet operational needs. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows. All interest payments and repayments of financial liabilities are based on contractual agreements.

Contractual maturity table as of 31.12.2023 CHF	**Carrying amount**	**Contractual cash flow**	**Within 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**On demand**
Borrowings	7'289'990	8'740'511	846'925	2'694'108	5'199'478	-
Lease liabilities	435'754	448'502	263'517	140'493	44'492	-
Trade and other payables	1'026'711	1'026'711	1'026'711	-	-	-
Accrued expenses and deferred income	1'209'555	680'991	680'991	-	-	-
Total financial liabilities	**9'962'010**	**10'896'715**	**2'818'144**	**2'834'601**	**5'243'970**	**-**
Contractual maturity table as of 31.12.2022						
Borrowings	18'528	18'528	-	-	-	18'528
Lease liabilities	369'001	385'964	245'075	67'392	73'496	-
Trade and other payables	851'646	851'646	851'646	-	-	-
Accrued expenses and deferred income	602'604	280'539	280'539	-	-	-
Total financial liabilities	**1'841'779**	**1'536'677**	**1'377'260**	**67'392**	**73'496**	**18'528**

Credit risk

Credit risk arises when a customer or counterparty may fail to perform its contractual obligations. The maximum exposure to credit risk is represented in the balance sheet by the carrying value of each financial asset. The Group periodically assesses the financial reliability of its customers and their credit limits.

On that basis, the loss allowance for expected credit losses as of the reporting dates presented in these financial statements was determined to be immaterial, and not recorded as a consequence. During the periods presented an impairment loss of CHF 295’809 have been recognized in statement of profit or loss in relation to impaired financial assets. As per general policy, trade and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

Fair value estimation

The fair value of current financial assets and liabilities at amortized cost is assumed to approximate their carrying amounts due to the short-term nature of these financial instruments.

16. Accrued expenses, deferred income and other provisions

CHF	**31-Dec-23**	**31-Dec-22**
Social security charges payable	237'719	88'726
Professional consulting and audit services	15'619	27'722
Other accrued expenses	427'653	164'091
Deferred income	528'564	322'065
Total	**1'209'555**	**602'604**

17. Trade payables and other payables

CHF	**31-Dec-23**	**31-Dec-22**
Trade payables	531'267	616'564
VAT Payable	19'224	-
Other payables	476'220	235'082
Total	**1'026'711**	**851'646**

18. Borrowings

CHF	**31-Dec-23**	**31-Dec-22**
Bank borrowings	7'055'456	-
Other borrowings	234'534	-
Loans due to shareholder	-	18'528
Total	**7'289'990**	**18'528**
Thereof recorded as current liabilities (amount due within 12-months)	873'703	18528
Thereof recorded as non- current liabilities	6'416'287	-

The details of the bank borrowings are summarized below

Sl #	**Interest rate**	**Tenure**	**Repayment terms**	**Amount**	**Secured by**
1	18%	March 2023 to March 2025	On March 2025	1'884'000	The shares of a shareholder
2	6.152%	June 2023-March 2029	Quarterly payments	1'394'550	Lien on the revenue collections from a subsidiary company
3	5.950%			2'847'206	
4	8.35%	March 2023-December 2027	Quarterly payments	929'700	Personal guarantees of certain shareholders
				7'055'456	

The other borrowings are unsecured, carry interest at commercial rate and are repayable within a period of one year.

19. Taxes

Taxes expensed and recorded

Income tax expense recognized in the consolidated statement of profit or loss consists of the following items:

CHF	1 Jan 2023- 31 Dec 2023 (12 Months)	1 July 2022- 31 Dec 2022 (6 Months)
Taxes recorded in the consolidated statement of profit or loss		
Current tax reversal/(expense)	(191'499)	967
Deferred tax income / (expense) relating to the origination and reversal of temporary differences	147'430	1'119
Total	**(44'069)**	**2'086**

Tax reconciliation statement

CHF	1 Jan 2023- 31 Dec 2023 (12 Months)	1 July 2022- 31 Dec 2022 (6 Months)
Loss before taxes	(4'266'119)	(3'663'671)
Applicable tax rates of the Group	17.14%	17.14%
Expected tax income (expense)	731'523	628'220
Reconciliation to effecitve tax expense:		
Increase of tax losses not capitalised	(775'592)	(626'134)
Effective tax expense	**(44'069)**	**2'086**

Analysis of deferred tax assets and liabilities

Deferred tax liabilities are recognized in the statement of financial position in non-current liabilities. The Group offsets tax assets and liabilities only if it has a legally enforceable right to offset current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The movement between 1 January 2023 and 31 December 2023 of the components of deferred tax assets and liabilities is as follows:

CHF	1 Jan 2023- 31 Dec 2023 (12 Months)	1 July 2022- 31 Dec 2022 (6 Months)
Arising on acquisitions (Note 23)	(2'352'550)	(3'663'671)
Arising on leases	1'358	628'220
Employee benefits	13'709	
Net deferred tax (liabilities) | asset	**(2'190'750)**	**14'370**
Thereof recorded as deferred tax asset	-	14'370
Thereof recorded as deferred tax liability	(2'190'750)	-

Unused tax losses for which no deferred tax asset was recognized is as follows:

CHF	31-Dec-23	31-Dec-22
Tax losses of year 2016 and expired in the year 2023	-	193’172
Tax losses of year 2017 and expiring in the year 2024	327’449	327’449
Tax losses of year 2018 and expiring in the year 2025	205’277	205’277
Tax losses of year 2019 and expiring in the year 2026	242’679	242’679
Tax losses of year 2020 and expiring in the year 2027	549’303	549’303
Tax losses of year 2021 and expiring in the year 2028	1’817’113	1’817’113
Tax losses of year 2022 and expiring in the year 2029	4’729’152	4’729’152
Tax losses of year 2023 and expiring in the year 2030	4’478’055	-
Total tax losses carried forward	**12'349'028**	**8'064'145**

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20. Depreciation, amortization, and impairment

CHF	1 Jan 2023- 31 Dec 2023 (12 Months)	1 July 2022- 31 Dec 2022 (6 Months)
Depreciation of property, plant and equipment	242'037	40'501
Amortization of right of use assets	271'961	68'604
Amortisation of intangible assets	1'105'551	287'836
Other impairment expenses	12'039	7'926
Total	**1'631'588**	**404'867**

21. Related Parties

The Group has in the ordinary course of business, entered into commercial transactions or financial transactions with the concerns, in which the shareholder or his relatives have an investing/controlling interest. The prices and terms of these transactions are approved by the management.

The following transactions were entered into with related parties during the reporting period:

CHF	31-Dec-23	31-Dec-22
Compensation to Key Management Personnel (including the directors of the Group)	557'675	297'797

The transaction with the related parties resulted in the following balances as at the reporting date:

Due from a related party

CHF	31-Dec-23	31-Dec-22
Ms. Beaconsmind Saudi	32'720	-
	32'720	**-**

Due to a related party

CHF	31-Dec-23	31-Dec-22
Shareholders of the company	-	18'528
	-	**18'528**

- The amount due from Beaconsmind Saudi represents an advance made in relation to its incorporation expenses.
- Amounts due from / (to) related parties are interest free, unsecured and receivable / (repayable) on demand.

22. Earnings per Share

The company does not hold any dilutive instruments. EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

CHF	31-Dec-23	31-Dec-22
Share of net loss attributable to equity holders	(4'340'296)	(3'661'586)
Weighted average number of shares outstanding (number)	3'602'535	2'714'801
Basic and diluted earnings per share (in CHF)	**(1.2048)**	**(1.3487)**

23. Acquisitions

During the year ended 31 December 2023, beaconsmind AG acquired 100% of the shares of **SOCIALWAVE GMBH**. Socialwave is a fully automated location-based marketing service provider offering guest Wi-Fi and additional online (Bluetooth) and offline (NFC, QR-codes) technologies for collecting guest data to enhance marketing campaigns, recommendation marketing, and customer analytics. This acquisition supports the development of beaconsmind's product offering and provides access to the customer base of other subsidiary companies. Socialwave GmbH is also the 100% holding company of Freefii GmbH and MeinHotspot GmbH, facilitating the growth of the Hotspot business. As the acquisition occurred on 30 April 2023, the financial results of Socialwave GmbH, Freefii GmbH, and MeinHotspot GmbH for the eight-month period from May to December 2023 are included in the consolidated financial statements. Since beaconsmind AG owns 100% of Socialwave GmbH, no non-controlling interest exists as of the reporting date.

During the year ended 31 December 2023, beaconsmind AG acquired 62% of the shares of **FREDERIX HOTSPOT GMBH**, located at Oskar-Winter-Straße 9, 30161 Hannover, Germany. FREDERIX is a leading Hotspot provider with a large international customer base primarily from the retail and real estate industries. FREDERIX offers CloudWiFi solutions, a modular system that can be tailored to customer needs. The acquisition of 62% of FREDERIX was completed in two steps: 51% in February 2023 and an additional 11% in October 2023. The loss on the second step acquisition, amounting to CHF 893,135, is adjusted through equity as change in non-controlling interest in subsidiary. Since control was obtained initially with the first acquisition, the financial results of FREDERIX for the eleven-month period from February to December 2023 are included in the consolidated financial statements.
A non-controlling interest of 38% is recognized in the statement of equity and the statement of comprehensive income.

During the year ended 31 December 2023, beaconsmind AG acquired 100% of the shares of **LINDENTOR GMBH**, which includes two component companies: **KADSOFT COMPUTER GMBH AND T2 VERTRIEB GMBH**. Kadsoft Computer GmbH, located at Poisentalstrasse 112, 01705 Freital, Germany, specializes in planning, realizing, and implementing new IT systems. It operates in three segments: IT infrastructure (hardware) and cabling, IT media infrastructure and consulting, and Internet provider and services. T2 Vertrieb GmbH, located at Stauffenbergstraße 3-5, 32791 Lage, Germany, focuses on healthcare, communication, and consulting, with operations spanning three segments: installation, remote maintenance software, and client service. As the acquisition took place on 31 December 2023, only the balance sheet items of these companies are included in the consolidated financial statements. The profit and loss figures are not considered for the consolidated financial statements.

If the above three companies had been acquired by the Group on 1st January 2023, the revenue of the group would have been CHF 11'434'565.

The details of the new business acquisitions are as follows:

<u>Fair value of consideration transferred (CHF)</u>

Fair value of consideration transferred (CHF)	**Socialwave GmbH**	**Frederix GmbH**	**Lindentor GmbH**	**Total**
Amount settled in cash	6'675'149	-	1'287'243	7'962'392
Fair value of consideration settled in kind:				
• Share capital (note 14)	35'000	15'550	30'000	80'550
• Capital reserves (note 14)	2'450'000	2'000'690	1'278'480	5'729'170
	9'160'149	**2'016'240**	**2'595'723**	**13'772'112**

Recognized amount of identifiable net assets (CHF)

Property, plant and equipment (Note 6)		3'744	489'968	309'946	803'658
Intangible assets (Note 8)		7'560'384	1'444'865	2'132'197	11'137'446
Total non-current assets	**(a)**	**7'564'128**	**1'934'833**	**2'442'143**	**11'941'104**
Inventory		21'398	173'485	180'852	375'735
Trade and other receivables		1'525'732	279'039	565'964	2'370'735
Cash and cash equivalents		130'712	643'179	81'266	855'157
Total current assets	**(b)**	**1'677'842**	**1'095'703**	**828'082**	**3'601'627**
Borrowings (Note 13)		-	559'164	232'425	791'589
Deffered tax liabilities (Note 19)		1'716'674	256'897	378'979	2'352'550
Total non-current liabilities	**(c)**	**1'716'674**	**816'061**	**611'404**	**3'144'139**
Trade and other payables		240'017	416'641	448'102	1'104'760
Tax and general provisions		46'961	179'935	-	226'896
Total current liabilities	**(d)**	**286'978**	**596'576**	**448'102**	**1'331'656**
Identifiable net assets (a+b-c-d)	**(e)**	**7'238'318**	**1'617'899**	**2'210'719**	**11'066'936**
Non-controlling interest on acquisition (Note 24)		-	217'671	-	**217'671**
Goodwill on acquisition		**1'921'831**	**616'012**	**385'004**	**2'922'847**

The details of the acquisition of an additional stake after gaining control of Frederix GmbH are as follows:	**31-Dec-23**
Amount settled in cash	475'000
Fair value of consideration settled in shares (note 14)	7'500
Fair value of consideration settled in capital reserves (note 14)	459'500
Total consideration transferred	**942'000**
Less: Non-controlling interest (Note 24)	(48'865)
	(893'135)

The Group structure after the sequential events of acquisitions and disposals as at the reporting date is as below:

		Share Capital		Ownership		NCI	
		31-Dec-2023	31-Dec-2022	31-Dec-2023	31-Dec-2022	31-Dec-2023	31-Dec-2022
<u>Parent company</u>							
beaconsmind AG, Stäfa	CHF	284'438	268'888	100%	100%	0%	0%
<u>Subsidiary companies</u>							
beaconsmind Mena Data L.L.C; Dubai	AED	300'000	300'000	49%	49%	See note below	See note below
Socialwave GmbH	EUR	42'154	0%	100%	0%	0%	0%
Frederix GmbH	EUR	25'000	0%	62%	0%	38%	-
Lindentor GmbH	EUR	78'686	0%	100%	0%	0%	0%
beaconsmind Deutschland GmbH; Munich	EUR	See note below	25'000	See note below	100%	See note below	0%

Beaconsmind Mena Data L.L.C, based in Dubai, is fully consolidated as beaconsmind AG has full control over this subsidiary. The counterparty does not participate with any share capital nor in any gains or losses generated by beaconsmind Mena Data L.L.C. Therefore, no non-controlling interest exists.

Furthermore, beaconsmind Deutschland GmbH, Munich, was derecognized from the consolidation scope during the year 2023.as there were no operations conducted during the year and thus no reported assets or liabilities as on the reporting date.

24. Subsidiary with non-controlling interest

The Group includes one subsidiary with a material non-controlling interest (NCI):

Name	Proportion of ownership interests and voting rights held by the NCI		Total profit or loss allocated to NCI	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Frederix GmbH	38%	0%	30'108	-

The movement in non-controlling interest during the year is as per the below table:

	31-Dec-23	31-Dec-22
Non-controlling interests on acquisition (Note 23)	217'671	-
Non-controlling interest on acquisition of an additional stake after gaining control of Frederix GmbH (Note 23)	(48'865)	-
Non-controlling interest recognized on statement of profit and loss	30'108	-
Non-controlling interest recognized on statement of other comprehensive loss	(9'142)	-
	189'772	**-**

25. Going Concern

Growth Strategy and Market Expansion

The annual results underscore the effective growth strategy employed in the core markets, notably the Middle East/GCC and Europe. This strategic focus has been instrumental in driving the Group's expansion and success in these regions. As part of our ongoing efforts to optimize our global presence and resources, we have decided to close our operations in Shanghai, China Mainland, during the current financial year. This strategic decision will allow us to reallocate resources more effectively.
In line with this, we are excited to announce the opening of a new branch in Spain, which will serve as a critical hub for our European operations.

Acquisitions and Financial Stability

Significant strides have been made in terms of acquisitions, reflecting our commitment to strengthening our portfolio and market presence. In the 2023 financial year, we successfully acquired four new companies. These acquisitions are of strategic importance as they involve companies with robust sales and EBITDA profitability, thereby enhancing our financial stability. The integration of these companies into our portfolio is expected to provide substantial synergies and contribute positively to our bottom line.

Operational Challenges and Sales Performance

We faced some challenges in the implementation and roll-out of our software and hardware solutions. These delays were primarily due to extended lead times in project implementation and the complexities associated with synergy realization within the newly formed group. Despite these hurdles, it is noteworthy that our sales have materialized as planned. This achievement underscores the resilience of our business model and the effectiveness of our growth strategy, highlighting the Group’s positive development trajectory.

Financial Position and Liquidity

The successful financing round completed in 2022/2023, coupled with the increase in sales and the successful acquisitions, has significantly bolstered our financial position. We are pleased to report that the Group expects its liquidity reserves to be secured for at least the next 12 months, even without the necessity for another financing round. Our financial soundness is further supported by local financing partners, including savings banks and cooperative banks, which provide us with long-term financing and endorse our strategic growth objectives.

Future Financing and Acquisitions

To propel our international growth, we have planned additional financing measures for 2023. These measures will enable the issuance of new registered shares from authorized capital to one or more investors. This strategic move is aimed at raising capital to fund our expansion plans. Furthermore, we are planning additional acquisitions and integrations of high-revenue and EBITDA-profitable companies. These targeted acquisitions will further strengthen our financial power and market position, enabling us to continue our growth trajectory.

Risks and Outlook

While we are optimistic about our future, we acknowledge the risks that persist due to the current tense overall economic situation and the restructuring costs associated with establishing a group of companies. Despite these challenges, the Board of Directors sees no significant uncertainty regarding the Group's ability to continue as a going concern. We remain confident in our clear strategy and solid financial foundation, which position us well to navigate these risks.

In conclusion, the Board of Directors is optimistic about the future. With a clear strategy and a robust financial basis, we are convinced that we can continue to grow and further strengthen our market position. We are committed to driving our business forward and delivering value to our stakeholders.

26. Events after the balance sheet date

On 8 August 2024, Christian Legros was appointed to the board of directors. The board currently consists of 5 members, Jonathan Sauppe, Martin Niederberger, Michael Ambros, Andreas Wyss and Christian Legros. No further adjusting or significant non-adjusting events have occurred between the 31 December 2023 and the 26 August 2024.