

**beaconsmind
group**



FREDERIX 
hotspot

Financial Report for 2H 2022 (Short Fiscal Year 2022/2023)

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Short Portrait

Founded in Switzerland in 2015, beaconsmind AG is at the forefront of location-based marketing (LBM) software, WiFi infrastructure systems, and WiFi Guest Hotspots, catering to sectors such as retail chains, hospitality, healthcare, and the public sector. The beaconsmind Group with its subsidiaries under the beaconsmind umbrella is recognized for its expertise in digital transformation, Location-Based Marketing, infrastructure, and Wi-Fi services for SaaS clients. Through intelligent, entirely cloud-based technologies, we deliver tangible added value to our clients, empowering their omnichannel strategies with enhanced success.

By fitting stores with Bluetooth beacons and WiFi Hotspots that precisely locate and identify customers, and by integrating its Software Suite, beaconsmind opens a brand-new channel for retailers to interact with their customers concurrently laying the foundational infrastructure for a digital horizon.

Through its innovative solutions, beaconsmind enables retailers to seamlessly merge digital and in-store shopping experiences, effectively bridging the convenience disparities inherent in each. Beyond offering Software as a Service (SaaS) with beacons and WiFi hotspots tailored for retailers, we extend our solutions to public sectors, hospitality, and healthcare industries. The specialists at beaconsmind are committed to delivering top-tier, dependable infrastructure systems—including LAN, WiFi, Coax, DSL, WAN, and Firewalls—to ensure our clients are primed for the digital future.

Enabling customers to fundamentally transform the shopping experience for customers in physical stores, beaconsmind offers the beaconsmind software suite, coupled with Bluetooth iBeacons and WiFi to be installed at point-of-sale. Our localisation technology and beaconsmind software suite allows our customers to converge digital and physical shopping and create a seamless customer journey.

beaconsmind has been awarded with different prizes since inception that underpin its outstanding product, technological edge, and customer-oriented approach. It was awarded with the Best Enterprise solution prize in 2016 and Best-In-Store Solution and Top Retail Supplier prize in 2017 by Reta Europe. Additionally, it also won a Microsoft BizSpark Plus Program sponsoring from Microsoft.

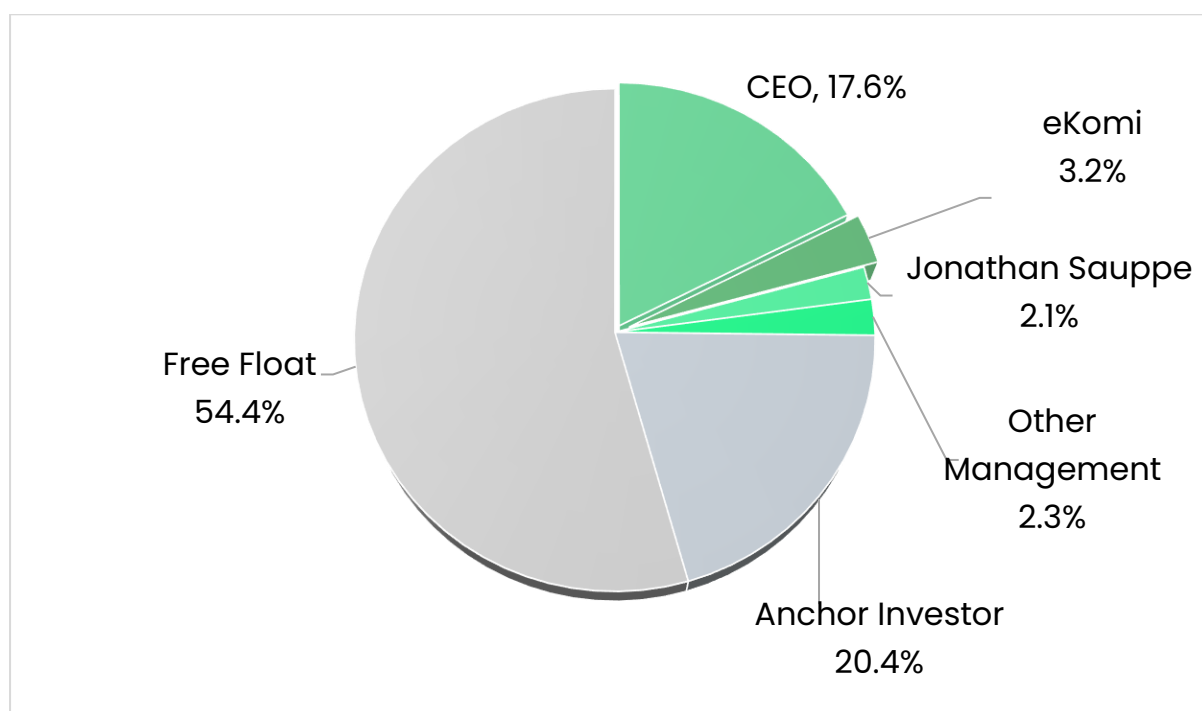
The shares of the company (ISIN: CH0451123589 – Ticker: MLBMD) are listed on the Frankfurt Stock Exchange with XETRA trading and on Euronext in Paris.

For more information, please visit www.beaconsmind.com

beaconsmind Share

Share Class	Ordinary shares
Number of shares	2,844,384 ⁽¹⁾
Market Capitalization	30,150,470 ⁽²⁾
ISIN	CH0451123589
Ticker	A2QN5W

Shareholder Split



Note: (1) As of 31/12/2022 (2) Market Cap of Xetra Stock Exchange as close of 31/12/2022 with share price of EUR 10.60

Balance Sheet as of 31.12.2022

beaconsmind Group AG, Stäfa

CHF	Note	31 Dec 2022	30 June 2022
Assets			
Current assets			
Inventories	9	90'000	90'000
Trade and other receivables	10	202'185	1'306'078
Prepaid expenses and other advances	11	64'631	419'068
Cash and cash equivalents	12	547'026	2'968'898
Total current assets		903'842	4'784'044
Non-current assets			
Advance for investment in subsidiaries	24	2'008'240	-
Property, plant and equipment	6	297'104	353'211
Right-of-use assets	7	347'253	354'238
Intangible assets	8	276'875	276'078
Financial Assets		38'862	41'280
Deferred tax assets	20	14'370	13'251
Total non-current assets		2'982'704	1'038'058
Total assets		3'886'546	5'822'102
Equity and Liabilities			
Current liabilities			
Lease liabilities	7	135'135	130'165
Trade and other payables	18	851'646	1'032'542
Accrued expenses and deferred income	17	602'604	685'584
Total current liabilities		1'589'385	1'848'291
Non-current liabilities			
Employee benefit obligations	16	62'650	66'718
Borrowings	19	18'528	18'528
Lease liabilities	7	233'866	246'000
Total non-current liabilities		315'044	331'246
Total liabilities		1'904'429	2'179'537
Equity			
Share capital	14	284'438	268'888
Capital Reserve	14	16'481'616	14'508'811
Translation reserve		(26'684)	(39'465)
Accumulated losses		(14'757'253)	(11'095'669)
Total equity		1'982'117	3'642'565
Total equity and liabilities		3'886'546	5'822'102

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

Profit and Loss Statement as of 31.12.2023

beaconsmind Group AG, Stäfa

Consolidated statement of profit or loss

CHF	Note	1 July 2022- 31 Dec 2022 (6 Months)	1 July 2021- 30 June 2022 (12 Months)
Net Revenue	2	553'049	1'987'242
Direct cost	3	(95'121)	(196'105)
Personnel expenses	4	(1'304'931)	(1'580'931)
Other operating expenses	4	(2'330'721)	(2'456'504)
Loss before interest, taxes, depreciation and amortisation (EBITDA)		(3'177'724)	(2'246'298)
Depreciation, amortisation and impairment	21	(404'867)	(219'700)
Loss before interest and taxes (EBIT)		(3'582'591)	(2'465'998)
Financial income	5	18'513	40'064
Financial expenses	5	(99'593)	(73'211)
Loss before income taxes		(3'663'671)	(2'499'144)
Income tax reversal/(expense)	20	2'086	(7'283)
Loss for the period		(3'661'586)	(2'506'427)
Earnings per share			
Earnings and diluted earnings per share	23	(1,35)	(1,04)

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

Management report

The report is regarding the short fiscal year 2022/2023 (30/06/22 – 31/12/22) and this will be the last report of beaconsmind AG in which the fiscal year and calendar year are different. The financial year of beaconsmind Group will be changed from 01st July – 30th June to 01st January – 31st December. These financial statements are prepared for the 6 months period from 1st July 2022-31st December 2022, whereas the comparative figures are for the 12 months period from 1st July 2021-30th June 2022. Therefore, the figures may not be comparable.

A. Company Fundamentals

I. Business Activities

The business model has been strengthened by FREDERIX acquisitions that have been concluded in the second half year of 2022. This acquisition is expected to be accretive for the financial profile of the company, which will be reflected in the first half year results of 2023.

II. Market and Portfolio

Through the strategic acquisitions of Frederix, beaconsmind AG has substantially bolstered its WiFi Hotspot division, infrastructure, and Software as a Service (SaaS) segment. Frederix brings significant and growing customer relationships into the group. Specifically, Frederix enhances the WiFi profile by contributing extensive expertise in WiFi services and network infrastructure, thereby reinforcing beaconsmind's overall prowess.

The Management at beaconsmind anticipates robust synergies emerging from these acquisitions, attributed to their complementary business models and substantial potential for upselling and cross-selling, which will materialize progressively.

Moreover, in our continuous effort to innovate and simplify digital transformation for our retail clients, we have recently developed a new white-label app specifically designed for location-based marketing. This cutting-edge application, crafted over the past few months, features an integrated customer loyalty program, making it even more convenient for retail clients to navigate their digital transition. By offering a customizable platform that retailers can adapt to their branding while leveraging sophisticated location-based technologies, we are further empowering them to engage with their customers in a more personalized and efficient manner. This development underscores our dedication to facilitating our clients' digital journeys and enhancing their customer engagement strategies through innovative technological solutions.

B. Special Events

During the 6 months period ended 31 December 2022, beaconsmind advanced an amount of CHF 2'008'240 to acquire 51% of the share capital of Frederix GmbH, a market leading Hotspot provider with a large and international customer base mainly from retail and real estate

industry. The Group considers that this acquisition will allow beaconsmind to further develop the product offering and at the same time open direct contacts to the Frederix customer base in order to win the Frederix customers also for the beaconsmind AG location-based marketing solution. Frederix itself acquired 100% of the shares of Ingenieurbüro Netopsie helping to further grow its Hotspot business.

The closing of this transaction was executed on February 2nd, 2023, and therefore the financial results of the subsidiary Frederix GmbH for the 6 months period from June to December 2022 were not considered for consolidation of these financial statements.

C. Financial situation

Summary

The negative (post-COVID) impact of the Corona pandemic (COVID-19 crisis) on the group's business activities was still felt in the financial year 2022. There was a delay in the implementation and roll-out of the group's software and hardware solutions mainly due to budget allocations and project pauses on the part of anchor customers, which is why the roll-out operations materialized less strongly than planned. The impact of the Ukraine conflict and the unstable market situation, primarily in Europe on the group should also be highlighted. Following the start of the conflict in the first quarter of 2022, roll-out operations for existing anchor customers in the Ukraine and Russian markets had to be discontinued.

Therefore, the annual result is below budget expectations. The group's cash and cash equivalents as of 31 December 2022 were mostly consumed in the months after the balance sheet date due to the still negative operating cash flow. 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 can generate positive operating cash flows.

The Board of Directors expects that the capital required for the continuation of the group has been contributed to the meantime and that the entity will reach sufficient profitability levels until the end of 2023 to fund the needs of the operating business. Especially as significant cost measures have been taken to reduce the cost structure. For this reason, the Board of Directors has prepared the financial statements on a going concern basis.

Earnings position

In the second half of 2022, the beaconsmind Group AG achieved revenues of CHF 553k. The group posted an EBITDA of -3.2 million for the reporting period

The cost of purchased goods and services amounted to CHF 95k. The decrease is mainly stemming from cost-cutting strategies applied in beaconsmind AG.

Balance Sheet

Total assets as of 31 December 2022 stood at CHF 3.9MM which marks a decrease of 1.9MM compared to the period ending in June 2022. The decrease is a result of COVID lock down. The Group posted a cash position of 0.5MM as of 31 December 2022. Trade receivables decreased to 0.2MM (CHF 1.3 MM, June-22).

On the liability side, it is worth noting that trade payables have been reduced to CHF 0.9MM driven by cost cutting strategy. Furthermore, borrowing stood at CHF 19k, which is minimal.

Capital reserves as of December 2022 stood at CHF 16.5MM (CHF 14.5MM June-22). The total equity position decreased from CHF 3.6MM (June-22) to 2.0MM driven by bad macro-economic post-COVID situation

D. Opportunities, Risks and Outlook

Opportunities

- Operational Integration and Synergies Through New Product Offering

beaconsmind Group is expected to grow via multiple layers of growth including organic, internationalization and new vertical expansion growth. Conservative and stable organic growth within the customer base with high single digits is expected over the upcoming years. beaconsmind Group further expands its vertical across multiple layers through acquisitions, including POS expansion, Hotspots Expansion, and Infrastructure expansion. Currently beaconsmind Group has a dominant focus in the German and European market and further internationalization is expected with growth in new regions/countries like Middle East. Furthermore, cross-selling and up-selling of newly acquired products are expected across the new customer base.

- Internationalization through Dubai Franchise Enabler

The institutionalization of the Dubai franchise enabler is a pivotal development in the Group's internationalization strategy. This initiative is particularly significant for recent acquisitions like Frederix, which until now hasn't had a presence in the Middle East region. The establishment in Dubai presents enormous opportunities for growth, allowing these entities to tap into a vibrant, burgeoning market. This move not only diversifies their market reach but also creates a conduit for the introduction of our comprehensive suite of services to a new, high-potential customer base. The strategic positioning in Dubai serves as a linchpin for the Group's expansion efforts, providing a gateway to untapped markets and a multitude of growth opportunities in the region and beyond.

- Value Creation from Add-on Acquisitions

The strategic add-on acquisitions are integral to the Group's value creation, especially evident in the diversification and expansion of our product portfolio. These acquisitions have allowed us to offer a broader, more comprehensive range of products and services that address a wider array of client needs. Particularly, the integration of new entities has enriched our offerings, allowing clients to benefit from a one-stop solution, enhancing customer experience, and positioning us as a full-service provider. This expanded product portfolio not only stands as a testament to our Group's growth but also enhances our market appeal, providing a competitive edge and setting the stage for increased revenue opportunities. A dynamic M&A strategy stands at the forefront of our plan for sustained growth. By identifying and integrating valuable acquisitions, we're poised to expand our business portfolio, enter new markets, and tap into fresh revenue potentials.

This strategic amalgamation of technology enables us to offer a more comprehensive, end-to-end customer journey. It allows clients to navigate through our ecosystem, from initial onboarding to advanced utilization, with ease and efficiency. By catering to a wide spectrum of customer needs and touchpoints, we are positioned to deepen client engagement, foster loyalty, and drive sustainable growth through repeat business and referrals. The breadth and depth of the customer journey we now address underscore our commitment to delivering not just products, but complete solutions that resonate with and create value for our clients.

Risks

Effective Integration of Acquisitions and Internal Processes

The seamless integration of new add-on acquisitions and the expedited advancement of internal processes are pivotal to unleashing anticipated synergies and maintaining operational coherence. The complexity of merging new entities into our existing structure presents considerable challenges, from aligning corporate cultures to integrating operational systems and processes. Swift and strategic integration is essential to prevent disruption, maximize the potential of our expanded capabilities, and deliver on the promise of these investments. Any delay or inefficiency not only hinders our immediate performance but also poses long-term risks to innovation and market responsiveness, potentially ceding advantages to competitors. By recognizing these risks, we underscore the necessity for a structured, agile approach to our integration strategies, ensuring that we capture the full value of our acquisitions while sustaining momentum in our ongoing operations.

Geopolitical Instabilities

The ongoing conflict in Ukraine and the resulting instability in the market, especially in Europe, pose significant risks. This volatile environment could affect supply chains, consumer confidence, and overall market stability, potentially impacting our operational efficiency and profit margins.

Speed of Digital Transformation

The pace of digital transformation is another significant risk factor, as delays can lead to a loss of competitive edge. It's crucial that we and our clients adapt swiftly to digital changes to capitalize on market opportunities and maintain relevance in a rapidly evolving digital landscape.

Economic Climate in Central Europe

Despite the current subdued economic atmosphere in Central Europe, our industry, particularly the IT sector, continues to witness robust investment trends. Sectors such as Retail, Healthcare, and Public Services are on the cusp of substantial digital transformation programs. This paradigm shift not only buffers us against broader economic headwinds but also heralds significant growth opportunities. The urgency for digitalization across these sectors is accelerating, driven by the need for efficiency, customer-centric solutions, and innovative service delivery. This climate presents us with a fertile landscape for expansion and the chance to position ourselves as integral partners in our clients' digital transformation journeys. By leveraging our expertise and solutions in these burgeoning areas, we foresee a future replete with possibilities, allowing us to thrive even amidst general economic uncertainties.

In accordance with its risk policy, beaconsmind AG only takes on risks that are unavoidable in the context of value creation, but which can be controlled. An internal control system (ICS) is established and in use in the company and is periodically adjusted based on the given dynamics. beaconsmind AG also regularly reviews its business objectives, processes, and control measures. Despite regular review and further development of risk management, risks cannot be completely excluded.

Outlook

After the balance sheet date of December 2022, measures were taken to provide the Group with further growth capital. In order to provide the Group with further growth capital, additional financing measures have been realized by the Group in a first follow-on financing in the form of a shareholder loan in the amount of EUR 1m. Additional growth capital of EUR 3'412'062.50 based on two capital increases which new registered shares in the months of March and April 2023. A third capital increase has been successfully executed on 23 August 2023 for a total amount of EUR 1.5m.

Above that, the Board of Directors states that further capital increases are to be carried out if needed. New shares shall be issued through conditional capital or, if necessary, authorized capital or via the capital band of the group based on the revised articles of association of the group companies.

Stäfa, 5 September 2023

The Board of Directors

Additional Information

Disclaimer

This report contains forward-looking statements based on the current assessments and forecasts of the board of directors, as well as the currently available market information. These forward-looking statements should not be interpreted as guarantees of expected developments and results.

Instead, future developments and results are subject to a variety of risks and uncertainties and are based on assumptions that may prove to be incorrect. We do not undertake any obligation to update these forward-looking statements.

Neither the company nor any of its affiliated entities shall be liable for losses arising directly or indirectly from the use of this report.

Mathematical Roundings

Percentage figures and numbers in the tables, graphics, and text of this report may contain rounding differences for computational reasons.

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Impressum

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