Beaconsmind AG

Stäfa

Review Report to the Board of Directors
on the IFRS reconciliation tables as stipulated by section 4.2.4 and 3.2.3 of the Euronext Growth Markets Rule Book
(“Reconciliation”)

Report on the Review

of the Reconciliation to the Board of Directors of Beaconsmind AG

Stäfa

Introduction

According to your request, we have reviewed the accompanying Reconciliation of Beaconsmind AG for the period ending 30 June 2021. This Reconciliation has been prepared by Management in accordance with the accounting policies described in the notes to the Reconciliation.

Management is responsible for the preparation and presentation of the Reconciliation in accordance with the accounting policies described in the notes. Our responsibility is to express a conclusion on this Reconciliation based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Reconciliation for the period ending 30 June 2021 has not been prepared, in all material respects, in accordance with the accounting policies described in the notes.

Other matter

We draw to readers’ attention the fact that the Reconciliation does not comprise a full set of financial statements. Accordingly, the Reconciliation is not intended to give a true and fair view of the financial position of Beaconsmind AG, or the results of its operations or its cash flows in accordance with IFRS. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers AG

Qualified electronic signature · Swiss law	Qualified electronic signature · Swiss law
Thomas Wallmer	Kevin Mueller

Zurich, 26 October 2021

Enclosure: IFRS reconciliation tables (“Reconciliation”) of Beaconsmind AG

IFRS reconciliation tables of Beaconsmind AG

1. Context/general information

As Beaconsmind AG is registered in Switzerland and prepares its financial statements according to the Swiss Code of Obligations (CO), the company prepared, in addition, this IFRS reconciliation table in accordance with the stipulations of the Euronext Growth Markets Rule Book in para 4.2.4 and para. 3.2.3 (iii).

This IFRS reconciliation table is not a complete set of financial statements in the sense of IFRS. However, this reconciliation table has been prepared by determining the financial position and financial performance of the entity in accordance with accounting principles as stipulated by IFRS and comparing these to the respective statutory values.
Swiss CO art. 963a para. 1 exempts smaller entities from preparing consolidated financial statements. Accordingly Beaconsmind AG financial statements have been prepared on a stand-alone basis.
For reasons of simplicity the pension plan of Beaconsmind AG was recognized as a defined contribution plan. As of 30 June 2021 only five employees were part of this pension plan and the pension benefits of Beaconsmind AG are covered by a pension plan with an insured investment risk.

The information presented below has been derived from the audited financial information as of and for the 12-month period ended 30 June 2021 and its audited 12-month comparision period ended 30 June 2020.

The significant accounting policies applied in the preparation of this IFRS reconciliation table are set out in section 3 and 4 on the following pages.

2. Reconciliation of comprehensive income

in CHF

		1 Jul 2020 - 30 June 2021	1 Jul 2019 - 30 June 2020 (4)
Statutory net result		**-2’097’660**	**-529’355**
Cost of sales	(1)	0	-10’826
Other operating expenses	(2)	67’935	25’634
Depreciation	(2)	-63’789	-24’397
Financial expenses	(2)	-5’748	-2’634
Income taxes	(3)	392	2’319
Comprehensive income - reconciled		**-2’098’870**	**-539’259**

Besides the above shown effects on the net result in the respective periods there are no further differences in equity between Swiss Code of Obligations and IFRS.

Remarks:

(1) While, for statutory purposes, in the 12 month period ending 30 June 2019, inventory purchases were recognized as expense in the period in which they occur, these were capitalized for IFRS purposes and only recognized as cost of sales in a sales transaction. As at 30 June 2020 inventory has been capitalized for statutory purposes too, using the same accounting principles as under IFRS. As a result the reconciliation item as at 30 June 2019 could be reversed as at 30 June 2020.

(2) In accordance with IFRS 16 the lease of company cars and office rental had to be recognized as a right of use asset with the corresponding lease liability. The right of use asset is depreciated over the lease period. In the statutory financial statements the lease payments are recognized as expense when due.

(3) As result of the office rental and company cars as a lease in the balance sheet under IFRS a deferred tax asset would be recognized.

(4) The comparison period in the reconciliation of the comprehensive income was restatet as an office rental which startet in March 2020 was not recognized as a right of use asset with the corresponding lease liability. This restatement had a negative effect of CHF 233 compared to the reconciled comprehensive income published with the prior year financial statements.

3. Significant accounting principles (Swiss Code of Obligations and IFRS)

3.1 Cash

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

3.2 Trade accounts receivable and other non-current receivables

A receivable is recognized once the company has an unconditional right to payment. Accounts receivable are initially recognized at the transaction value according to contractual terms and conditions. They do not carry any interest. Subsequently, accounts receivable are measured at amortized cost, which equals their transaction value less bad debt allowances for expected credit losses. Foreign currency revaluations and impairment losses are recognized in the income statement. On derecognition, gains and losses are recognized in the income statement.
Bad debt allowances are calculated based on an individual assessment of the receivables. There is no general allowance for doubtful debts recognized.

3.3 Inventory

As at 30 June 2021 inventory, which comprises hardware components, were stated at the lower of cost and net realizable value.

3.4 Investment

An investment in a non-operative, German wholly owned subsidiary is measured at amortized cost (see exemptions under “purpose of this reconciliation table”) and is impaired to the amount of CHF 1.

3.5 Property, plant and equipment

Property, plant and equipment consist of hardware and equipment and is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced or disposed of. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.
Hardware and equipment are both depreciated over 5 years using the diminishing balance method.
The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.
An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

3.6 Intangible assets

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

Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.
Software is amortized over its estimated useful life of 3 years using the straight-line method. Amortization method, useful life and residual value are reviewed at each reporting date and adjusted if appropriate.

3.7 Trade accounts payable and other short-term liabilities

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

3.8 Short-term and long-term interest bearing liabilities

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

3.9 Revenue from sales of services and goods

The company generates revenue primarily from the sale of hardware and software as well as providing installation services, app development and consulting services. Individual contracts with customers include either single-elements (e.g. sale of hardware) or multi-elements (i.e. sale of hardware and software). For multi-element contracts, the transaction price is allocated to the separate components on a relative fair value basis. Revenue recognition of the respective elements is further outlined below.

Revenue from sale of hardware (beacons): Revenue is recognized when the goods are delivered to the retail outlets.

Revenue from sale of software (beaconsmind Suite software): Beaconsmind grants licenses for the beaconsmind Suite software to clients usually for a contract period of 12 months. During the contract period the company continuously enhances the software and performs support services for the clients. Therefore, software license revenue is recognized on a straight-line basis over the contractual duration and accrued at year-end if necessary.

Revenue from installation, app development and consulting services: Revenue from providing services is recognized in the accounting period in which the services are rendered.

The company does not expect to have any contracts where the period between the transfer of the promised goods or services to the clients and payment by the clients exceeds one year. As a consequence, the company does not adjust any of the transaction prices for the time value of money.

4. Significant accounting principles (IFRS only)

4.1 Leasing

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

The company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the cost of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, there is periodically an assessment if the right-of-use asset needs to be reduced by impairment losses and adjusted for certain remeasurements of the lease liability.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

The company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.2 Deferred taxes

Deferred taxes are calculated on the taxable temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax bases. Deferred tax assets and liabilities are measured at the applicable tax rates (18.3% as at 30 June 2021 and 19.6% as at 30 June 2020).