Swiss Auditors

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SWISSNET AG, BERG
(FORMERLY BEACONSMIND AG, WOLLERAU)

INDEPENDENT AUDITOR'S REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS
FROM 1 JANUARY 2024 TO 31 DECEMBER 2024

swa
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Independent Auditor's Report
To the Board of Directors of swissnet AG, Berg
(formerly beaconsmind AG, Wollerau)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of swissnet AG and its subsidiaries (the Group), which comprise the statement of consolidated financial position as at 31 December 2024, the consolidated statement of profit or loss from 1 January 2024 till 31 December 2024 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 2024 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.

Emphasis of matter

The annual financial statements for the previous year have not yet been approved by the Annual General Meeting.

Further we are not elected by the Annual General Meeting as Group Auditors for the year 2024.

We assume that the consolidated financial statements for 2023 in the form audited by us in our report dated 26.08.2024 will be approved the annual and we will be elected as Group Auditors for the year 2024. A non-approval or a non-election could have an impact on the consolidated financial statements.

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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 444'000
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 companies in Switzerland, Germany and United Arab Emirates whereby the German entities are the most significant to the group. Therefore, the significant companies are subject to a full scope audit by local auditors and in accordance with the audit instructions.

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: 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. **Acquisitions (Business combinations)** The financial statements include financial assets from acquired businesses in 2023. We consider the recognition and measurement	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 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.

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Key audit matters	How our audit addressed the key audit matters
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. The accounting policies regarding business combination and goodwill are further outlined in note 3.1 of the financial statements.	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.

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 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.

SWA Swiss Auditors AG

Franco Straub

Franco A. Straub
Licensed Audit expert
Auditor in charge

B. Frei

Beat Frei
Licensed Audit expert

Pfaeffikon/SZ, 30. June 2025

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SWISSNET AG
(formerly beaconsmind AG)
BERG, SWITZERLAND

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 CHF	2023 CHF
Revenue	4	13'066'134	6'011'178
Other income		510'895	160'702
Direct cost	5	(4'426'070)	(1'238'215)
Personnel expenses	6	(4'902'367)	(3'927'391)
Other operating expenses	7	(3'742'002)	(2'841'274)
Earnings before interest, taxes, depreciation amortisation and impairment (EBITDA)		**506'590**	**(1'835'000)**
Depreciation, amortisation and impairment	23	(1'902'368)	(1'631'588)
Operating profit / (loss)		**(1'395'778)**	**(3'466'588)**
Financial income	8	147'439	2'989
Financial expenses	8	(740'115)	(802'520)
Profit / (loss) before tax		**(1'988'454)**	**(4'266'119)**
Income tax	22	1'252'461	(44'069)
Profit / (loss) for the year		**(735'993)**	**(4'310'188)**
Profit / (loss) attributable to:			
Non-controlling interests	28	51'323	30'108
Owners of the Group		(787'316)	(4'340'296)
		(735'993)	**(4'310'188)**
Earnings per share			
Basic and diluted earnings per share	25	(0.1558)	(1.2048)

The attached notes 1 to 31 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 CHF	2023 CHF
Profit / (loss) for the year		(735'993)	(4'310'188)
Other comprehensive income/ (loss)			
Items that will not be reclassified to profit or loss:			
Exchange differences on translating foreign operations		35'575	(298'989)
Total comprehensive (loss) for the year		**(700'418)**	**(4'609'177)**
Total comprehensive income / (loss) for the year attributable to:			
Non-controlling interests	28	51'734	20'966
Owners of the Group		(752'152)	(4'630'143)
		(700'418)	**(4'609'177)**

The attached notes 1 to 31 form part of these consolidated financial statements.

SWISSNET AG
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BERG, SWITZERLAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	2024 CHF	2023 CHF
Assets			
Non-current assets			
Goodwill	9	2'922'847	2'922'847
Intangible assets	10	10'122'296	10'974'625
Property, plant and equipment	11	615'534	993'476
Right-of-use assets	12.1	329'132	409'392
Financial assets		-	27'891
Deferred tax assets	22	1'701'473	-
Non-current assets		**15'691'282**	**15'328'231**
Current assets			
Inventories	13	419'844	501'919
Trade and other receivables	14	2'839'495	2'721'684
Prepayments and other receivables	15	1'435'921	32'418
Cash and cash equivalents	16	4'396'406	754'533
Current assets		**9'091'666**	**4'010'554**
Total assets		**24'782'948**	**19'338'785**
Equity and liabilities			
Share capital	17.1	554'933	469'933
Capital reserve	17.2	31'119'311	26'874'104
Equity share based payment reserve	29	85'302	-
Translation reserve		(281'367)	(316'531)
Accumulated losses		(20'883'805)	(20'093'903)
Equity attributable to owners of the Group		**10'594'374**	**6'933'603**
Non-controlling interests	28	241'506	189'772
Total equity		**10'835'880**	**7'123'375**
Liabilities			
Non-current liabilities			
Borrowings	21	6'549'704	6'416'287
Employee benefit obligations		62'650	62'650
Lease liabilities	12.2	156'229	181'881
Deferred tax liabilities	22	2'467'582	2'190'750
Total non-current liabilities		**9'236'165**	**8'851'568**
Current liabilities			
Borrowings	21	1'068'410	873'703
Trade and other payables	19	1'833'017	1'026'711
Accruals and other liabilities	20	1'618'345	1'209'555
Lease liabilities	12.2	191'131	253'873
Total current liabilities		**4'710'903**	**3'363'842**
Total liabilities		**13'947'068**	**12'215'410**
Total equity and liabilities		**24'782'948**	**19'338'785**

The attached notes 1 to 31 form part of these consolidated financial statements.

SWISSNET AG
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BERG, SWITZERLAND

CONSOLIADTED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

Year to 31 December 2024	Share capital CHF	Capital reserve CHF	Equity share based payment reserve CHF	Translation reserve CHF	Accumulated losses CHF	Total attributable to owners of the Group CHF	Non-controlling interests CHF	Total equity CHF
Balance at 31 December 2023	**469'933**	**26'874'104**	**-**	**(316'531)**	**(20'093'903)**	**6'933'603**	**189'772**	**7'123'375**
Cumulative effect of adoption of IFRS 16	-	-	-	-	(2'586)	(2'586)	-	(2'586)
Issue of share capital	85'000	4'245'207	-	-	-	4'330'207	-	4'330'207
Issue of stock options	-	-	85'302	-	-	85'302	-	85'302
Transactions with owners	**85'000**	**4'245'207**	**85'302**	**-**	**(2'586)**	**4'412'923**	**-**	**4'412'923**
Profit/ (loss) for the year ended December 2024	-	-	-	-	(787'316)	(787'316)	51'323	(735'993)
Other comprehensive loss, net of tax	-	-	-	35'164	-	35'164	411	35'575
Balance at 31 December 2024	**554'933**	**31'119'311**	**85'302**	**(281'367)**	**(20'883'805)**	**10'594'374**	**241'506**	**10'835'880**

Year to 31 December 2023	Share capital CHF	Capital reserve CHF	Equity share based payment reserve CHF	Translation reserve CHF	Accumulated losses CHF	Total attributable to owners of the Group CHF	Non-controlling interests CHF	Total equity CHF
Balance at 31 December 2022	**284'438**	**16'481'616**	**-**	**(26'684)**	**(14'757'253)**	**1'982'117**	**-**	**1'982'117**
Dividends	-	-	-	-	(103'219)	(103'219)	-	(103'219)
Issue of share capital	185'495	10'392'488	-	-	-	10'577'983	-	10'577'983
Acquisition of an additional stake after gaining control over Frederix	-	-	-	-	(893'135)	(893'135)	168'806	(724'329)
Transactions with owners	**185'495**	**10'392'488**	**-**	**-**	**(996'354)**	**9'581'629**	**168'806**	**9'750'435**
Profit / (loss) for the year ended 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)
Balance at 31 December 2023	**469'933**	**26'874'104**	**-**	**(316'531)**	**(20'093'903)**	**6'933'603**	**189'772**	**7'123'375**

The attached notes 1 to 31 form part of these consolidated financial statements.

SWISSNET AG
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BERG, SWITZERLAND

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 CHF	2023 CHF
OPERATING ACTIVITIES			
Loss before taxes		**(1'988'454)**	**(4'266'119)**
Adjustments for:			
Depreciation, amortisation and impairment	23	1'902'368	1'631'588
Interest expenses		723'413	455'327
Other non-cash items		61'850	(205'869)
Net changes in Working Capital:			
Changes in trade and other receivables		(117'811)	(121'524)
Changes in prepayments and other receivables		(1'403'503)	(32'213)
Changes in inventories		82'075	(36'184)
Changes in trade and other payables		806'306	(929'695)
Changes in accruals and other liabilities		408'790	380'055
Net cash from / (used in) operating activities		**475'034**	**(3'060'208)**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	(79'224)	(165'139)
Sale proceeds from property, plant and equipment	11	208'286	14'455
Increase in financial assets		27'891	10'971
Purchase of intangible assets	10	(460'879)	(665'855)
Acquisition of subsidiaries, net of cash acquired	26	-	(7'107'235)
Acquisition of an additional stake after gaining control over Frederix GmbH	26	-	(475'000)
Income tax (payments)	22	(211'636)	(191'499)
Net cash used in investing activities		**(515'562)**	**(8'579'302)**
FINANCING ACTIVITIES			
Increase in share capital	17.1	85'000	112'995
Increase in capital reserve	17.2	4'245'207	6'303'234
Increase in equity share based payment reserve		85'302	-
Interest paid		(723'413)	(436'062)
Dividend paid		-	(103'219)
Increase in borrowings		328'124	6'479'873
Payment of lease liabilities	12.2	(337'819)	(290'557)
Net cash generated from financing activities		**3'682'401**	**12'066'264**
Effect of currency translation on cash and cash equivalents		-	(219'247)
Net increase in cash and cash equivalents		3'641'873	207'507
Cash and cash equivalents at the beginning of the year		754'533	547'026
Cash and cash equivalents at the end of the year	16	**4'396'406**	**754'533**

The attached notes 1 to 31 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

1 General information

As of 31 December 2024, the Group operated under the name Beaconsmind AG and was primarily engaged in location-based marketing software solutions. Its registered office and principal place of business at that date was located at Samstagernstrasse 41, 8832 Wollerau, Switzerland.

On 10 January 2025, Beaconsmind AG merged with Swissnet AG, and following the acquisition of Swissnet AG, beaconsmind AG changed its name in accordance with the merger agreement dated January 21, 2025, and the corresponding entry in the commercial register. As such, the correct name of the company at the time of preparing these consolidated financial statements is “Swissnet AG.” However, for reference to the financial year ending December 31, 2024, the Group still operated under the name Beaconsmind ag. The company number CHE-206.335.836 remains unchanged. Subsequently, on 25 January 2025, the headquarters of the newly formed Swissnet AG was officially relocated to Berg, in the canton of Thurgau, Switzerland (refer note 31)

Swissnet AG (formerly known as Beaconsmind AG) and its subsidiaries (together, “the Group” or “Swissnet Group”) are a diversified provider of digital and ICT solutions. The Group’s activities include ICT infrastructure and services under the Swissnet brand in Switzerland, as well as AI-powered concierge and guest engagement solutions offered through Advanced Digital Technology DWC-LLC (“Lokalee”).

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 27th June 2025.

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.

2 Statement of compliance with IFRS and adoption of new or amended standards

2.1 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.

The principal accounting policies that have been applied consistently by the Group is presented in Note 3. The preparation of the consolidated 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.

2.2 Note on Change in Presentation of Financial Statements

In accordance with IAS 1 *Presentation of Financial Statements*, the Company has revised the presentation of its financial statements, effective for the financial year ending 31 December 2024. These changes are aimed at improving the clarity, relevance, and comparability of the financial information in line with IFRS requirements.

Key changes include:

Balance Sheet (Assets): In the current year, the asset side of the balance sheet starts with non-current assets then followed with current assets, whereas in the prior year, it began with current assets then followed with non - current assets.

Balance Sheet (Equities and Liabilities): In the current year, the equity section is presented first, followed by non-current liabilities and then current liabilities. In the previous year, the liabilities section started with current liabilities then followed by non-current liabilities and then the equity section.

As a result of these changes, certain comparative figures have been reclassified to align with the current year’s presentation. These adjustments are purely presentational in nature and do not affect the Company’s previously reported profit, total comprehensive income, or equity.

2 Statement of compliance with IFRS and adoption of new or amended standards (Continued)

2.3 New and amended IFRS standards adopted by the group

The Group applied changes in standards, amendments and interpretations that became effective 1 January, 2024. None of these changes had a material effect on the financial statements of the Group.

- Amendments to IAS 1 Presentation of Financial Statements – Classification of liabilities as current or non-current and non-current liabilities with covenants. The amendments provide clarification when an entity should classify liabilities as current or non-current and introduce new disclosure requirements for non-current liabilities that are subject to future covenants.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosure of supplier finance arrangements. The amendments introduce new requirements for supplier finance arrangements that should allow users to assess the impact of such agreements on an entity's liabilities, cash flows and liquidity risk.
- Amendments to IFRS 16 Leases – Lease liability in a sale and leaseback. The amendments provide further clarification how the lease liability should be measured by a seller-lessee.

2.4 New and revised IFRS standards in issue but not yet effective

The following new or amended standards will become effective in future periods. The group does not expect these to have a material impact on the consolidated financial statements, with the exception of IFRS 18 that will require a different presentation of the Company's consolidated statement of profit and loss.

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability (effective 1 January, 2025). The amendments provide guidance for the assessment if a currency is exchangeable into another currency and how to determine the spot exchange rate in case a currency is not exchangeable.
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosure – Classification and measurement of financial instruments (effective 1 January 2026). The amendments include clarification about the date on which a financial liability is derecognised in case of a settlement via electronic cash transfers, as well as clarification about the classification of financial assets with features linked to environmental, social and corporate governance (ESG).
- IFRS 18 Presentation and Disclosure in Financial Statements (effective 1 January 2027). The new standard introduces new requirements to the presentation structure of the financial statements as well as additional disclosure requirements.
- IFRS 19 Subsidiaries with Public Accountability: Disclosures (effective 1 January 2027)

3 Material accounting policies and estimates

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2024. The financial statements of the subsidiaries included in the preparation of these consolidated financial statements, are prepared for the same reporting date as the Group. Consistent accounting policies are applied to like transactions and events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

3 Material accounting policies and estimates (Continued)

3.1 Basis of consolidation (Continued)

- The contractual arrangements with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Assets acquired and liabilities assumed are measured at their acquisition-date fair values. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of the subsidiary to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non- controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value. When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in the consolidated statement of comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to the consolidated statement of comprehensive income or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an equity accounted investment.

An overview of the subsidiaries is included in Note 26.

3.2 Revenue

Revenue is recognised 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. <u>Revenue from sales of beacons and SaaS subscriptions</u>

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-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.

3 Material accounting policies and estimates (Continued)

3.2 Revenue (Continued)

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. <u>SaaS licensing revenue</u>

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. <u>Services revenue</u>

The Group offers further services in the form of content management for the custom software programming such as for interfaces between the Swissnet 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. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment, excluding discounts. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent and has concluded that it is acting as a principal in majority of its revenue arrangements, because the Group typically controls the goods or services before transferring to the customers.

3.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs

3.4 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

3 Material accounting policies and estimates (Continued)

3.5 Foreign currencies

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:

	Average rate		Closing rate	
Currency	**1 Jan 24 - 31 Dec 24**	**1 Jan 23 - 31 Dec 23**	**31 Dec 24**	**31 Dec 23**
EUR	0.9523	0.9717	0.9384	0.9297
USD	n/a	n/a	n/a	0.8416
CNY	n/a	n/a	n/a	0.1187
AED	0.2402	0.2445	0.2467	0.2292

3.6 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 consolidated 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.

3.7 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 capitalised 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. This amount is depreciated over the estimated useful life, which the Group determines as follows per the respective classes of property, plant and equipment:

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

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 recognised 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.

3.8 Intangible assets

Upon acquisition, an intangible asset is capitalised 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 amortisation 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 amortised on a straight-line basis over their useful lives. The intangible assets of the Group comprises of software and customer relationships. The software was developed by third parties and through internal resources. The customer relationships are recognised at fair value based on the business combination. The useful lives of the intangible assets which are in the nature of software are estimated to be between 3 to 5 years and the customer relationships are estimated to be between 8-10 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 amortisation 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.

3 Material accounting policies and estimates (Continued)

3.9 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill and intangible asset that has an indefinite useful life or is not yet available for use has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to the cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

3.10 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 287'842 CHF (year ended 31 December 2023 – 295'809 CHF) were recorded during the year presented.

The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses (ECL), unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime expected credit losses (ECL).

A financial asset is considered in default by the Group when the contractual payments are past due. However, in certain cases, a financial asset may be considered to be in default when internal or external information indicates that it is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the statement of comprehensive income.

At each reporting date, the Group assesses if there is any indication of impairment of non-financial assets. If an indication exists, the Group estimates the recoverable amount of the assets and recognizes an impairment loss in the consolidated statement of profit and loss. The Group also assesses if there is any indication that an impairment loss recognised in prior years no longer exists or has reduced. The resultant impairment loss or reversals are recognised immediately in the consolidated statement of profit and loss.

3 Material accounting policies and estimates (Continued)

3.11 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.

Some lease contracts contain both lease and non-lease components. These non-lease components are usually associated with facilities management services at offices and servicing and repair contracts in respect of motor vehicles. The Group has elected to not separate its leases for offices into lease and non-lease components and instead accounts for these contracts as a single lease component. For its other leases, the lease components are split into their lease and non-lease components based on their relative stand-alone prices.

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.

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

3.12 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 purpose of the statement of cash flows

3.13 Financial assets

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

3.14 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 amortised 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 financial liability.

3 Material accounting policies and estimates (Continued)

3.15 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued. Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Translation reserve comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into CHF. All transactions with owners of the parent are recorded separately within equity.

3.16 Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans are cash-settled. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (eg profitability and sales growth targets and performance conditions).

4

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

3.17 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.

3.17 Business combination and goodwill (Continued)

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 26. The corresponding goodwill value is recognised 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

3.18 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 recognised in the statement of profit or loss, associated tax effects are also recognised in the statement of profit or loss. The tax effects of items recognised directly against equity or in other comprehensive income are themselves recognised against equity or in other comprehensive income.

The liability method is used in accounting for deferred tax. This means that deferred tax is recognised 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 recognised 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.

3.19 Accounting estimates and judgments

The preparation of these 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 recognised 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 material 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.

3.19 Accounting estimates and judgments (Continued)

- 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 30 explains why the consolidated financial statements are prepared on a going concern basis.

4 Revenue and segment reporting

The table below illustrates the disaggregation of recognised revenue by their nature as represented by the offered products and services	2024 CHF	2023 CHF
Services revenue	8'156'844	4'752'737
SaaS licensing and subscription revenue	4'909'290	1'258'441
Total revenue from sales and services	**13'066'134**	**6'011'178**

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 localisation 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-wise 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	2024 CHF	2023 CHF
Client A	1'128'724	527'931
Client B	608'850	256'581
Client C	496'267	167'264
Client D	318'826	145'922
Total of top 4 customers	2'552'667	1'097'698
Other customers	10'513'467	4'913'480
Total revenue from sales and services	**13'066'134**	**6'011'178**

c. Revenue by geographical region	2024 CHF	2023 CHF
DACH region	12'834'093	4'808'942
Other European region	150'000	1'177'148
Rest of the world	82'041	25'088
Total revenue from sales and services	**13'066'134**	**6'011'178**

5 Direct costs

	2024 CHF	2023 CHF
Material expenses	2'682'491	900'966
Services purchased	1'647'455	604'711
Inventory change	81'276	(281'984)
Other direct costs	14'848	14'522
Total	**4,426,070**	**1'238'215**

6 Personnel expenses

	2024 CHF	2023 CHF
Salary and other staff expenses	3’832’453	3'348'126
Social security charges	772'723	561'425
Employee stock options expenses	85'302	-
Other personnel expenses	211'889	17'840
Total	**4'902'367**	**3'927'391**

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

7 Other operating expenses

	2024 CHF	2023 CHF
Consulting expenses	1'082'955	798'576
Selling and marketing expenses	724'646	430'667
Office related expenses	326'065	255'804
Allowance for expected credit losses (note 14)	287'842	295'809
Revision costs	222'932	-
Utilities	539'199	453'765
Travel expenses	117'271	114'345
Repairs and Maintenance	131'918	-
Professional fees	205'380	277'460
Allowance for impairment of inventory	-	65'000
Other expense	103'794	149'848
Total	**3'742'002**	**2'841'274**

8 Financial income and expenses, net

	2024 CHF	2023 CHF
Financial income		
Interest income	71'598	278
Financial income	75'240	--
Foreign exchange gains	601	2'711
Total	**147'439**	**2'989**
Financial expenses		
Interest expense long-term accounts payable	361'985	-
Interest expenses and bank charges	338'245	436'340
Interest expenses on lease liabilities	16'702	19'265
Interest on current account	18'996	-
Ancillary costs of financial transactions	4'187	-
Foreign exchange losses	-	346'915
Total	**740'115**	**802'520**
Net financial expenses	**592'676**	**799'531**

9 Goodwill

	2024 CHF	2023 CHF
Balance at 1 January	2'922'847	-
Acquired through business combination	-	2'922'847
Carrying amount at 31 December	2'922'847	2'922'847

In the previous year, the Group recognised goodwill amounting to CHF 2'922'847 as a result of its acquisition of subsidiaries (Note 26). The goodwill recognised represents the excess of the purchase consideration over the fair value of the net identifiable assets acquired.

The Group tests cash-generating units (CGUs) with goodwill annually for impairment, or more frequently if there is an indication that a CGU to which goodwill has been allocated may be impaired. For the purpose of annual impairment testing, goodwill is allocated to the following CGU and is expected to benefit from the synergies of the business combinations in which the goodwill arises as set out below, and is compared to its recoverable value

Particulars	**Details**
CGU	Marketing technology services
Related acquisitions of Companies	Socialwave, Frederix, Lindentor
Carrying amount of goodwill	CHF 2'922'847

a. Key assumptions used for value in use calculations

CGU	Measurement basis	Projection period	Terminal Growth Rate	Pre-tax Discount Rate (WACC)	Basis for Assumptions
Marketing technology services	Value in use	5 years	1.5%	7.57%	Based on historical performance and forecasted digital marketing demand

b. Sensitivity analysis on CGU – Marketing technology services

Sensitivity Scenario	Outcome	Impairment risk
+1.0% in WACC	Recoverable amount exceeds carrying value	Low
-0.5% in terminal growth rate	Recoverable amount exceeds carrying value	Low

Based on the assumptions applied and the results of the sensitivity analysis, the recoverable amount of the Marketing technology services, CGU exceeds its carrying amount as of 31 December 2024. As a result, no impairment of goodwill has been recognised for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT 31 DECEMBER 2024

10 Intangible assets

	Customer relationships	IT software	Total
Year to 31 December 2024	CHF	CHF	CHF
Gross carrying amount			
Balance at 1 January 2024	11'531'974	1'036'531	12'568'505
Additions during the year 2024	-	460'879	460'879
Balance at 31 December 2024	11'531'974	1'497'410	13'029'384
Accumulated amortisation			
Balance at 1 January 2024	708'932	884'948	1'593'880
Amortisation during the year 2024 (note 23)	1'192'720	120'488	1'313'208
Balance at 31 December 2024	1'901'652	1'005'436	2'907'088
Carrying amount at 31 December 2024	**9'630'322**	**491'974**	**10'122'296**

	Customer list	IT software	Total
Year to 31 December 2023	CHF	CHF	CHF
Gross carrying amount			
Balance at 1 January 2023	-	765'204	765'204
Additions during the year 2023	11'531'974	271'327	11'803'301
Balance at 31 December 2023	11'531'974	1'036'531	12'568'505
Accumulated amortisation			
Balance at 1 January 2023	--	488'329	488'329
Amortisation during the year 2023 (note 23)	708'932	396'619	1'105'551
Balance at 31 December 2023	708'932	884'948	1'593'880
Carrying amount at 31 December 2023	**10'823'042**	**151'583**	**10'974'625**

- During the current year the Group has recognised the internally developed software costs, amounting to CHF 460’879. These costs are directly attributable to the development phase of the software and have met all the recognition requirements as per IAS 38. These intangible assets are estimated to have a useful life between 3-5 years.
- Customer relationships originate from the acquisitions of Frederix, Socialwave, and Lindentor entities (Note 26). These intangible assets are estimated to have a useful life between 5-10 years

11 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 were as follows during the reporting year:

Year to 31 December 2024	Leasehold improvements CHF	Office equipment CHF	IT hardware CHF	Motor vehicle CHF	Land & Building CHF	Total CHF
Gross carrying amount						
At 1 January 2024	250'401	138'377	616'152	87'039	199'690	1'291'659
Additions	-	27'494	14'748	36'982	-	79'224
Disposals	-	-	(8'438)	-	(204'628)	(213'066)
Exchange difference	9'696	(12'158)	24'390	1'269	4'938	28'135
At 31 December 2024	260'097	153'713	646'852	125'290	-	1'185'952
Accumulated depreciation						
At 1 January 2024	89'800	60'362	148'020	-	-	298'182
Depreciation (note 23)	49'170	18'228	178'658	30'767	4'780	281'603
Disposals	-	-	-	-	(4'780)	(4'780)
Exchange difference	(1'288)	(425)	(2'874)	-	-	(4'587)
At 31 December 2024	137'682	78'165	323'804	30'767	-	570'418
Carrying amount as at 31 December 2024	**122'415**	**75'548**	**323'048**	**94'523**	**-**	**615'534**

Year to 31 December 2023	Leasehold improvements CHF	Office equipment CHF	IT hardware CHF	Motor vehicle CHF	Land & Building CHF	Total CHF
Gross carrying amount						
At 1 January 2023	275'762	61'213	30'497	-	-	367'472
acquisitions through business combinations (Note 26)	-	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						
At 1 January 2023	44'519	17'680	8'168	--	--	70'367
Depreciation (note 23)	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	148'021	--	--	298'183
Carrying amount at 31 December 2023	**160'601**	**78'015**	**468'131**	**87'039**	**199'690**	**993'476**

- No property, plant and equipment were pledged as security against any of the Group's liabilities as at 31 December 2024 and as at 31 December 2023

12 Leases

The Group exclusively leases vehicles and properties for office space.

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 capitalised lease is in between 1.90% and 4.00%.

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

12.1 Right-of-use asset

	Cars CHF	Property CHF	Total CHF
Gross carrying amount			
At 1 January 2024	443'303	547'898	991'201
Additions	153'380	-	153'380
Additions due to adoption of IFRS 16 Leases	111'639	-	111'639
Disposals	(37'722)	-	(37'722)
At 31 December 2024	670'600	547'898	1'218'498
Accumulated depreciation			
At 1 January 2024	183'310	398'499	581'809
Depreciation	194'504	113'053	307'557
At 31 December 2024	377'814	511'552	889'366
Carrying amount at 31 December 2024	**292'786**	**36'346**	**329'132**

	Cars CHF	Property CHF	Total CHF
Gross carrying amount			
At 1 January 2023	241'432	415'669	657'101
Acquisitions through business combinations	203'345	149'489	352'834
Lease adjustments recognised in statement of profit and loss	(4'620)	(9'533)	(14'153)
Exchange difference	3'146	(7'727)	(4'581)
At 31 December 2023	443'303	547'898	991'201
Accumulated depreciation			
At 1 January 2023	45'344	264'504	309'848
Depreciation	137'966	133'995	271'961
At 31 December 2023	183'310	398'499	581'809
Carrying amount at 31 December 2023	**259'993**	**149'399**	**409'392**

12 Leases (Continued)

12.2 Lease liabilities

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

	2024 CHF	2023 CHF
Carrying amount at 1st January	435'754	369'001
Additions	153'380	-
Additions due to adoption of IFRS 16 leases	114'224	
Arising on acquisition	-	352'834
Disposal	(38'861)	-
Accretion of interest	16'702	19'264
Payments	(337'819)	(290'557)
Exchange difference	3'980	(11'764)
Lease adjustments recognised in statement of profit and loss	-	(3'024)
Carrying amount at 31 December	**347'360**	**435'754**
There of current	191'131	253'873
There of non-current	156'229	181'881

The maturity of the lease liabilities is included in note 18.

<u>Amounts recognised in the consolidated statement of profit and loss</u>

The following amounts related to the Group's activities as a lessee and are recognised in the consolidated statement of profit and loss during the reporting year:

	2024 CHF	2023 CHF
Amortisation expense on right-of-use assets	307'557	271,961
Interest expense on lease liabilities	16'702	19,264
	324'259	**291,225**

13 Inventories

	2024 CHF	2023 CHF
Inventory	469'844	566'919
Less: allowance for impairment of inventories	(50'000)	(65'000)
	419'844	**501'919**

Details about movement in allowance for impairment of inventories during the year are the following:	2024 CHF	2023 CHF
At the beginning of the year	65'000	44'300
Current year expenses	-	20'700
less: written off the provisions	(15'000)	-
	50'000	**65'000**

Inventories consist of stock-in-trade held for sale in the ordinary course of business. Inventory mainly includes custom solution hardware bundle, beacons, converter and feeder.

14 Trade and other receivables

	2024 CHF	2023 CHF
Trade receivables	2'488'035	2'436'758
Provision for trade receivables	(26'539)	(12'495)
Total receivables (net of provision)	2'461'496	2'424'263
Work in progress	377'999	264'701
Due from related party	-	32'720
	2'839'495	**2'721'684**

14 Trade and other receivables (Continued)

The ageing analysis of trade receivables is as follows:	2024 CHF	2023 CHF
Neither past due nor impaired	1'510'703	1'854'545
Past due but not impaired:		
Less than 30 days	426'782	157'890
30 to 60 days	431'181	161'558
More than 60 days but less than 90 days	83'664	246'830
Aged above 90 days	35'705	15'935
Total	**2'488'035**	**2'436'758**

Details about movement in allowance for expected credit losses during the year are the following:	2024 CHF	2023 CHF
At the beginning of the year	12'495	470'212
Increase in allowance for expected credit losses during the year	287'842	295'809
Written-off the provisions	(273'798)	(753'526)
At the end of the year	**26'539**	**12'495**

- Unimpaired trade receivables are considered collectible based on historic experience.
- Trade accounts receivable includes an amount of CHF 1’299’971 (2023: CHF 1’156’049), representing accrued revenue arising from performance obligations satisfied under customer contracts, for which the Group has an enforceable right to payment, but billing has not yet occurred as of the reporting date
- 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 2025.
- Information about the impairment of trade receivables and the Group's exposure to credit risk and foreign currency risk can be found in note 18.

15 Prepayments and other receivables

	2024 CHF	2023 CHF
Prepaid expenses	35'181	10'352
Deposits	76'163	17'654
Advance payments	123'148	4'412
Other receivables	1'201'429	-
Total	**1'435'921**	**32'418**

16 Cash and cash equivalents

	2024 CHF	2023 CHF
Bank balance CHF	4'106'699	68'705
Bank balance other currencies	289'113	685'828
Cash in hand	594	-
Total	**4'396'406**	**754'533**

The details of bank balance held in other currencies are detailed below	2024 CHF	2023 CHF
Balances in USD	-	30'167
Balances in AED	14'231	49'733
Balances in EUR	274'882	605'866
Balances in CNY	-	62
Total	**289'113**	**685'828**

16 Cash and cash equivalents (Continued)

16.1 Cash flow-related information

The below table presents the components of the Group's net debt. The Group has a net debt position due to the Group's debt comprising of lease liabilities and borrowings exceeding the cash reserves.	2024 CHF	2023 CHF
Lease liabilities	(347'360)	(435'754)
Borrowings	(7'618'114)	(7'289'990)
Cash and cash equivalents (in CHF)	4'106'699	68'705
Cash and cash equivalents (in CNY)	-	30'167
Cash and cash equivalents (in EUR)	14'231	49'733
Cash and cash equivalents (in AED)	274'882	605'866
Cash and cash equivalents (in USD)	-	62
Cash in hand	594	-
Net debt	**(3'569'068)**	**(6'971'211)**

Movement in opening to closing net cash/(debt):	Leases CHF	Borrowings CHF	Cash and cash equivalents CHF	Total CHF
Net cash as of 1 January 2023	(369'001)	(18'528)	547'026	159'497
Arising on acquisitions	-	(791'589)	-	(791'589)
Cash flows	290'557	(6'479'873)	207'507	(5'981'809)
Non-cash effective changes				
Relating to acquisition	(352'834)	-	-	(352'834)
Accretion of interest	(19'264)	-	-	(19'264)
Remeasurements of leases	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)**
Cash flows	337'819	(328'124)	3'641'873	3'651'568
Non-cash effective changes				
Relating to acquisition	(153'380)	-	-	(153'380)
Accretion of interest	(16'702)	-	-	(16'702)
Additions due to adoption of IFRS 16 leases	(114'224)	-	-	(114'224)
Disposals	38'861	-	-	38'861
Effect of currency translation	(3'980)	-	-	(3'980)
Net cash / (debt) as of 31 December 2024	**(347'360)**	**(7'618'114)**	**4'396'406**	**(3'569'068)**

17 Equity

17.1 Share capital

	2024 CHF	2023 CHF
Ordinary shares fully paid	554'933	469'933
Total share capital	**554'933**	**469'933**

<u>Number of shares</u>	2024 CHF	2023 CHF
Ordinary shares fully paid	5'549'326	4'699'326
Total number of shares	**5'549'326**	**4'699'326**

17 Equity (Continued)

17.1 Share capital (Continued)

The share capital on 31 December 2024 consists of 5'549'325 registered shares (2023: 4'699'326) with a nominal value of CHF 0.10 each, amounting to CHF 554'933 (2023: CHF 469'933). 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

Movements under share capital during the year:	2024 CHF	2023 CHF
Opening balance	469'933	284'438
Inflow by cash	85'000	112'995
Movement against advance for acquisition	-	(15'550)
Against current year acquisitions (note 26)	-	80'550
Against acquisition of an additional stake after gaining control of Frederix GmbH (note 26)	-	7'500
	554'933	469'933

17.2 Capital reserves

Movements under capital reserve during the year:	2024 CHF	2023 CHF
Opening balance	26'874'104	16'481'617
Inflow by cash	4'245'207	6'303'234
Movement against advance for acquisition	-	(1'992'690)
Against current year acquisitions (note 26)	-	5'729'170
Against acquisition of an additional stake after gaining control of Frederix GmbH (note 26)	-	459'500
Other non-cash items	-	(106'727)
	31'119'311	26'874'104

Dividends

No dividends were paid during the year ended 31 December 2024, Dividend amounting to CHF 103'219 have been paid out by one of the subsidiary during the year ended 31 December 2023.

18 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 centralised 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.

18 Financial instruments (Continued)

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.

Carrying amount at 31 December 2024	EUR	USD	CNY	AED	Total
Trade receivables	2'452'197	-	-	-	2'452'197
Cash and cash equivalents	274'882	-	-	14'231	289'113
Net exposure	**2'727'079**	**-**	**-**	**14'231**	**2'741'310**
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**

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 31.12.2024	Carrying amount CHF	Contractual Cash flow CHF	Within 1 year CHF	Between 1 and 2 years CHF	Between 2 and 5 years CHF
Borrowings	7'618'114	9'209'432	1'441'529	2'304'153	5'463'750
Lease liabilities	347'360	352'630	198'437	134'896	19'297
Trade and other payables	1'833'017	1'833'017	1'833'017	-	-
Accruals and other liabilities	1'618'345	1'618'345	1'618'345	-	-
Total financial liabilities	**11'416'836**	**13'013'424**	**5'091'328**	**2'439'049**	**5'483'047**

18 Financial instruments (Continued)

Liquidity risk (Continued)

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
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	--	--
Accruals and other liabilities	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**

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 consolidated statement of financial position 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 consolidated financial statements was determined to be immaterial, and not recorded as a consequence. During the periods presented an impairment loss of CHF 287'842 (Year 2023- CHF 295'809) have been recognised in the consolidated statement of profit and 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 amortised cost is assumed to approximate their carrying amounts due to the short-term nature of these financial instruments.

19 Trade and other payables

	2024 CHF	2023 CHF
Trade payables	934'713	531'267
Short-term bank overdrafts	898'304	-
Other payables	-	495'444
Total	**1'833'017**	**1'026'711**

The carrying amounts of trade payables and short-term bank overdrafts approximate their fair values due to their short-term nature.

20 Accruals and other liabilities

	2024 CHF	2023 CHF
Employee payables	217'611	237'719
Other accrued expenses	827'716	443'272
Deferred income	444'983	528'564
Tax liabilities	128'035	-
Total	**1'618'345**	**1'209'555**

21 Borrowings

	2024 CHF	2023 CHF
		--
Bank borrowings	7'482'168	7'055'456
Other borrowings	135'946	234'534
Total	**7'618'114**	**7'289'990**
There of current	1'068'410	873'703
There of non-current	6'549'704	6'416'287

21 Borrowings (Continued)

The details of the bank borrowings are summarised below for the year 2024:

Sl No	Interest rate	Tenure	Repayment terms	Amount (CHF)	Secured by
1	18.00%	To be repaid by May2026	One time settlement	838'723	Lien on the revenue collections from a subsidiary company
2	5.950%	From June 2023 to March 2029	Quarterly	2'326'574	-do-
3	6.152%	From June 2023 to March 2029	To repay fully on March 2029	1'407'675	-do-
4	5.950%	will end by June 2030	Quarterly	1'032'295	-do-
5	7.385%	From May 2024 to June 2030	To repay fully on June 2030	1'173'063	-do-
6	0.840%	Up until 30 Dec 2027	Quarterly	703'838	Personnel and government guarantee
				7'482'168	

The details of the bank borrowings are summarised below for the year 2023:

Sl No	Interest rate	Tenure	Repayment terms	Amount (CHF)	Secured by
1	18.00%	March 2023 to March 2025	By 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	8.350%	March 2023-December 2027	Quarterly payments	929'700	Personal guarantees of certain shareholders
				7'055'456	

22 Income tax

Taxes expensed and recorded

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

	2024 CHF	2023 CHF
Taxes recorded in the consolidated statement of profit or loss		
Current tax (expense)	(211'636)	(191'499)
Deferred tax income relating to the origination and reversal of temporary differences	1'464'097	147'430
Total	**1'252'461**	**(44'069)**

Tax reconciliation statement	2024 CHF	2023 CHF
Loss before taxes	(1'988'454)	(4'266'119)
Average Tax rate of the Group	17.14%	17.14%
Expected tax income (expense)	340'960	731'523
Capitalisation of previously non-capitalised tax losses	900'000	-
(Decrease) / increase of tax losses not capitalised	11'501	(775'592)
Effective tax expense	1'252'461	(44'069)

Analysis of deferred tax assets and liabilities

Deferred tax liabilities are recognised in the consolidated statement of financial position under 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.

22 Income tax (Continued)

Analysis of deferred tax assets and liabilities (Continued)

Components of deferred tax assets and liabilities:	2024 CHF Net	2024 CHF Deferred tax assets	2024 CHF Deferred tax liabilities	2023 CHF Net	2023 CHF Deferred tax assets	2023 CHF Deferred tax liabilities
Intangible assets, property plant and equipment and other non current assets	(1'720'810)	259'302	(1'980'112)	(2'352'550)	-	(2'352'550)
Other current receivables and assets	81'195	502'786	(421'591)	-	-	-
Employee benefits	14'621	14'621	-	13'709	-	13'709
Current provisions	(46'916)	24'764	(71'680)	-	-	-
Liabilities	5'801	-	5'801	148'091	-	148'091
Tax losses and tax credit carried forward	900'000	900'000	-	-	-	-
Item in the statement of financial position	**(766'109)**	**1'701'473**	**(2'467'582)**	**(2'190'750)**	**-**	**(2'190'750)**

Movement table of deferred tax assets and liabilities:	2024 CHF	2023 CHF
Beginning balance	(2'190'750)	-
arising on acquisitions	-	(2'352'550)
deferred tax income	1'464'097	147'430
exchange difference	(39'456)	14'370
	(766'109)	**(2'190'750)**

Unused tax losses for which no deferred tax asset was recognised is as follows:	2024 CHF	2023 CHF
Tax losses of year 2017 and expiring in the year 2024	-	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	4'478'055
Tax losses of year 2024 and expiring in the year 2031	1’457’431	-
Less: tax losses capitalised	(900’000)	-
Total tax losses carried forward	12'579'010	12'349'028

23 Depreciation, amortisation and impairment

	2024 CHF	2023 CHF
Depreciation of property, plant and equipment (note 11)	281'603	242'037
Amortisation of intangible assets (note 10)	1'313'208	1'105'551
Amortisation of right of use assets (note 12)	307'557	271'961
Other impairment expenses	-	12'039
	1'902'368	1'631'588

24 Related party transactions and balances

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 year:

24 Related party transactions and balances (Continued)

	2024 CHF	2023 CHF
Compensation to Key Management Personnel (including the directors of the Group)	636'168	557'675

- An amount of CHF 78'743 relating to stock options has been included in the Key Management Personnel expenses for the year 2024 (year 2023 – Nil)
- Amounts due from / (to) related parties are interest free, unsecured and receivable / (repayable) on demand.

25 Earnings per share

The earnings per share (EPS) is calculated by dividing the loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year. The following table presents the income and share data used in the basic and diluted EPS calculations:

	2024	2023
Share of net loss attributable to equity holders (CHF)	(787'316)	(4'340'296)
Weighted average number of shares outstanding (number)	5'053'493	3'602'535
Basic and diluted earnings per share (in CHF)	(0.1558)	(1.2048)

During the year, the Group issued stock options. Although the average market price of the shares exceeded the exercise price of the outstanding options, suggesting potential dilution, these instruments have been excluded from the diluted EPS calculation, as the Group reported a net loss. Accordingly, diluted EPS is equal to basic EPS for the year.

26 Acquisitions

During the current year there were no acquisitions made by the Group as of 31 December 2024.

The acquisitions made during the previous year are mentioned below

During the previous 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 previous 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 recognised 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.

26 Acquisitions (Continued)

The above three companies had been acquired by the Group on 1 January 2023.

The details of the business acquisitions are as follows:

Fair value of consideration transferred (CHF)

Fair value of consideration transferred (CHF)	Socialwave GmbH CHF	Frederix GmbH CHF	Lindentor GmbH CHF	Total CHF
Amount settled in cash	6'675'149	--	1'287'243	7'962'392
Fair value of consideration settled in kind:				
• Share capital (note 17.1)	35'000	15'550	30'000	80'550
• Capital reserves (note 17.2)	2'450'000	2'000'690	1'278'480	5'729'170
	9'160'149	2'016'240	2'595'723	13'772'112

Recognised amount of identifiable net assets (CHF)

Property, plant and equipment (Note 11)		3'744	489'968	309'946	803'658
Intangible assets (Note 10)		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		-	559'164	232'425	791'589
Deffered tax liabilities (Note 22)		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 28)		-	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:	2023
Amount settled in cash	475'000
Fair value of consideration settled in shares (note 17.1)	7’500
Fair value of consideration settled in capital reserves (note 17.2)	459’500
Total consideration transferred	942’000
Less: Non-controlling interest (Note 28)	(48'865)
	893'135

27 Interest in subsidiaries

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

		Share Capital		Ownership		NCI	
Parent company		2024	2023	2024	2023	2024	2023
SWISSNET AG (formerly known as beaconsmind AG)	CHF	554'933	469'933	100%	100%	0%	0%
Subsidiary companies							
Beaconsmind Proximity	EUR	25'000	25’000	100%	100%	0%	0%
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	42'154	100%	100%	0%	0%
Frederix GmbH	EUR	25'000	25'000	62%	62%	38%	38%
Kadsoft GmbH	EUR	53’686	53’686	100%	100%	0%	0%
T2 Vertrrieb GmbH	EUR	25’000	25’000	100%	100%	0%	0%
Swissnet Media	EUR	25'000	-	100%	Nil	0%	0%
Socialwave Spain S. L	EUR	3’000	-	100%	Nil	0%	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

Swissnet Media GmbH (formerly beaconsmind Deutschland GmbH) was not consolidated in the previous year due to inactivity during 2023. As operational activities commenced in 2024 and Swissnet AG holds 100% of its shares, the entity has been fully consolidated in the current year. Socialwave Spain S.L., incorporated in Q2 2024 to support the Group’s expansion into the Spanish market, has also been fully consolidated following the start of minor operations.

28 Subsidiary with non-controlling interests

The Group includes only one subsidiary by the name Frederix GmbH with a material non-controlling interest (NCI). The details are as follows:

Particulars	2024	2023
Proportion of ownership interests and voting rights held by the NCI	38%	38%
Total profit or loss allocated to NCI	51’323	30'108

The movement in non-controlling interest during the year is as follows:	2024 CHF	2023 CHF
Opening balance	189'772	-
Non-controlling interests on acquisition (Note 26)	-	217'671
Non-controlling interest on acquisition of an additional stake after gaining control of Frederix GmbH (Note 26)	-	(48'865)
Non-controlling interest recognised on statement of profit and loss	51’323	30'108
Non-controlling interest recognised on statement of other comprehensive loss	411	(9'142)
Closing balance	241’506	189'772

29 Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period. Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Starting from July 1, 2024, the company operates an equity settled share based remuneration scheme for directors and key management. Members of the board of directors and members of key management can be invited to join the scheme. The board of directors approves each participant to the scheme upon request of the CEO or any board member.

On July 1, 2024, the Group granted 325’000 equity-settled share options to the CEO and other members of management under its stock option plan. Each option entitles the holder to purchase one ordinary share, subject to a one-year vesting period ending June 30, 2025. The options are exercisable for four years from the grant date and carry a one-year lock-up period post exercise. Of the total, 180’000 options were granted to the CEO at an exercise price of €5, and 145’000 options to management at a weighted average exercise price of €5.07, resulting in an overall weighted average of €5.0312 (CHF 4.72)

The movement in stock options during the year is as follows:

	Weighted average exercise price (CHF)		Number of shares	
	Year 2024	Year 2023	Year 2024	Year 2023
Outstanding at January 1	-	-	-	-
Granted during the year	4.72	-	325'000	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at December 31	4.72	-	325'000	-

The fair value of the options at the grant date was determined to be EUR 0.4864 per option for the CEO and EUR 0.6500 for management. Based on these valuations, the total employee compensation expense over the one-year vesting period amounts to CHF 170,605. For the year ended December 31, 2024, the Group recognized CHF 85,302 as share-based payment expense, representing 50% of the total compensation expense in line with the pro-rata vesting period.

30 Going Concern

These consolidated financial statements are prepared on a going concern basis, which assumes that the Group will continue to operate as a going concern in the foreseeable future. During the year ended 31 December 2024, the Group incurred a loss of CHF (735'993) (2023 – CHF 4'310'188), and the accumulated loss of CHF 20'883'805 (2023 – CHF 20'093'903) .The owners of the Group have confirmed their willingness to continue the operations of the Group and to provide funds as and when required to meet liabilities as they fall due to ensure the continuation of the Group.

In view of the evolving business environment and the Group’s commitment to sustainable growth, management has undertaken a comprehensive review of its strategic direction. The following section outlines key initiatives and plans that have been developed to enhance operational efficiency, strengthen market positioning, and support long-term value creation. These initiatives are aligned with the Group’s broader objectives and are expected to contribute positively to its future performance and resilience

30 Going Concern (Continued)

Growth Strategy and Market Expansion

The annual results underscore the effective growth strategy employed in our 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 decided to close our operations in Shanghai, China Mainland, during the current financial year. This measure allows us to reallocate resources more effectively. In line with this, we opened a new branch in Spain, which now serves 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, each of which has demonstrated robust sales and strong EBITDA profitability, thereby enhancing the Group's overall financial stability.

Moreover, in January 2025, Swissnet AG was successfully merged with beaconsmind AG, integrating Swissnet's high EBITDA and strong free cash flow into the Group. This strategic milestone delivers immediate and long-term benefits, significantly bolstering the Group's liquidity, profitability, and resilience. By consolidating these strengths within our portfolio, we have taken a major step forward in creating a more stable and sustainable corporate structure.

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 realisation within the newly formed Group. Despite these hurdles, we are pleased to report that our sales have materialised 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 and latest end of 2024, coupled with the increase in sales and the aforementioned 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 2025/26. 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. Nevertheless, the Board of Directors sees no significant uncertainty regarding the Group's ability to continue as a going concern into 2025. We remain confident in our clear strategy and solid financial foundation, both of which position us well to navigate these risks successfully.

In conclusion, the Board of Directors is optimistic about the future. Supported by a robust financial base, strategic acquisitions such as Swissnet AG, and a clear vision for continued expansion, we are convinced that we can sustain our growth momentum and further strengthen our market position. We remain committed to driving our business forward and delivering lasting value to our stakeholders.

31 Events after the balance sheet date

On November 30, 2024, beaconsmind AG entered into a sale and purchase agreement to acquire 100% of swissnet ag, a Swiss ICT service provider, located in Berg, Switzerland. The total consideration amounted to CHF 10,000,000, comprising CHF 5 million in cash and CHF 5 million in beaconsmind AG shares.

On December 15, 2024, beaconsmind AG entered into a sale and purchase agreement to acquire 100% of Advanced Digital Technology DWC-LLC (Lokalee"), located in Dubai, a platform for AI-powered concierge services. The purchase consideration of EUR 12,300,000 consisted of EUR 1.3 million in cash and EUR 11.0 million in shares of beaconsmind AG.

The above two transactions were completed on 15 January 2025, which is considered the acquisition date for purposes of initial consolidation within the swissnet Group. As at the reporting date, the initial accounting for the business combinations is provisional, since the purchase price allocation (PPA) is still in progress. Accordingly, it is impracticable to provide all the disclosures required under IFRS 3, including the fair values of the identifiable assets acquired, liabilities assumed, and any resulting goodwill. These details will be disclosed once the PPA is finalized, within the measurement period permitted by IFRS 3.

On January 10, 2025, the shareholders unanimously approved the merger of beaconsmind AG with Swissnet AG and the renaming of the joint company to Swissnet AG. This transformation positioned the company as a leading provider of IT infrastructure, cloud-based communication services and AI-supported hospitality solutions.

On January 25, 2025, the headquarters of the newly founded Swissnet Group AG was officially relocated to Berg in the canton of Thurgau, Switzerland - a move that reflects the expanded focus and new corporate structure.