

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

Company Registration No. 201541844C
(Incorporated in Singapore)

**DIRECTORS' STATEMENT
AND FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023**

ENROME LLP

Public Accountants and
Chartered Accountants
Singapore

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GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The directors present their statement to the members together with the audited financial statements of Genius Group Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

1. Opinion of directors

In the opinion of the directors,

- (a) The consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due to At the Market (the "ATM") facility available to the Company under which the Company may offer and sell up to US\$150 million of its ordinary shares on the New York Stock Exchange.

2. Directors

The directors of the Company in office at the date of this statement are:

Roger James Hamilton	
Suraj Prakash Naik	
Richard Jay Berman	(Resigned on 09 October 2024)
Salim Ismail	(Resigned on 09 October 2024)
Riaz Shah	(Resigned on 09 October 2024)
Eric Pulier	(Appointed on 16 October 2023 and resigned on 20 June 2024)
Michael Thomas Moe	(Appointed on 20 June 2024 and resigned on 09 October 2024)
Timothy Murphy	(Appointed on 01 October 2022 and resigned on 23 August 2023)
Eduardo Renan Huerta Mercado Herrera	(Appointed on 12 October 2024)
Gary Michael Pattison	(Appointed on 12 October 2024)
Christiaan Christoffel Putter	(Appointed on 12 October 2024)
Thomas Peter Power	(Appointed on 12 October 2024)
Eva Maria Mantziou	(Appointed on 25 November 2024)

3. Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of whose objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4 and 5 below.

4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interest in the share capital and debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as disclosed below:

	Direct interest		Deemed interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
The Company				
Ordinary shares				
Roger James Hamilton	7,240,002	7,318,606	2,457,852	2,064,810
Suraj Prakash Naik	254,100	254,100	1,818	1,818
Richard Jay Berman	6,667	6,667	-	-

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
DIRECTORS' STATEMENT (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. Directors' interests in shares or debentures (Continued)

	Direct interest		Deemed interest	
	<u>At beginning of the year</u>	<u>At end of the year</u>	<u>At beginning of the year</u>	<u>At end of the year</u>
<u>Share options</u>				
Roger James Hamilton	127,507	394,844	-	-
Suraj Prakash Naik	27,364	33,173	-	-
Richard Jay Berman	180,000	190,000	-	-

5. Share options

On 1 January 2018 (the "Date of Grant"), the Group has adopted the Share Options Plan 2018 (the "Plan 1"), the Company has granted 20,317 share options under the Plan 1 to its employees, with vesting period of 2 years and remain outstanding by the financial year end.

On 1 January 2019 (the "Date of Grant"), the Group has adopted the Share Options Plan 2019 (the "Plan 2"), the Company has granted 42,913 share options under the Plan 2 to its employees with vesting period of 2 years and remain outstanding by the financial year end.

On 1 January 2020 (the "Date of Grant"), the Group has adopted the Share Options Plan 2020 (the "Plan 3"), the Company has granted 12,440 share options under the Plan 3 to its employees with vesting period of 2 years and remain outstanding by the financial year end.

On 1 January 2020 (the "Date of Grant"), the Group has adopted the Share Plan 2020 (the "Plan 4"), the Company has granted 3,000 shares under the Plan Board of Advisory Issuance to its board of advisors 3,000 shares (unvested and unissued) remain outstanding by the financial year end.

On 1 January 2020 (the "Date of Grant"), the Group has adopted the Share Plan 2020 (the "Plan 5"), the Company has granted 12,238 shares under the Plan Deferred Salary Shares Issuance to its employees. The shares will be issued after the successful Initial Public Offering of the Company. 12,238 shares (unvested and unissued) remain outstanding by the financial year end.

On 1 January 2021 (the "Date of Grant"), the Group has adopted the Share Plan 2021 (the "Plan 6"), the Company has granted 22,369 share options under the Plan 6 to its employees with vesting period of 2 years and remain outstanding by the financial year end.

During the year 2022 (the "year of Grant"), the Group issued 27,208 shares to the various staff members based on the management agreement under Restricted Share Option Plan 2022 (the "Plan 7") to its employees with immediate vesting and subject to standard IPO lock up.

During the year 2022 (the "year of Grant"), the Group reserved 1,511,664 restricted shares (RSU's) to the various staff members based on the management agreement under Restricted Share Option Plan 2022 (the "Plan 8") to its employees with 3 years vesting. The Group has cancelled 1,333,411 RSU's subsequently.

During the year 2022 (the "year of Grant"), the Group has adopted the Employee Share option Plan 2022 (the "Plan 9") to reserve 560,188 options to the various staff members with 4 years vesting and remain outstanding by the financial year end.

During the year 2023 (the "year of Grant"), the Group has adopted the Employee Share option Plan 2023 (the "Plan 10") to reserve 873,429 options to the various staff members with 4 years vesting and remain outstanding by the financial year end.

The purpose of the schemes was to provide an opportunity for directors, employees, and advisers of the Group to participate in the equity of the Group so as to motivate them to greater dedication, loyalty and higher standards of performance. The Plans are administered by the Board of Directors.


GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
DIRECTORS' STATEMENT (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. Auditor

Enrome LLP has expressed its willingness to accept re-appointment as
auditor. On behalf of the Board of Directors

DocuSigned by:

25E8FE9140A14F8...
Roger James Hamilton
Director

Signed by:

D52737E1488B4E0...
Suraj Prakash Naik
Director

Singapore, 13 December 2024.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENIUS GROUP LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Genius Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group, and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.19 in the consolidated financial statements, which indicates that the Group incurred a net loss of US\$5,711,222 (2022:US\$56,006,439); the Group's current liabilities exceeded its current assets by US\$7,614,317 (2022:Nil) and generated negative cash flows from operating activities of US\$12,409,242 (2022:US\$7,635,973) during the financial year ended 31 December 2023 and, as of that date, the Group has an accumulated losses of US\$59,132,780 (2022:US\$67,734,247). As stated in Note 2.19, these events or conditions, along with other matters as set forth in Note 2.19, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement on pages 1 to 3.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF (CONTINUED) GENIUS GROUP LIMITED

Report on the Audit of Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF (CONTINUED) GENIUS GROUP LIMITED

Report on the Audit of Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements. (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 directors 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



ENROME LLP
Public Accountants and
Chartered Accountants

Singapore, 13 December 2024

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	<u>Note</u>	<u>2023</u> <u>US\$</u>	<u>Group</u> <u>2022</u> <u>US\$</u>
Revenue	4	23,062,754	18,193,616
Cost of sales		<u>(11,126,432)</u>	<u>(9,554,327)</u>
Gross profit		11,936,322	8,639,289
Administrative expenses		(32,609,960)	(22,256,207)
Other income	5	595,803	589,213
Impairment loss	9,12,13	(15,371,643)	(28,246,010)
Revaluation adjustment of contingent consideration	22	32,774,594	(13,838,197)
Exchange loss		(375,407)	(619,267)
Finance costs	6	<u>(3,739,617)</u>	<u>(1,338,856)</u>
Loss before income tax	7	(6,789,908)	(57,070,035)
Income tax credit	8	<u>1,078,686</u>	<u>1,063,596</u>
Loss for the financial year		(5,711,222)	(56,006,439)
Other comprehensive (loss):			
<i>Item that may be reclassified subsequently to profit or loss, net of taxation:</i>			
Exchange differences on translating foreign operations		<u>(203,832)</u>	<u>(290,184)</u>
Total comprehensive loss for the financial year		<u>(5,915,054)</u>	<u>(56,296,623)</u>
Loss for the financial year attributable to:			
Owners of the Company		(5,657,143)	(55,800,418)
Non-controlling interest		<u>(54,079)</u>	<u>(206,021)</u>
Loss for the financial year		<u>(5,711,222)</u>	<u>(56,006,439)</u>
Total comprehensive loss for the financial year attributable to:			
Owners of the Company		(5,870,434)	(56,110,886)
Non-controlling interest		<u>(44,620)</u>	<u>(185,737)</u>
Total comprehensive loss for the financial year		<u>(5,915,054)</u>	<u>(56,296,623)</u>

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		<u>Group</u>	
	<u>Note</u>	<u>2023</u> US\$	<u>2022</u> US\$
ASSETS			
Non-current assets			
Property, plant and equipment	9	456,751	563,131
Right-of-use assets	26	-	12,573,710
Other investments	11	28,698	28,698
Investments in joint venture	11	379	373
Goodwill	12	11,425,148	31,688,887
Intangible assets	13	15,250,751	16,107,293
Other non-current assets	14	6,418,181	6,047,088
Total non-current assets		<u>33,579,908</u>	<u>67,009,180</u>
Current assets			
Cash and cash equivalents	15	614,753	5,720,569
Restricted cash	2	711,026	11,108,816
Trade and other receivables	16	7,552,802	6,419,085
Inventories	17	755,284	1,001,977
Total current assets		<u>9,633,865</u>	<u>24,250,447</u>
Total assets		<u>43,213,773</u>	<u>91,259,627</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	18	78,937,768	106,485,513
Share option reserve	19	2,680,096	2,147,630
Foreign currency translation reserve	19	(61,566)	142,266
Merger reserves	19	(8,398,000)	(33,917,367)
Accumulated losses		(59,132,780)	(67,734,247)
Equity attributable to owners of the Company		14,025,518	7,123,795
Non-controlling interest		5,689,475	6,831,041
Total equity		19,714,993	13,954,836

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2023

	Note	Group 2023 US\$	2022 US\$
LIABILITIES			
Non-current liabilities			
Lease liabilities	26	-	11,394,337
Borrowings	20	254,455	428,025
Trade and other payables	24	1,820	1,729
Convertible loans	21	-	2,223,523
Derivative liabilities	22	3,714,000	36,488,594
Deferred tax liabilities	23	<u>2,280,323</u>	<u>3,391,129</u>
Total non-current liabilities		<u>6,250,598</u>	<u>53,927,337</u>
Current liabilities			
Trade and other payables	24	11,907,974	9,340,502
Contract liabilities	25	2,750,137	5,820,450
Lease liabilities	26	-	1,590,538
Borrowings	20	2,467,656	334,391
Short term debt	21	122,415	539,245
Convertible loans	21	<u>-</u>	<u>5,752,328</u>
Total current liabilities		<u>17,248,182</u>	<u>23,377,454</u>
Total liabilities		<u>23,498,780</u>	<u>77,304,791</u>
Total equity and liabilities		<u>43,213,773</u>	<u>91,259,627</u>

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		Company	
	Note	2023	2022
		US\$	US\$
ASSETS			
Non-current assets			
Property, plant and equipment	9	6,763	9,493
Investment in subsidiaries	10	37,050,837	89,142,044
Other Investments	11	28,698	28,698
Intangible assets	13	10,228	10,228
Total non-current assets		37,096,526	89,190,463
Current assets			
Cash and cash equivalents	15	54,038	115,395
Trade and other receivables	16	9,831,558	19,045,000
Total current assets		9,885,596	19,160,395
Total assets		46,982,122	108,350,858
EQUITY AND LIABILITIES			
Equity			
Share capital	18	78,937,768	106,485,513
Share option reserve	19	2,680,096	2,147,630
Accumulated losses		(47,494,645)	(50,505,286)
Total equity		34,123,219	58,127,857
Non-current liabilities			
Convertible loans	21	-	2,223,523
Derivative Liabilities	22	3,714,000	36,488,594
Total non-current liabilities		3,714,000	38,712,117
Current liabilities			
Trade and other payables	24	6,845,159	5,219,311
Borrowings	20	2,177,329	-
Convertible loan	21	-	5,752,328
Short term debt	21	122,415	539,245
Total current liabilities		9,144,903	11,510,884
Total liabilities		12,858,903	50,223,001
Total equity and liabilities		46,982,122	108,350,858

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

<u>Group</u>	<u>Share capital</u> US\$	<u>Share option reserve</u> US\$	<u>Foreign currency translation reserve^(a)</u> US\$	<u>Merger reserves</u> US\$	<u>Other reserves</u> US\$	<u>Accumulated losses</u> US\$	<u>Attributable to owners of the Company</u> US\$	<u>Non-controlling interest</u> US\$	<u>Total equity</u> US\$
At 1 January 2022	48,434,573	838,846	432,450	(33,917,367)	(250,000)	(11,913,545)	3,624,957	4,361,039	7,985,996
Contributions by owners:									
Shares issued for cash	-	-	-	-	-	-	-	2,655,739	2,655,739
Shares issued for conversion of convertible loans ^(b)	7,829,607	-	-	-	-	-	7,829,607	-	7,829,607
Share issued for proceeds from IPO ^(c)	15,202,858	-	-	-	-	-	15,202,858	-	15,202,858
Share option GG IPO April 2022 ^(d)	270,476	-	-	-	-	-	270,476	-	270,476
Share issued for IPO Acquisitions ^(e)	35,098,001	-	-	-	-	-	35,098,001	-	35,098,001
Share based compensation (Note 7)	-	1,308,784	-	-	-	-	1,308,784	-	1,308,784
Shares cancelled in satisfaction of a liability	(350,002)	-	-	-	250,000	-	(100,002)	-	(100,002)
Total contributions by owners	58,050,940	1,308,784	-	-	250,000	-	59,609,724	2,655,739	62,265,463
Loss for the financial year	-	-	-	-	-	(55,800,418)	(55,800,418)	(206,021)	(56,006,439)
Other comprehensive loss:									
Foreign currency translation	-	-	(290,184)	-	-	(20,284)	(310,468)	20,284	(290,184)
Total comprehensive loss for the financial year ended 31 December 2022	-	-	(290,184)	-	-	(55,820,702)	(56,110,886)	(185,737)	(56,296,623)
At 31 December 2022	106,485,513	2,147,630	142,266	(33,917,367)	-	(67,734,247)	7,123,795	6,831,041	13,954,836

- (a) The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.
- (b) The amount represents the convertible loan that has been converted to share capital during the financial year.
- (c) The amount represents proceeds received from the Initial Public Offering of the Company in March 2022.
- (d) The amount represents proceeds received from the shares sold at the time of an IPO to an individual as share options and converted to shares.
- (e) The amount represents amount of shares issued to the IPO acquisitions.

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Group	Share capital US\$	Share option reserve US\$	Foreign currency translation reserve ^(a) US\$	Merger reserves US\$	Other reserves US\$	Accumulated losses US\$	Attributable to owners of the Company US\$	Non-controlling interest US\$	Total equity US\$
At 1 January 2023	106,485,513	2,147,630	142,266	(33,917,367)	-	(67,734,247)	7,123,795	6,831,041	13,954,836
Contributions by owners:									
Shares issued for cash	-	-	-	-	-	-	-	-	-
Shares issued for conversion of convertible loans ^(b)	18,026,388	-	-	-	-	-	18,026,388	-	18,026,388
Convertible loan adjustment for outstanding note, net ^(c)	(10,006,519)	-	-	-	-	-	(10,006,519)	-	(10,006,519)
Share issued by conversion from ERL and GeniusU ^(d)	125,109	-	-	-	-	-	125,109	(125,109)	-
Share based compensation (Note 7)	-	532,466	-	-	-	-	532,466	-	532,466
Q4 2023 Share Plan ^(e)	214,116	-	-	-	-	-	214,116	-	214,116
ERL Spin off ^(f)	(31,862,919)	-	-	25,519,367	-	14,268,069	7,924,517	(971,837)	6,952,680
RF PPA adjustment ^(g)	(4,043,920)	-	-	-	-	-	(4,043,920)	-	(4,043,920)
Total contributions by owners	(27,547,745)	532,466	-	25,519,367	-	14,268,069	12,772,157	(1,096,946)	11,675,211
Loss for the financial year	-	-	-	-	-	(5,657,143)	(5,657,143)	(54,079)	(5,711,222)
Other comprehensive loss:									
Foreign currency translation	-	-	(203,832)	-	-	(9,459)	(213,291)	9,459	(203,832)
Total comprehensive loss for the financial year ended 31 December 2023	-	-	(203,832)	-	-	(5,666,602)	(5,870,434)	(44,620)	(5,915,054)
At 31 December 2023	78,937,768	2,680,096	(61,566)	(8,398,000)	-	(59,132,780)	14,025,518	5,689,475	19,714,993

- (a) The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.
- (b) The amount represents the convertible loan that has been converted to share capital during the financial year.
- (c) The amount represents adjustment to the convertible loan portion between equity and liability.
- (d) The amount represents issuance of the Company shares for conversion of investment in subsidiaries – GeniusU and Entrepreneur Resorts Limited.
- (e) The amount represents shares issued to the staff in lieu of salary under the Equity Scheme in Q4 2023.
- (f) The amount represents the impact of spin off of Entrepreneur Resorts Limited in Oct 2023.
- (g) The amount represents the adjustment related to purchase price allocation as a result of finalized report compared to the management estimate in 2022.

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

		<u>Group</u>	
	<u>Note</u>	<u>2023</u> US\$	<u>2022</u> US\$
Cash flows from operating activities			
Loss before income tax		(6,789,908)	(57,070,035)
Adjustments for:			
- Interest income	5	(45,104)	(26,380)
- Interest expense	6	3,739,617	1,338,856
- Share based compensation	7	532,466	1,308,784
- Depreciation of property, plant and equipment	7	95,367	705,651
- Amortisation of intangible assets	7	2,170,770	830,769
- Depreciation of right-of-use assets	7	1,004,914	814,220
- Deferred income tax		322,712	(220,570)
- Written off of property, plant and equipment		-	1,160
- Impairment loss	7	15,371,643	28,246,010
- Revaluation adjustment of contingent consideration	7	(32,774,594)	13,838,197
- Provision of doubtful debts for trade receivables	7	2,821,611	1,509,486
- Gain on lease modification	5	(308,763)	-
- Exchange loss	7	375,407	619,267
		(13,483,862)	(8,104,585)
Changes in working capital:			
Trade and other receivables		2,653,462	(387,302)
Restricted cash		(711,026)	-
Inventories		120,977	(545,449)
Trade and other payables		1,833,949	405,039
Other non-current assets		1,448	-
Contract liabilities		(2,824,190)	996,324
Cash flows used in operating activities		(12,409,242)	(7,635,973)
Investing activities			
Purchase of intangible assets	13	(438,228)	(1,023,351)
Acquisition of subsidiaries		(2,299,231)	(8,843,458)
Purchase of property, plant and equipment	9	(131,055)	(222,681)
Investment in subsidiaries		(20,000)	-
Interest received	5	45,104	26,380
Cash flows used in investing activities		(2,843,410)	(10,063,110)

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

	<u>Note</u>	<u>Group</u> <u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Financing activities			
Amount due to related parties		1,546,011	-
Interest expense paid	6	(1,250,312)	(847,520)
Proceeds from borrowings		2,000,000	-
Repayment of borrowings		(593,950)	(312,588)
Proceeds from IPO, net		-	17,308,453
Proceeds from equity issuances, net of issuance cost		-	2,701,215
Proceeds from convertible loans, net of issuance cost		10,928,816	4,184,964
Repayment of convertible loans	21	(2,004,822)	(509,311)
Repayment from derivative liabilities		-	(250,000)
Repayment of lease liabilities	26	<u>(775,728)</u>	<u>(957,430)</u>
Cash flows generated from financing activities		<u>9,850,015</u>	<u>21,317,783</u>
Net (decrease) / increase in cash and cash equivalents		(5,402,637)	3,618,700
Effect of exchange rate changes on cash and cash equivalents		296,821	316,931
Cash and cash equivalents at beginning of the financial year		<u>5,720,569</u>	<u>1,784,938</u>
Cash and cash equivalents at end of the financial year	15	<u>614,753</u>	<u>5,720,569</u>

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. General information

Genius Group Limited (the “Company”) (Registration Number: 201541844C) is incorporated and domiciled in Singapore. The address of its registered office is 8 Amoy Street, #01-01, Singapore 049950.

The Company operates through its main subsidiaries, GeniusU Ltd (“GU”), Education Angels (“EA”), E-Squared Education (“ESQ”), Property and Mastermind Networks Limited (“PIN”), Revealed Films (“RF”) and University of Antelope Valley (“UAV”).

The Company owns 100% ownership all of the subsidiaries except 96.5% in GeniusU Ltd. During the year 2023, the Company spun off Entrepreneur Resorts Limited (“ERL”).

GU, a Singapore company, which provides a full entrepreneur education system business development tools and management consultancy services to entrepreneurs.

ERL was incorporated in Seychelles, and represents a group of resorts, retreats, and co-working cafes for entrepreneurs. ERL owns resorts in Bali and South Africa which run entrepreneur retreats and workshops. It also owns Genius Café, an entrepreneur beach club in Bali, and Genius Central Singapore Pte Ltd, an entrepreneur coworking hub in Singapore. ERL was spun off in 2023.

EA generates revenue from parents of young children from 0-5 years old paying for an EA trained educator to both educate and care for their child. EA is required to be approved and in compliance by the New Zealand Ministry of Education (“MOE”) in order to operate and receive government funding. EA is approved by the MOE and 50% of EA educator fees are paid by the New Zealand Government.

ESQ is an entrepreneur education campus in South Africa, providing a full range of programs from pre-primary through primary school, secondary school, and vocational college.

PIN is a United Kingdom private limited company. PIN provides investment education through its fifty city chapters and monthly events in England, held both virtually and in-person.

RF is a United States based media production company that specializes in multi-part documentaries that cover topics such as wealth building, health and nutrition, medical issues, religion, and political matters.

The three regions the Company operates in are: APAC (Asia Pacific, North Asia, and Australia); EMEA (Europe, Middle East, and Africa); and NASA (North America and South America).

The principal activities of its subsidiaries are disclosed in Note 10 to the financial statements.

2. Summary of material accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group, and the statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting.

Standards ("FRS") are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in United States Dollar ("US\$") and the Company's functional currency is United States Dollar.

In the current year, the Group has adopted all the new and revised FRS that are relevant to its operations and effective for annual periods beginning on or after 1 January 2023. The adoption of these new or revised FRS did not result in changes to the Group's and Company's accounting policies and has no material effect on the amount reported for the current or prior year's financial statement and is not expected to have material effect on future periods.

FRSs issued but not yet effective.

At the date of authorisation of these financial statements, the following FRSs were issued but not yet effective:

FRS	Title	Effective for annual periods beginning on or after
FRS 1	Amendments to FRS 1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current</i>	01 January 2024
FRS 116	Amendments to FRS 116 <i>Leases: Lease Liability in a Sale and Leaseback</i>	01 January 2024
FRS 1	Amendments to FRS 1 <i>Presentation of Financial Statements: Non-current Liabilities with Covenants</i>	01 January 2024
FRS 7	Amendments to FRS 7: <i>Statement of Cash Flows and FRS 107 Financial Instruments; Disclosures: Supplier Finance Arrangements</i>	01 January 2024
FRS 21	Amendments to FRS 21: <i>The Effect of Changes in Foreign Exchange Rates: Lack of Exchangeability</i>	01 January 2025
FRS 110 and FRS 28	Amendments to FRS 110: <i>Consolidated Financial Statements and FRS 28 Investments in associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint venture</i>	Date to be determined

2. Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and Company in the year of their initial adoption.

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiary if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate goodwill 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 interest. Amount previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments 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 FRS 109 *Financial Instruments* ("FRS 109") or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investment in subsidiary: Investment in subsidiary is carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2. Summary of material accounting policies (Continued)

2.2 Acquisitions from entities under common control

Common Control Business Combination Outside the Scope of FRS 103 *Business Combinations* ("FRS 103")

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, is outside the scope of FRS 103 *Business combinations* ("FRS 103"). For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the combined financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amount in the combined financial statements of the controlling party or parties prior to the common control combination. The carrying amount are included as if such combined entity's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the combined entity.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquirer's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiaries are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Merger reserve represents the differences between the net assets of the combining entities at the date on which it was acquired by the Group and the consideration for the acquisition.

2.3 Business combinations

The acquisition of subsidiary is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

2. Summary of material accounting policies (Continued)

2.3 Business combinations (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 Business Combination ("FRS 103") are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 Non-Current Assets Held for Sale and Discontinued Operations ("FRS 105") which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amount arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amount for the items for which the accounting is incomplete. Those provisional amount are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amount recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amount of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2. Summary of material accounting policies (Continued)

2.3 Business combinations (Continued)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.4 Revenue recognition

The Group is principally in the business of providing digital education platform and in-person education courses. Revenue from contracts with its customers is recognised when or as the Group satisfies a performance obligation by transferring a promised goods or service generated in the ordinary course of the Group's activities to its customer, at a transaction price that reflects the consideration the Group expects to be entitled in exchange for the goods or service and that is allocated to that performance obligation. The goods or service is transferred when or as the customer obtains control of the goods or service.

Digital education platform

Revenue from digital education platform is recognised from online workshops, assessments, accreditations certifications and licenses provided by the Group and its partners. Revenue is derived, and performance obligations are fulfilled, at the point of time of delivery of the product or service. The Group is compensated by way of fees for the product or service as displayed at events or online.

Campus revenue

This revenue is derived by the Group's campus businesses and includes accommodation, spa, conferences and events, and memberships. Revenue is derived, and performance obligations are fulfilled, at the point in time of providing the services. The Group is compensated based on the advertised or agreed price of the goods as displayed online by the Group or booking agents in the case of accommodation, on in-house price lists in the case of spa, by tailored quote in the case of conferences and events, and as displayed in-house or online.

Sales of goods

Revenue from the sale of goods is recognised at a point in time when the control of the goods is transferred to the end customers (i.e. when the goods are delivered in accordance with the applicable incoterms or/and terms and conditions and significant risks and rewards of ownership of the goods have been transferred to the customer). A corresponding receivable is recognised for the consideration that is unconditional when only the passage of time is required before the payment is due. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2. Summary of material accounting policies (Continued)

2.4 Revenue recognition (Continued)

Commission income

The Group's business partners utilise the Group's digital platform for their educational classes or product listing. The Group retains a portion of the gross sales generated by the business partners on the platform as commission income. The income is recognised at a point in time.

Membership subscription

Revenue from membership subscription is recognised from membership subscribed by client. Revenue is derived, and performance obligations are fulfilled, over the time of membership of 12 months. The Group is compensated by way of fees for the membership maintained for customer who seeks access to learning materials and courses.

In-person education courses

This revenue is derived from workshops, training programs and conferences that are delivered in person at the Group's campuses or third-party venues. Revenue is derived, and performance obligations are fulfilled, at the time of delivering the event. The Group is compensated by way of course fees as displayed at events or online. The Group's typical customer for this revenue source is an entrepreneur who seeks to acquire education in a community environment.

Contract liability

The timing of the Company's revenue recognition may differ from the timing of payment by its customers. A contract asset (accounts receivable) is recorded when revenue is recognized prior to payment and the Company has an unconditional right to payment.

Alternatively, when payment precedes the provision of the related services, the Company records a contract liability (deferred revenue) until the performance obligations are satisfied.

Deferred revenue represents the Company's contract liability for cash collections received from its customers in advance of performance under the contract. Deferred revenue is recognized as revenue upon completion of the performance obligation, which generally occurs within one year.

2.5 Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

2. Summary of material accounting policies (Continued)

2.7 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised on taxable temporary differences arising on investment in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amount of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination.

2. Summary of material accounting policies (Continued)

2.8 Foreign currency transaction and translation

Foreign currency transactions are translated into the individual entities' respective functional currency at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting financial statements, the assets and liabilities of the Group's operations (including comparatives) are expressed in USD using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at exchange rates at the dates of the transactions. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

2.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

2. Summary of material accounting policies (Continued)

2.9 Property, plant and equipment (Continued)

Land is initially measured at cost and is not depreciated. Depreciation is charged so as to write off the cost, over their estimated useful lives, using the straight-line method, on the following bases:

Category	Depreciation Method	Useful Life
Buildings	Straight line	20 years
Plant and Machinery	Straight line	5 years
Leasehold Property	Straight line	As per below
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 – 5 years
Computer equipment	Straight line	2 – 8 years
Programmes and textbooks	Straight line	8 – 12 years
Spa equipment, curtains, crockery, glassware, and linen	Straight line	5 years

Leasehold improvements are amortized over the period of the lease or useful lives of the asset, whichever is shorter.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.10 Intangible assets

Goodwill on acquisition

Goodwill represents the excess of the cost of an acquisition over the net fair value of the Group's interest in the identifiable assets, liabilities and contingent liabilities of the subsidiary carried at the date of acquisition. Goodwill is at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

2. Summary of material accounting policies (Continued)

2.10 Intangible assets (Continued)

Intangible assets

An intangible asset is recognized when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are initially recognized at cost, less any accumulated amortisation and any impairment losses. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Refer to Note 10 – Investment in Subsidiaries for additional details on the acquired intangible assets.

The useful life of intangible assets has been assessed as follows:

Category	Useful life
Customer relationships	5 years
Customer list	5 years
Film Library	8.5 years
Trade names, trademarks, domain names and licenses	Indefinite

Internally generated intangible assets

Expenditure from the research phase of an internal project to create an intangible asset is expensed in profit or loss when it is incurred. Where the research phase cannot be distinguished from the development phase of an internal project, the Group treats the expenditure on that project as if it were incurred in the research phase only.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised, if, and only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible assets during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

2. Summary of material accounting policies (Continued)

2.10 Intangible assets (Continued)

Internally generated intangible assets (continued)

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Amortisation begins when development is complete, and the asset is available for use.

The estimate useful life is as follows:

	Useful life
GeniusU Platform	5 years

The amortisation charge is recognised in profit or loss and is assessed for impairment when there is an indication that the intangible asset may be impaired. The estimated amortisation period and amortisation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Trademarks

Trademarks are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised over 5 years, which is the shorter of their estimated useful lives and periods of contractual rights.

2.11 Impairment of non-financial assets excluding goodwill

The Group reviews the carrying amount of its non-financial assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value-in-use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Summary of material accounting policies (Continued)

2.12 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Initial recognition and measurement

All financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price defined in FRS 115 *Revenue from Contracts with Customers* (“FRS 115”).

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income (“FVTOCI”) and fair value through profit or loss (“FVTPL”). The classification at initial recognition depends on the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group’s business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset’s contractual cash flows are solely payments of principal and interest (“SPPI”) on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

2. Summary of material accounting policies (Continued)

2.12 Financial instruments (Continued)

Financial assets held at FVTOCI

At initial recognition, the Group may make an irrevocable election to classify its investment in equity instruments, for which the equity instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which FRS 103 applies, as subsequently measured at FVTOCI so as to present subsequent changes in fair value in other comprehensive income. The election is made on an investment-by-investment basis. The group has elected to designate investments in unquoted equity instruments at FVTOCI. Upon derecognition cumulative fair value changes are transferred to accumulated profits.

Dividends from equity instruments are recognised in profit or loss only when the Group's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Financial assets at FVTPL

A financial asset is subsequently measured at FVTPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVTPL if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost and debt instruments measured at FVTOCI. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on a financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group uses a practical expedient to recognise the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

2. Summary of material accounting policies (Continued)

2.12 Financial instruments (Continued)

Impairment of financial assets (Continued)

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

While they are not financial assets, contract assets arising from the Group's contracts with customers under FRS 115 are assessed for impairment in accordance with FRS 109, similar to that of trade receivables.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amount it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental cost directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Convertible loans

Convertible loans are treated as compound instruments if it meets the "fixed-for fixed" criterion, consisting of a liability component and an equity component. If it does not meet the "fixed-for fixed" criterion, it will be treated as a financial liability. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement.

2. Summary of material accounting policies (Continued)

2.12 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

The liability component of convertible loans is recognised initially at the fair value of a similar non-convertible liability. The carrying amount of the equity component is then determined by deducting the fair value of the liability component from the fair value of the compound financial instrument as a whole.

Any directly attributable transaction costs are allocated to the liability and equity portion in proportion to their initial carrying amount.

Subsequent to the initial measurement, the liability component of the convertible loans is measured at amortised cost using the effective interest method until its extinguishment upon conversion, redemption or at the maturity date. The equity component remains as equity, net of income tax effects, but may be transferred within equity.

Treasury shares

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee shareoption plan, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

2. Summary of material accounting policies (Continued)

2.12 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in banks which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Restricted cash

Restricted cash as at December 31, 2023 represents the letter of credit issued from University of Antelope Valley. Restricted cash as at 31 December 2022 represents money that is held at a bank account related to the Company's 2022 convertible debt and was not available to the Company for immediate or general business use as at 31 December 2022. All the restricted cash as at 31 December 2022 was available to the Company by April 2023.

2.15 Leases

At inception of a contract, the Group assessed whether the 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.

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under FRS 116 Leases ("FRS 116"). For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

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, less any lease incentives received, 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.

2. Summary of material accounting policies (Continued)

2.15 Leases (Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, 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, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

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 or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amount expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2. Summary of material accounting policies (Continued)

2.16 Provisions (Continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the consolidated profit or loss when the changes arise.

2.17 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The effect of the Group's and the Company's transactions and arrangements with related parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Key management personnels

Key management personnels are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly, including any director (whether executive or otherwise) of that company.

2. Summary of material accounting policies (Continued)

2.18 Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 19. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non-market-based vesting conditions. At the end of each financial year, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the equity-settled share option reserve.

Where the grant of equity instruments is cancelled or settled during the vesting period, other than a grant cancelled by forfeiture when the vesting conditions are not satisfied, the Group recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period. Where the employee leaves the Group before the options vest, the options are forfeited.

The transfer of the balance in the share option reserve to share capital or treasury shares upon exercise of the option and the transfer of the balance in the share option reserve to accumulated profits upon expiry of the option are not mandatory and may be kept as a separate reserve upon expiry or exercise of the option.

2.19 Going concern

As at 31 December 2023, the Group incurred a net loss of US\$5,711,222 (2022:US\$56,006,439); the Group's current liabilities exceeded its current assets by US\$7,614,317 (2022: Nil) and generated negative cash flows from operations of US\$12,409,242 (2022:US\$7,635,973) during the financial year ended 31 December 2023 and, as of that date, the Group has an accumulated losses of US\$59,132,780 (2022:US\$67,734,247). The financial statements of the Group have been prepared on a normal going concern basis on the assumption that the Group will actively pursue capital raising activities to support continued growth and strategic acquisitions which are cash generative and accretive to earnings, the going concern basis would be invalid and provision would have to be made for any loss on realisation of the Group's assets and further costs which might arise.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with FRS requires the use of judgments, estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only the financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 Critical judgements made in applying the Group and Company's accounting policies

Determination of functional currency

In determining the functional currency of the Group, judgement is used by the Group to determine the currency of the primary economic environment in which the Group operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

Common control business combinations

The Group has adopted the book value method for the accounting of common control business combinations for the following subsidiaries deemed by the management to be acquired under common control business combinations, namely, Entrepreneur Resorts Group and Wealth Dynamics Pte. Ltd. The entities are deemed to be under common control of Roger James Hamilton, a common shareholder.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset was already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Group's and Company's property, plant and equipment as at 31 December 2023 were US\$456,751 (2022: US\$563,131) and US\$6,763 (2022: US\$9,493) respectively (Note 9).

Impairment of goodwill

The Group tests goodwill for impairment at least on an annual basis. Determining whether goodwill is impaired requires an estimation of the VIU of the CGU to which goodwill has been allocated. The VIU calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. US\$15,371,643 (2022: US\$20,053,893) impairment loss was recognised during the financial year ended 31 December 2023. The carrying amount of goodwill as at 31 December 2023 was US\$11,425,148 (2022: US\$31,688,887) (Note 12).

Impairment of intangible assets

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The Management estimates the useful lives of intangible assets to be 5 years. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The carrying amount of the Group's and Company's intangible assets as at 31 December 2023 was US\$15,250,751 (2022: US\$16,107,293) and US\$10,228 (2022: US\$10,228) respectively (Note 13).

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments are impaired. Where necessary, management's assessments are based on the estimation of the VIU of the assets defined in FRS 36 Impairment of Assets by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investments in subsidiaries as at 31 December 2023 was US\$37,050,837 (2022: US\$89,142,044) (Note 10)

Measurement of ECL of trade receivables

The Group uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographic allocations, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. The Group adjusts, as necessary, the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Group's trade receivables as at 31 December 2023 is US\$6,140,410 (2022: US\$3,721,293) (Note 16).

Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amount of the Group's deferred tax liabilities as at 31 December 2023 was US\$2,280,323 (2022: US\$3,391,129) (Note 23) respectively.

Fair value and allocation of convertible loans

Convertible loans are measured at fair value at the initial recognition. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. In respect of the liability component of convertible loans, the market rate of interest is determined with reference to similar liabilities that do not have a conversion option. The carrying amount of the Group's and Company's convertible loans recognised as liability as at 31 December 2023 was Nil (2022: US\$7,975,851) and Nil (2022: US\$7,975,851) (Note 21) respectively.

Share-based compensation

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted based on Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The carrying amount of the Group's share option reserve as of 31 December 2023 is US\$2,680,096 (2022: US\$2,147,630) and Company's share option reserve as of 31 December 2023 is US\$2,680,096 (2022: US\$2,147,630) (Note 19).

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. Revenue

The disaggregation of revenue from contracts with customers is as follows:

	<u>2023</u> <u>US\$</u>	<u>Group</u> <u>2022</u> <u>US\$</u>
<u>At point in time</u>		
Digital education platform	8,373,848	8,011,319
Campus revenue	1,892,451	2,110,531
Sale of goods	2,558,933	2,527,590
	<u>12,825,232</u>	<u>12,649,440</u>
<u>Over time</u>		
In-person education courses	10,237,522	5,544,176
	<u>10,237,522</u>	<u>5,544,176</u>
	<u>23,062,754</u>	<u>18,193,616</u>

Transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations and expected to be realised in the following financial years are as follows:

	<u>2023</u> <u>US\$</u>	<u>Group</u> <u>2022</u> <u>US\$</u>
Within one year	<u>2,750,137</u>	<u>5,820,450</u>

5. Other income

	<u>2023</u> <u>US\$</u>	<u>Group</u> <u>2022</u> <u>US\$</u>
SARS compromise	-	196,501
Sale of Christ Revealed	50,000	-
Property CEO commission	42,917	-
Work Space Plans	37,210	-
Gain on bought back of shares	-	100,000
Gain on lease modification	308,763	-
Interest income	45,104	26,380
Others	111,809	266,332
	<u>595,803</u>	<u>589,213</u>

6. Finance costs

	<u>2023</u> <u>US\$</u>	<u>Group</u> <u>2022</u> <u>US\$</u>
Interest expense on:		
- Lease liabilities (Note 26)	787,340	491,336
- Convertible loan	2,952,277	847,520
	<u>3,739,617</u>	<u>1,338,856</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. Loss before income tax

In addition to the charges disclosed elsewhere in the financial statements, the above includes the following charges:

	<u>2023</u> <u>US\$</u>	<u>Group</u> <u>2022</u> <u>US\$</u>
Salaries, wages, bonuses and other benefits	10,637,715	8,909,585
Impairment loss	15,371,643	28,246,010
Revaluation adjustment of contingent consideration	(32,774,594)	13,838,197
Depreciation of property, plant and equipment	95,367	705,651
Amortisation of intangible assets	2,170,770	830,769
Depreciation of right-of-use assets	1,004,912	814,220
Consulting and professional services	6,884,036	2,284,436
Marketing	2,844,825	1,917,377
Provision of doubtful debts for trade receivables	2,821,611	1,509,486
Share based compensation	532,466	1,308,784
Utilities	914,546	952,056
Insurance	1,337,151	713,481
Other	882,306	846,112
Travel	980,317	851,139
Development charges	879,438	847,068
Exchange loss	375,407	619,267
Rent expense	399,605	351,730
Repairs and maintenance	375,407	304,938
Athletic program expenses	398,896	277,604

8. Income tax credit

	<u>2023</u> <u>US\$</u>	<u>Group</u> <u>2022</u> <u>US\$</u>
Current income tax expenses		
Current year	32,120	220,570
Deferred tax credit		
Current year (Note 23)	(1,110,806)	(1,284,166)
	<u>(1,078,686)</u>	<u>(1,063,596)</u>

The reconciliation between tax expense and the loss before income tax multiplied by the applicable corporate tax rate for the financial years ended 31 December 2023 and 2022 are as follows:

	<u>2023</u> <u>US\$</u>	<u>Group</u> <u>2022</u> <u>US\$</u>
Loss before income tax	(6,789,908)	(57,070,035)
Tax at the domestic tax rates applicable to profits in the countries where the Group operates	(1,154,284)	(9,701,906)
Expenses not deductible for tax purposes	(2,281,496)	5,995,386
Deferred tax asset on temporary differences not recognised	1,600,731	3,019,483
Different tax rates of subsidiaries operating in other jurisdictions	(183,113)	(736,092)
Others	939,476	359,533
	<u>(1,078,686)</u>	<u>(1,063,596)</u>

Reconciliation of effective tax rate is as follows:

8. Income tax credit (Continued)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The Company and the subsidiaries operating in Singapore are subject to income tax rate of 17% (2022: 17%) on their taxable income.

The subsidiary operating in South Africa is subject to income tax at the rate of 28% (2022: 28%) on its taxable income according to South Africa corporate income tax law.

The subsidiaries operating in Indonesia is subject to income tax at the rate of 25% (2022: 25%) on their taxable income according to Indonesia corporate income tax law.

The subsidiaries operating in United Kingdom is subject to income tax at the rate of 18% (2022: 18%) on their taxable income according to United Kingdom corporate income tax law.

The subsidiaries operating in Seychelles is subject to income tax at the rate of 0% (2022: 0%) on their taxable income according to Seychelles corporate income tax law.

Unrecognised tax losses

At the end of the financial year, the Group have unabsorbed tax losses as follows:

	<u>2023</u> US\$	<u>Group</u> <u>2022</u> US\$
Unabsorbed tax losses	<u>43,402,517</u>	<u>29,195,914</u>

Unabsorbed tax losses do not expire under current legislation and are available for offset against future taxable profits of the companies in which the losses arose, and for which no deferred tax asset was recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. Property, plant and equipment

<u>Group</u>	<u>Land</u>	<u>Buildings</u>	<u>Leasehold property</u>	<u>Plant and machinery</u>	<u>Furniture and fixtures</u>	<u>Motor vehicles</u>	<u>Office equipment</u>	<u>Computer equipment</u>	<u>IT Equipment</u>	<u>Programmes and textbooks</u>	<u>Spa equipment, curtains, crockery, glassware and linen</u>	<u>Total</u>
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<u>Cost</u>												
As at 1 January 2022	1,486,718	4,401,241	4,261,623	136,692	537,964	320,103	26,287	4,456	113,790	-	255,434	11,544,308
Additions	-	-	76,873	11,195	92,849	-	22,496	3,908	-	-	15,360	222,681
Additions (At acquisition)	-	147,297	1,144,819	-	756,373	148,551	659,655	496,083	228,020	234,165	825,034	4,639,997
Written off	-	-	-	(12,244)	(2,305)	(6,790)	(11,416)	-	(15,005)	-	(5,055)	(52,815)
Exchange difference	-	(7,164)	(460)	-	150	(542)	(3)	(1,773)	3,587	(1)	(36,033)	(42,239)
As at 31 December 2022	1,486,718	4,541,374	5,482,855	135,643	1,385,031	461,322	697,019	502,674	330,392	234,164	1,054,740	16,311,932
Additions	1,495	-	-	1,535	19,692	25,102	367	20,438	1,041	-	61,385	131,055
Disposals	-	-	-	-	(4,032)	(5,076)	-	-	(11,410)	-	-	(20,518)
ERL spin off	(1,488,213)	(4,401,241)	(4,261,623)	(137,178)	(644,169)	(340,128)	(37,734)	(12,643)	(99,826)	-	(319,545)	(11,742,300)
Exchange difference	-	-	-	-	-	(3,912)	-	-	-	-	(7,940)	(11,852)
As at 31 December 2023	-	140,133	1,221,232	-	756,522	137,308	659,652	510,469	220,197	234,164	788,640	4,668,317

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. Property, plant and equipment (Continued)

<u>Group</u>	<u>Land</u>	<u>Buildings</u>	<u>Leasehold property</u>	<u>Plant and machinery</u>	<u>Furniture and fixtures</u>	<u>Motor vehicles</u>	<u>Office equipment</u>	<u>Computer equipment</u>	<u>IT Equipment</u>	<u>Programmes and textbooks</u>	<u>Spa equipment, curtains, crockery, glassware and linen</u>	<u>Total</u>
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<u>Accumulated depreciation</u>												
As at 1 January 2022	-	(989,086)	(2,770,810)	(87,050)	(330,476)	(281,586)	(19,528)	(4,456)	(88,274)	-	(196,926)	(4,768,192)
Additions	-	(300,228)	(229,121)	(5,147)	(54,997)	(38,406)	(10,195)	(10,325)	(25,519)	-	(31,713)	(705,651)
(At acquisition)	-	-	(346,117)	-	(740,290)	(82,307)	(608,699)	(449,012)	(203,299)	(217,570)	(571,815)	(3,219,109)
Written off	-	-	-	12,244	2,305	5,627	11,416	-	15,005	-	5,058	51,655
As at 31 December 2022	-	(1,289,314)	(3,346,048)	(79,953)	(1,123,458)	(396,672)	(627,006)	(463,793)	(302,087)	(217,570)	(795,396)	(8,641,297)
Additions	-	-	-	-	(5,512)	(14,670)	(14,624)	(30,563)	-	(4,761)	(25,237)	(95,367)
ERL spin off	-	1,149,181	2,963,490	79,953	519,771	307,295	29,392	4,456	95,196	-	212,885	5,361,619
As at 31 December 2023	-	(140,133)	(382,558)	-	(609,199)	(104,047)	(612,238)	(489,900)	(206,891)	(222,331)	(607,748)	(3,375,045)
<u>Impairment loss</u>												
As at 1 January 2022	-	-	-	-	-	-	-	-	-	-	-	-
Additions	(1,486,718)	(3,252,060)	(2,134,654)	(55,690)	(108,736)	(12,808)	(7,975)	-	(3,589)	-	(45,274)	(7,107,504)
As at 31 December 2022	(1,486,718)	(3,252,060)	(2,134,654)	(55,690)	(108,736)	(12,808)	(7,975)	-	(3,589)	-	(45,274)	(7,107,504)
ERL spin off	1,486,718	3,252,060	1,298,133	55,690	108,736	12,808	7,975	-	3,589	-	45,274	6,270,983
As at 31 December 2023	-	-	(836,521)	-	-	-	-	-	-	-	-	(836,521)
<u>Carrying amount</u>												
As at 31 December 2022	-	-	2,153	-	152,837	51,842	62,038	38,881	24,716	16,594	214,070	563,131
As at 31 December 2023	-	-	2,153	-	147,323	33,261	47,414	20,569	13,306	11,833	180,892	456,751

During the financial year, the Group acquired property, plant and equipment for an aggregate of US\$131,055 (2022: US\$222,681 and at acquisitions US\$4,639,997).

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. Property, plant and equipment (Continued)

<u>Company</u>	<u>Computer</u> <u>US\$</u>
<u>Cost</u>	
Balance as at 1 January 2022	7,580
Additions during the year	<u>7,756</u>
Balance as at 31 December 2022	15,336
Additions during the year	<u>7,541</u>
Balance as at 31 December 2023	<u><u>22,877</u></u>
<u>Accumulated depreciation</u>	
Balance as at 1 January 2022	5,843
Additions during the year	<u>-</u>
Balance as at 31 December 2022	5,843
Additions during the year	<u>10,271</u>
Balance as at 31 December 2023	<u><u>16,114</u></u>
<u>Net book value</u>	
Balance as at 31 December 2022	<u><u>9,493</u></u>
Balance as at 31 December 2023	<u><u>6,763</u></u>

10. Investment in subsidiaries

	<u>2023</u> <u>US\$</u>	<u>Company</u> <u>2022</u> <u>US\$</u>
Unquoted equity investment, at cost		
As at 1 January	89,142,044	35,261,647
Addition during the year	87,000	70,286,097
Disposal during the year	(31,797,810)	-
Adjustment during the year	(9,124,317)	-
Less: Impairment loss	<u>(11,256,080)</u>	<u>(16,405,700)</u>
Unquoted equity investment, net	<u><u>37,050,837</u></u>	<u><u>89,142,044</u></u>

An impairment assessment was conducted on the recoverable amounts of the Company's investment in subsidiaries during the financial year. Consequently, an impairment loss of US\$11,256,080 and US\$16,405,700 is recognised in the financial year 2023 and 2022 respectively as the recoverable amount which is based on value-in-use of the subsidiaries at the end of the year is lower than the carrying amount of the Company's cost of investments. The adjustment during the year represents the adjustment to the purchase price allocation as a result of valuation report compared to the management estimate in 2022 (Note 10).

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. Investment in subsidiaries (Continued)

Details of the subsidiaries are as follows:

<u>Name of subsidiaries</u>	<u>Principal activities</u>	<u>Country of Incorporation</u>	<u>Equity 2023</u> %	<u>Equity 2022</u> %
<u>Held directly by the Company</u>				
GeniusU Limited ⁽¹⁾	Providing educational services to entrepreneurs both through an online platform	Singapore	96.54	96.54
Wealth Dynamics Pte. Ltd. ⁽¹⁾	Business of management	Singapore	100	100
Talent Dynamics Pathway Ltd. ⁽²⁾	International business development training, built upon the principles and tools	United Kingdom	100	100
Entrepreneur Resorts ⁽³⁾	Holding company	Seychelles	-	95.41
Property Investors Network ⁽⁴⁾	Providing educational services, resources and support to individuals interested in property investment	United Kingdom	100	100
Education Angels ⁽⁵⁾	Providing home childcare and education to children	New Zealand	100	100
University of Antelope Valley ⁽⁶⁾	University providing master's, bachelor's and other degrees to students	United states	100	100
E-squared education ⁽⁷⁾	Providing school education to students	South Africa	100	100
Revealed Films ⁽⁸⁾	Film production company	United states	100	100
<u>Name of subsidiaries</u>	<u>Principal activities</u>	<u>Country of Incorporation</u>	<u>Equity 2023</u> %	<u>Equity 2022</u> %
<u>Held through Entrepreneur Resorts Limited</u>				
Entrepreneur Resorts Pte Ltd ⁽⁹⁾	Licensing of trade, knowledge and resources	Singapore	100	100
Genius Central Singapore Pte. Ltd. ⁽⁹⁾	Bar and restaurant	Singapore	100	100
PT XL Vision Villa and Genius Café ⁽¹⁰⁾	Hotel and restaurant	Bali, Indonesia	100	100
Tau Game Lodge Proprietary Limited ⁽¹¹⁾	Game lodge / activity	South Africa	100	100
Matla Game Lodge Proprietary Limited ⁽¹¹⁾	Game lodge / activity	South Africa	100	100

10. Investment in subsidiaries (Continued)

Details of the subsidiaries are as follows: (continued)

- (1) Audited by Enrome LLP, Singapore.
- (2) Audited by Ilyas Patel (Accountants) Limited.
- (3) Audited by Moore Infinity (Previously known as PKF Octagon).
- (4) Audited by SKS Bailey Group Ltd
- (5) Audited by Baker Tilly Staples Rodway audit limited
- (6) Audited by Lightheart, Sanders and Associates
- (7) Audited by Reashoma Auditors Inc
- (8) Unaudited in the country of incorporation
- (9) Audited by VKR Practices Singapore.
- (10) Audited by Kantor akuntan publik ketut budhita and Anggilrawan.
- (11) Audited by Lloyd Vilgen RA CA.

Additional allotment of shares in a subsidiary and the dilution in non-controlling interest

During the year 2022, the subsidiary of the Company, GeniusU Limited has allotted and issued a total of 108,888 shares to various external shareholders for a consideration of US\$2,655,739 resulted in a total dilution of 3.45%. The Genius Group holds 96.55% after the share issuance.

During the year 2023, the subsidiary of the Company, GeniusU Limited offered to convert \$60,000 of investment to Genius Group Limited, as a result of the conversion the Company issued 70,047 shares to those investors.

During the year 2023, the subsidiary of the Company, Entrepreneur Resorts Limited offered to convert \$65,109 investment to Genius Group Limited, as a result of the conversion the Company issued 79,113 shares to those investors.

Spin off of Entrepreneur Resorts Limited

In October 2023, Entrepreneur Resorts Limited was spun off from the Company following the approval from Directors, Shareholders and Singapore court.

Acquisition of subsidiaries

During 2022, the Company acquired Education Angels, University of Antelope Valley, E-Squared Education, Property and Mastermind Networks Limited and Revealed Films. The Company used the income approach for the valuation of the acquired intangible assets, the contingent consideration and the options issued.

10. Investment in subsidiaries (Continued)

Acquisition of subsidiaries (Continued)

To account for the acquisition intangibles the Company used the following valuation methods:

Trade Names, Trademarks, Domain Names and Licenses

In determining the fair values a present value technique known as the relief-from-royalty method was used. The premise of this valuation method is that if the trade names, trademarks, domain names, and licenses were licensed to an unrelated party, the unrelated party would pay a percentage of revenue for use of them. The trade names, trademarks, domain names, and license owner is, however, spared this cost. The present value of these cost savings over time, or relief from royalty, represents the value.

Customer Relationships

The fair value of the customer relationships was determined utilizing a present value technique involving a discounted cash flow analysis. This method is based on the notion that the value of a customer contract and related customer relationship is equal to the incremental after-tax cash flows attributable to the customer contract and related customer relationship after deductions and charges for the economic return on contributory assets such as working capital, fixed assets and other identifiable intangible assets such as an assembled workforce

To account for the Options and Top Up Consideration for the acquisitions the Company used the following valuation methods:

Top Up Consideration (excluding Revealed Films) and the Call Option

The fair values of each was determined utilizing monte carlo simulations to simulate the potential payoffs. A monte carlo simulation is a problem solving technique used to approximate the probability of certain outcomes by running multiple trial runs, called simulations, using random variables.

Put Option

The fair value of the put option was determined using a closed-form option pricing model commonly referred to as the Black-Scholes option pricing model.

Revealed Films Top Up Consideration

The fair value was determined utilizing a present value technique involving a discounted cash flow analysis.

Genius Group Ltd.'s Acquisition of Education Angels

On April 30, 2022, the Company acquired 100% of the voting equity interest of Education Angels for US\$1,918,700 of purchase consideration, made up of 333,687 of Company's ordinary shares. Education Angels operates in New Zealand and provides early education learning services in New Zealand. The Company utilized an independent third-party to determine the fair value of the acquired intangible assets, fair value of earn outs, and the fair value of options.

Below is a summary of the preliminary allocation of the purchase consideration to the fair value of the assets and liabilities associated with Education Angels at acquisition.

	US\$
Purchase Price	
Value of shares	1,918,700
Less: Acquired cash	(26,940)
Purchase price, net of acquired cash	1,891,760
Prepaid expenses and other current assets	(113,413)
Property, plant and equipment	(69,637)
Intangible assets	(1,640,000)
Accounts payable, accrued expenses and other liabilities	804,842
Deferred tax liabilities	549,718
Goodwill	1,423,270

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10. Investment in subsidiaries (Continued)

Genius Group Ltd.'s Acquisition of Education Angels (Continued)

The acquired intangible assets are as follows

	US\$
Trade names, trademarks, domain names and licenses	1,640,000

Genius Group Ltd.'s Acquisition of Property Investors Network

On April 30, 2022, the Company acquired 100% of the voting equity interest of Property Investors Network, and its wholly owned subsidiaries, for US\$29,655,000 of purchase consideration, made up of 2,959,518 of Company's ordinary shares for US\$17,017,000, US\$1,837,000 in cash, US\$701,000 in top up consideration payable if the 2x revenue or 10x EBITDA in 2022, 2023 or 2024 exceeds the purchase price or the previous year's consideration; the difference between the value will be paid in additional consideration by 90% in shares and 10% in cash and US\$10,100,000 in call options. The Company has issued a call option to the seller of Property Investors Network which allows the seller to exercise the call option to repurchase the Company from the buyer, if the value of Company's shares held by the seller is below GBP 10.2 million. The validity of such option is one year from the first anniversary of the acquisition close date. The Company utilized an independent third-party to determine the fair value of the acquired intangible assets, fair value of earn outs, and the fair value of options. Property Investors Network is a United Kingdom based entity which delivers events and education programs to the property investors.

Below is a summary of the preliminary allocation of the purchase consideration to the fair value of the assets and liabilities associated with Property Investors Network at acquisition.

	US\$
Purchase Price	
Value of shares	17,017,000
Cash	1,837,000
Top-up share options	701,000
Call / Put option	10,100,000
Total purchase price	29,655,000
Less: acquired cash	(347,952)
Purchase price, net of acquired cash	29,307,048
Accounts receivable	(461,249)
Prepaid expenses and other current assets	(6,111,957)
Property, plant and equipment	(24,994)
Intangible assets	(4,980,000)
Accounts payable, accrued expenses and other liabilities	2,833,718
Deferred tax liabilities	1,171,555
Goodwill	21,734,121

The acquired intangible assets are as follows

	US\$
Trade names, trademarks, domain names and licenses	4,900,000
Customer relationship	80,000
Total	4,980,000

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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10. Investment in subsidiaries (Continued)

Genius Group Ltd.'s Acquisition of E-Square

On May 31, 2022, the Company acquired 100% of the voting equity interest of E-Square, and its wholly owned subsidiaries, for US\$3,845,000 of purchase consideration, made up of 328,236 of the Company's ordinary shares for US\$2,692,000, US\$403,000 in cash, loans payable of US\$299,000, and US\$451,000 in put option. The Company has also issued a put option to the seller of E-Squared Enterprises Ltd which allows the seller to exercise the put option and repurchase the Company from the buyer, if the Company's shares trade below US\$5.81 (\$34.87 pre-split) at any given point of time from the date of commencement to two years. The Company has agreed to pay top up consideration for the year 2022 and 2023 for the positive difference between 2x annual revenue or 10x EBITDA for the financial year minus the hurdle amount which is the revenue or EBITDA for the previous year. The value of top up consideration is zero as of the acquisition date. Company utilized an independent third-party to determine the fair value of the acquired intangible assets, fair value of earn outs, and the fair value of options. E-Square operates as a primary school, secondary school, and vocational college provider in South Africa.

Below is a summary of the preliminary allocation of the purchase consideration to the fair value of the assets and liabilities associated with E-Square at acquisition.

	US\$
Purchase price	
Value of shares	2,692,000
Cash	403,000
Deferred payment	299,000
Call / Put option	451,000
Total purchase price	3,845,000
Less: acquired cash	(262,518)
Purchase price, net of acquired cash	3,582,482
Accounts receivable	(178,081)
Prepaid expenses and other current assets	(31,242)
Property, plant and equipment	(272,348)
Intangible assets	(100,000)
Accounts payable, accrued expenses and other liabilities	722,275
Deferred tax liabilities	37,838
Goodwill	3,760,924

The acquired intangible assets are as follows

	US\$
Trade names, trademarks, domain names and licenses	100,000

Genius Group Ltd.'s Acquisition of University of Antelope Valley

On July 7, 2022, the Company acquired 100% of the voting equity interest of University of Antelope Valley for US\$14,487,000 of purchase consideration, made up of 1,000,000 of the Company's ordinary shares for US\$6,470,000, US\$7,000,000 of cash and US\$1,017,000 in top up consideration payable if the amount of UAV's total revenue in 2022, 2023 and 2024 is an increase over US\$9 million during each of the year or subsequent year's total revenue, then the Company shall pay an additional cash of an amount equal to the total revenue minus US\$9 million or previous year's revenue multiplied by two. The consideration is payable in cash. The Company utilized an independent third-party to determine the fair value of the acquired intangible assets, fair value of earn outs, and the fair value of options. University of Antelope Valley delivers its certification and degree programs to the students who physically enroll at their location in Lancaster, California.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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10. Investment in subsidiaries (Continued)

Genius Group Ltd.'s Acquisition of University of Antelope Valley (Continued)

Below is a summary of the preliminary allocation of the purchase consideration to the fair value of the assets and liabilities associated with University of Antelope Valley at acquisition.

	US\$
Purchase price	
Value of shares	6,470,000
Cash	7,000,000
Top-up share options	1,017,000
Total purchase price	14,487,000
Less: acquired cash	(1,620,734)
Purchase price, net of acquired cash	12,866,266
Accounts receivable	(3,082,589)
Prepaid expenses and other current assets	(492,404)
Property, plant and equipment	(1,051,934)
Accounts payable, accrued expenses and other liabilities	1,935,533
Goodwill	10,174,872

Genius Group Ltd.'s Acquisition of Revealed Films

On October 4, 2022, the Company acquired 100% of the voting equity interest of Revealed Films for US\$20,380,397 of purchase consideration, made up of 1,353,966 of the Company's ordinary shares for US\$7 million, US\$1 million in cash, US\$2 million of loans payable and US\$10,380,397 in top up consideration payable upon achieving the pre-agreed milestones. The loans payable of \$2 million was paid to the sellers during Q1 2023. The Company has agreed to pay top up consideration of 1.5X the difference between the revenue in 2023, 2024 and 2025 if the revenue growth is higher than US\$7 million and a profit of at least 7%. The revenue growth is calculated as revenue during the year minus US\$7 million or previous year's revenue if the target was met. The acquisition of Revealed Films occurred in the 4th quarter of the year and the valuation will be reviewed and finalised by an independent third-party in the first half of 2023. Revealed Films is a film production company based in Utah. For the year 2022, the reporting was basis the preliminary allocation of the purchase consideration by the management.

Below is a summary of the purchase consideration to the fair value of the assets and liabilities associated with Revealed Films at acquisition.

	As of 31 December 2022 US\$	Change US\$	As of 31 December 2023 US\$
Purchase price			
Value of shares	7,000,000	(4,043,920)	2,956,080
Cash	1,000,000	-	1,000,000
Deferred payment	2,000,000	(100,000)	1,900,000
Top-up share options	10,380,397	(3,680,397)	6,700,000
Claw back clause	-	(1,300,000)	(1,300,000)
Total purchase price	20,380,397	(9,124,317)	11,256,080
Less: acquired cash	(145,532)	(468)	(146,000)
Purchase price, net of acquired cash	20,234,865	(9,124,785)	11,110,080
Accounts receivable	(152,920)	(80)	(153,000)
Prepaid expenses and other current assets	(745,521)	521	(745,000)
Goodwill	(1,008,694)	1,008,694	-
Intangible assets	(8,884,000)	(876,000)	(9,760,000)
Accounts payable, accrued expenses and other liabilities	1,660,727	(958,727)	702,000
Deferred tax liabilities	2,202,088	(2,202,088)	-
Goodwill	13,306,545	(12,152,465)	1,154,080

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10. Investment in subsidiaries (Continued)

Genius Group Ltd.'s Acquisition of Revealed Films (Continued)

The acquired intangible assets are as follows

	As of 31 December 2022 US\$	Change US\$	As of 31 December 2023 US\$
Trademarks	-	700,000	700,000
Film Library	-	4,600,000	4,600,000
Customer list	-	4,200,000	4,200,000
Customer Relationship	8,884,000	(8,624,000)	260,000
	8,884,000	876,000	9,760,000

Subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that has NCI that is material to the Group.

<u>Name of subsidiaries</u>	<u>Proportion of ownership interest held by NCI</u>		<u>Loss allocated to NCI during the reporting period</u>		<u>Accumulated NCI at the end of reporting period</u>	
	<u>2023</u> %	<u>2022</u> %	<u>2023</u> US\$	<u>2022</u> US\$	<u>2023</u> US\$	<u>2022</u> US\$
GeniusU Pte Ltd ("GU")	3.45	3.45	(54,079)	(97,732)	5,689,475	5,811,881
Entrepreneur Resorts ("ERL")	-	4.59	-	(88,005)	-	1,019,160

Financial Summary of subsidiaries with material non-controlling interest ("NCI"):

	<u>2023</u>		<u>2022</u>	
	<u>US\$</u> <u>GU</u>	<u>US\$</u> <u>ERL</u>	<u>US\$</u> <u>GU</u>	<u>US\$</u> <u>ERL</u>
Assets				
Non-current	1,492,918	-	1,629,705	13,688,601
Current	4,592,625	-	5,858,128	4,431,112
	6,085,543	-	7,487,833	18,119,713
Liabilities				
Non-current	-	-	-	(2,587,787)
Current	(4,285,943)	-	(2,901,121)	(6,846,049)
	(4,285,943)	-	(2,901,121)	(9,433,836)
Net assets	1,799,600	-	4,586,712	8,685,877
Revenue	2,527,014	-	4,926,569	2,727,017
(Loss) / Income for the financial year	(2,787,112)	-	(3,613,600)	(3,087,208)
Total comprehensive (loss) / income	(2,787,112)	-	(3,613,600)	(3,071,068)
Net cash flow used in operations	(1,188,284)	-	(2,566,598)	(481,701)

11. Other investments

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> US\$	<u>2022</u> US\$	<u>2023</u> US\$	<u>2022</u> US\$
Unquoted equity instruments – at FVTOCI	28,698	28,698	28,698	28,698

On September 11, 2017, the Company entered into an agreement to purchase a 2.5% interest in Yougo World Ltd., a start-up company focusing on mixed reality platforms, content and services. The investment was funded in 2018.

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11. Other investments (Continued)

Investments in Joint Venture

	<u>2023</u> <u>US\$</u>	<u>Group</u> <u>2022</u> <u>US\$</u>	<u>2023</u> <u>US\$</u>	<u>Company</u> <u>2022</u> <u>US\$</u>
As at 1 January	373	371	-	-
Currency translation	6	2	-	-
As at 31 December	<u>379</u>	<u>373</u>	<u>-</u>	<u>-</u>

Investments in Joint Venture represents Investments in Health 360 Pte Ltd. The Investment represents 50% shareholding for the Group.

12. Goodwill

	<u>2023</u> <u>US\$</u>	<u>Group</u> <u>2022</u> <u>US\$</u>
As at 1 January	31,688,887	1,320,100
Add: Acquisition of new subsidiaries	-	50,399,733
Add: Deferred tax adjustments for impairment	-	136,097
Less: Goodwill reduction as per PPA	(4,919,920)	-
Less: Impairment loss	(15,371,643)	(20,053,893)
Less: Foreign currency translations	<u>27,824</u>	<u>(113,150)</u>
As at 31 December	<u>11,425,148</u>	<u>31,688,887</u>

Goodwill is allocated to the Company's CGUs. The recoverable amount of these CGUs have been determined based on VIU calculations. Other assumptions included in VIU calculations are closely linked to entity-specific key performance indicators.

The carrying amount of goodwill had been allocated by CGU or groups of CGU as follows:

	<u>2023</u> <u>US\$</u>	<u>Group</u> <u>2022</u> <u>US\$</u>
PT XL Vision Villa	-	761,486
Property Investors Network Limited	7,747,932	13,503,881
University of Antelope Valley	-	6,408,586
E-squared Education	873,303	2,541,663
Education Angels	1,655,323	1,013,230
Revealed Films	<u>1,148,590</u>	<u>7,460,041</u>
	<u>11,425,148</u>	<u>31,688,887</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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12. Goodwill (Continued)

Impairment testing of goodwill

The Group tests CGU for impairment annually, or more frequently if there is an indication of impairment.

Goodwill is allocated to the Company's cash-generating units. The recoverable amounts of these cash-generating units have been determined based on value-in-use calculations. Other assumptions included in value in use calculations are closely linked to entity-specific key performance indicators. Based on the discounted cash flows of the cash generating units, the Company wrote off US\$15.3 million (2022:US\$20.1 million) as of 31 December 2023. The cash generating units impaired were Property Investors Network of US\$8.3 million (2022:US\$5.8 million), University of Antelope Valley of US\$ Nil (2022:US\$10.4 million), E-Squared Education of US\$1.01 million (2022:US\$2.3 million), Revealed Films of US\$6.02 million (2022: US\$ Nil), Entrepreneurs Resort Ltd of US\$ Nil (2022: US\$1.6 million) due to a decrease in the fair value of the subsidiary based on a discounted cash flow model. See Note 10 — Investment in Subsidiaries for additional details related to goodwill. Movements in impairment loss for goodwill are as follows:

	Group	
	2023	2022
	US\$	US\$
As at 1 January	20,053,893	-
Additions	15,371,643	20,053,893
As at 31 December	<u>35,425,536</u>	<u>20,053,893</u>

13. Intangible assets

Group	Trademarks	GeniusU platform	Customer relationship	Film Library	Customer list	Total
	US\$	US\$	US\$	US\$	US\$	US\$
<u>Cost</u>						
As at 1 January 2022	13,234	2,811,496	-	-	-	2,824,730
Additions	279,356	743,995	-	-	-	1,023,351
Additions (At acquisition)	6,640,000	-	8,964,000	-	-	15,604,000
Exchange difference	355	-	-	-	-	355
As at 31 December 2022	6,932,945	3,555,491	8,964,000	-	-	19,452,436
Additions	-	438,228	-	-	-	438,228
Additions (At acquisition)	700,000	-	-	4,600,000	4,200,000	9,500,000
Written off	-	-	(8,624,000)	-	-	(8,624,000)
As at 31 December 2023	<u>7,632,945</u>	<u>3,993,719</u>	<u>340,000</u>	<u>4,600,000</u>	<u>4,200,000</u>	<u>20,766,664</u>
<u>Accumulated amortization</u>						
As at 1 January 2022	-	1,429,761	-	-	-	1,429,761
Charge for the year	-	508,937	321,832	-	-	830,769
As at 31 December 2022	-	1,938,698	321,832	-	-	2,260,530
Charge for the year	-	571,441	(127,141)	676,470	1,050,000	2,170,770
As at 31 December 2023	<u>-</u>	<u>2,510,139</u>	<u>194,691</u>	<u>676,470</u>	<u>1,050,000</u>	<u>4,431,300</u>
<u>Impairment</u>						
As at 1 January 2022	-	-	-	-	-	-
Additions	-	1,084,613	-	-	-	1,084,613
As at 31 December 2022 and 31 December 2023	<u>-</u>	<u>1,084,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,084,613</u>
<u>Carrying amount</u>						
As at 31 December 2022	<u>6,932,945</u>	<u>532,180</u>	<u>8,642,168</u>	<u>-</u>	<u>-</u>	<u>16,107,293</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

As at 31 December 2023	<u>7,632,945</u>	<u>398,967</u>	<u>145,309</u>	<u>3,923,530</u>	<u>3,150,000</u>	<u>15,250,751</u>
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13. Intangible assets (Continued)

<u>Company</u>	<u>Trademarks</u> US\$
<u>Cost</u>	
At 1 January 2022, 31 December 2022 and 31 December 2023	<u>13,234</u>
<u>Accumulated amortisation</u>	
At 1 January 2022	(3,361)
Exchange difference	<u>355</u>
At 31 December 2022 and 31 December 2023	<u>(3,006)</u>
<u>Carrying amount</u>	
At 31 December 2022	<u>10,228</u>
At 31 December 2023	<u>10,228</u>

The Company's intangible assets mainly pertain to costs incurred in connection with the development of the Company's digital education software platform.

The amortisation expense, which is recognised over the remaining period of digital education software platform has been included as "cost of sales" in the statement of profit or loss and other comprehensive income. Amortisation begins when development is complete, and the asset is available for use. Development costs are amortised based on a useful life of five years.

14. Other non-current assets

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> US\$	<u>2022</u> US\$	<u>2023</u> US\$	<u>2022</u> US\$
Due from related parties	5,628,298	5,288,264	-	-
Other receivables	770,994	732,716	-	-
Others	<u>18,889</u>	<u>26,108</u>	<u>-</u>	<u>-</u>
	<u>6,418,181</u>	<u>6,047,088</u>	<u>-</u>	<u>-</u>

The other non-current assets are all denominated in the following currencies as at the reporting date:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> US\$	<u>2022</u> US\$	<u>2023</u> US\$	<u>2022</u> US\$
United States Dollar	18,889	20,427	-	-
Great British Pounds	6,399,292	6,020,980	-	-
Indonesia Rupiah	<u>-</u>	<u>5,681</u>	<u>-</u>	<u>-</u>
	<u>6,418,181</u>	<u>6,047,088</u>	<u>-</u>	<u>-</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Cash at bank	614,753	5,720,569	54,038	115,395

The Group's and the Company's cash and cash equivalents are all denominated in the following currencies as at the reporting date:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
South African Rand	2,417	718,567	-	-
United States Dollar	242,359	4,440,835	13,336	111,014
Singapore Dollar	66,778	70,845	40,702	4,381
Great British Pound	263,116	411,564	-	-
Indonesia Rupiah	-	49,343	-	-
New Zealand Dollar	39,995	29,066	-	-
Australian Dollar	88	349	-	-
	<u>614,753</u>	<u>5,720,569</u>	<u>54,038</u>	<u>115,395</u>

16. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Trade receivables				
Third parties	8,009,341	8,577,930	-	-
Less: Allowance for doubtful debts	(6,140,410)	(3,721,293)	-	-
	<u>1,868,931</u>	<u>4,856,637</u>	<u>-</u>	<u>-</u>
Other receivables				
Amount due from shareholders	50,465	120,304	-	-
Prepayment	666,673	1,090,787	280,536	173,205
Amount due from subsidiaries	-	-	6,227,090	18,871,795
Amount due from related parties	4,966,733	351,357	3,323,932	-
	<u>5,683,871</u>	<u>1,562,448</u>	<u>9,831,558</u>	<u>19,045,000</u>
Total trade and other receivables	<u>7,552,802</u>	<u>6,419,085</u>	<u>9,831,558</u>	<u>19,045,000</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. Trade and other receivables (Continued)

The trade receivables are unsecured, interest-free and subject to normal credit terms ranging from 30 - 60 days (2022: 30 - 60 days).

This amount due from shareholders mainly pertains to subscriptions from shareholders not received as of the reporting date, interest-free, unsecured and repayable on demand.

The amount due from related parties are interest-free, unsecured and repayable on demand. Prepayments consist of advances made to suppliers and cost of initial public offer.

Amount due from subsidiaries mainly pertains to trade and non-trade receivables as of the reporting date, interest-free, unsecured and repayable on demand.

Trade and other receivables are denominated in the following currencies as at the reporting date:

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	US\$	US\$	US\$	US\$
Singapore Dollar	295,365	392,800	-	-
United States Dollar	6,789,779	5,267,416	9,831,558	19,045,000
South African Rand	115,254	187,293	-	-
Indonesia Rupiah	-	68,499	-	-
New Zealand Dollar	15,386	64,256	-	-
Great British Pounds	337,018	438,821	-	-
	<u>7,552,802</u>	<u>6,419,085</u>	<u>9,831,558</u>	<u>19,045,000</u>

17. Inventories

	Group	
	<u>2023</u>	<u>2022</u>
	US\$	US\$
Movie production costs	686,892	648,337
Books and periodicals	68,392	258,497
Food and beverages	-	48,677
Merchandise	-	45,350
Consumables	-	1,116
	<u>755,284</u>	<u>1,001,977</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
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18. Share capital

	<u>2023</u> No. of shares	<u>2023</u> US\$	<u>2022</u> No. of shares	<u>2022</u> US\$ As restated
<u>Group</u>				
<u>Issued & fully paid:</u>				
As at 1 January	27,705,527	106,485,513	16,155,812	48,434,573
Shares issued for conversion of convertible loans – Genius Group ^(a)	45,238,828	18,026,388	1,554,097	7,829,607
Convertible loan adjustment for outstanding note, net ^(a)	-	(10,006,519)	-	-
Shares issued for proceeds from IPO	-	-	3,913,410	15,202,858
Share options GG IPO April 2022	-	-	45,880	270,476
Shares issued for IPO Acquisitions	-	-	5,975,407	35,098,001
Shares cancelled in satisfaction of a liability	-	-	(49,002)	(350,002)
Shares issued by conversion from ERL and GeniusU	149,160	125,109	-	-
Issuance of shares pursuant to share based compensation ^(b)	432,320	-	109,923	-
Q4 2023 Share Plan ^(c)	347,949	214,116	-	-
ERL Spin off ^(d)	-	(31,862,919)	-	-
RF PPA adjustment ^(e)	-	(4,043,920)	-	-
As at 31 December	<u>73,873,784</u>	<u>78,937,768</u>	<u>27,705,527</u>	<u>106,485,513</u>
<u>Company</u>				
<u>Issued & fully paid:</u>				
As at 1 January	27,705,527	106,485,513	16,155,812	48,434,573
Shares issued for conversion of convertible loans – Genius Group ^(a)	45,238,828	18,026,388	1,554,097	7,829,607
Convertible loan adjustment for outstanding note, net ^(a)	-	(10,006,519)	-	-
Shares issued for proceeds from IPO	-	-	3,913,410	15,202,858
Share options GG IPO April 2022	-	-	45,880	270,476
Shares issued for IPO Acquisitions	-	-	5,975,407	35,098,001
Shares cancelled in satisfaction of a liability	-	-	(49,002)	(350,002)
Shares issued by conversion from ERL and GeniusU	149,160	125,109	-	-
Issuance of shares pursuant to share based compensation ^(b)	432,320	-	109,923	-
Q4 2023 Share Plan ^(c)	347,949	214,116	-	-
ERL Spin off ^(d)	-	(31,862,919)	-	-
RF PPA adjustment ^(e)	-	(4,043,920)	-	-
As at 31 December	<u>73,873,784</u>	<u>78,937,768</u>	<u>27,705,527</u>	<u>106,485,513</u>

18. Share capital (Continued)

- (a) During the financial year 2023, the Company issued 45,238,828 shares for the conversion of Genius Group Limited Convertible Loan for the consideration of US\$18,026,388 to Alto Opportunity based on the Security Purchase Agreement for the consideration. The Company also recorded an accounting adjustment of (\$10,006,519) to capital for the convertible loan portion of the loan note.
- (b) The Company issued shares to the employees for the share based compensation granted to employees and share option reserve has been transferred to share capital account upon to the issuance of shares.
- (c) The Company issued shares to the employees during Q4 2023 in lieu of salary under Q4 2023 Share Plan.
- (d) The Company spun off ERL in October 2023 and accounted for capital adjustment.
- (e) The amount represents adjustment as a result of finalized purchase price allocation report compared to the management estimate in 2022.

19. Reserves

Merger Reserves

This represents the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares and capital reserve of subsidiaries acquired under common control which is accounted for under “merger accounting”.

Foreign currency translation reserve

The currency translation reserve records exchange differences arising from the translation of financial statements of foreign entities whose functional currencies are different from that of the Group’s presentation currency.

Share option reserve

On 1 January 2018 (the “Date of Grant”), the Group has adopted the Share Options Plan 2018 (the “Plan 1”), the Company has granted 20,317 share options under the Plan 1 to its employees, with vesting period of 2 years and remain outstanding by the financial year end.

On 1 January 2019 (the “Date of Grant”), the Group has adopted the Share Options Plan 2019 (the “Plan 2”), the Company has granted 42,913 share options under the Plan 2 to its employees with vesting period of 2 years and remain outstanding by the financial year end.

On 1 January 2020 (the “Date of Grant”), the Group has adopted the Share Options Plan 2020 (the “Plan 3”), the Company has granted 12,440 share options under the Plan 3 to its employees with vesting period of 2 years and remain outstanding by the financial year end.

On 1 January 2020 (the “Date of Grant”), the Group has adopted the Share Plan 2020 (the “Plan 4”), the Company has granted 3,000 shares under the Plan Board of Advisory Issuance to its board of advisors 3,000 shares (unvested and unissued) remain outstanding by the financial year end.

On 1 January 2020 (the “Date of Grant”), the Group has adopted the Share Plan 2020 (the “Plan 5”), the Company has granted 12,238 shares under the Plan Deferred Salary Shares Issuance to its employees. The shares will be issued after the successful Initial Public Offering of the Company 12,238 shares (unvested and unissued) remain outstanding by the financial year end.

On 1 January 2021 (the “Date of Grant”), the Group has adopted the Share Plan 2021 (the “Plan 6”), the Company has granted 22,369 share options under the Plan 6 to its employees with vesting period of 2 years and remain outstanding by the financial year end.

During the year 2022 (the “year of Grant”), the Group issued 27,208 shares to the various staff members based on the management agreement under Restricted Share Option Plan 2022 (“the ”Plan 7”) to its employees with immediate vesting and subject to standard IPO lock up.

During the year 2022 (the “year of Grant”), the Group reserved 1,511,664 restricted shares (RSU’s) to the various staff members based on the management agreement under Restricted Share Option Plan 2022 (the “Plan 8”) to its employees with 3 years vesting. The Group has cancelled 1,333,411 RSU’s subsequently.

During the year 2022 (the “year of Grant”), the Group has adopted the Employee Share option Plan 2022 (the “Plan 9”) to reserved 560,188 to the various staff members to its employees with 4 years vesting and remain outstanding by the financial year end.

During the year 2023 (the “year of Grant”), the Group has adopted the Employee Share option Plan 2023 (the “Plan 10”) to reserve 873,429 options to the various staff members with 4 years vesting and remain outstanding by the financial year end.

The purpose of the schemes was to provide an opportunity for directors, employees, and advisers of the Group to participate in the equity of the Group so as to motivate them to greater dedication, by and higher standards of performance. The Plans are administered by the Board of Directors.

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19. Reserves (Continued)

Share option reserve (Continued)

The difference between the Group's and the Company's share option reserve is due to the existence of deemed capital injection at the Company level. This is due to the Company issuing Entrepreneur Resorts's share to the Company's employees prior to the business combination under common control in FY2020. This issuance of share is thus classified as deemed capital injection.

Details of share options at the end of the financial year are shown below:

Scheme Plan	Date of grant	Balance as at 1 January 2023	Granted	Exercised	Lapsed or expired	Balance as at 31 December 2023	Exercise price per share
		US\$	US\$	US\$	US\$	US\$	US\$
Plan 1	01-01-2018	58,043	-	-	-	58,043	1.24
Plan 2	01-01-2019	193,555	-	-	-	193,555	21.34
Plan 3	01-01-2020	101,515	-	-	-	101,515	34.87
Plan 4	01-01-2020	104,610	-	-	-	104,610	34.87
Plan 5	01-01-2020	426,956	467,510	-	(246,737)	647,729	34.87
Plan 6	01-01-2021	366,079	-	-	-	366,079	34.87
Plan 7	01-01-2022	83,242	-	-	-	83,242	6.00
Plan 8	01-01-2022	350,033	338,276	-	(195,259)	493,050	1.72
Plan 9	01-01-2022	463,597	-	-	-	463,597	3.91
Plan 10	01-01-2023	-	168,676	-	-	168,676	0.77
		2,147,630	974,462	-	(441,996)	2,680,096	

Fair value of share options granted

The fair value of the share options granted under Plan 1, Plan 2 Plan 3, Plan 6 and Plan 9 is calculated using the Black-Scholes option pricing model at the grant date using the following assumptions:

	Plan 1	Plan 2	Plan 3	Plan 6	Plan 9	Plan 10
	2018	2019	2020	2021	2022	2023
Fair value at grant date	0.3808	4.9027	8.1777	12.93	3.91	0.77
Share price at grant date	1.3	21.34	34.87	36.00	4.22	0.77
Exercise price	1.3	21.34	34.87	36.00	4.22	0.77
Expected volatility	50.00%	39.00%	42.00%	66.00%	177.30%	354.60%
Expected dividends	0%	0%	0%	0%	0%	0%
Risk-free interest rate	2.28%	1.58%	0.13%	0.73%	4.41%	4.25%

The effect of the employee share-based payment plans on the profit and loss accounts is as follows:

	Group
	2023
	US\$
Total employee compensation cost pertaining to share-based payment plans	532,466
	1,308,784

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20. Borrowings

	<u>2023</u> <u>US\$</u>	<u>Group</u> <u>2022</u> <u>US\$</u>
Current portion	2,467,656	334,391
Non-current portion	254,455	428,025
	<u>2,722,111</u>	<u>762,416</u>

In September of 2019, the Company obtained lines of credit in the aggregate amount of S\$400,000 (approximately \$296,912 at the 2019 exchange rate) for working capital and business expansions requirements in Wealth Dynamics Pte Ltd, which the Company drew down on in full. Loans in the amount of S\$100,000 (approximately \$74,228 at the 2019 exchange rate) shall be repaid over 36 monthly installments including both principal and the respective accrued interest. Interest on such principal shall bear at a rate of 8% per annum plus a margin of 0.88%, subject to adjustment.

The Company has the option to prepay the loan before its maturity date, subject to a fee of 6.88% if paid within twelve months from the drawdown date. Loans in the amount of S\$300,000 (approximately \$222,684 at the 2019 exchange rate) shall be repaid over 60 monthly installments including both principal and the respective accrued interest. Interest on such principal shall bear at a rate of 6.25% per annum, subject to adjustment. The loans are secured by personal guarantees of the Director.

During the year ended December 31, 2023, the Company repaid an aggregate of S\$70,017, approximately \$52,108 at the 2023 exchange rate (2022 — S\$98,589 approximately \$72,492 at the 2022 exchange rate) of principal plus the respective accrued interest

Education Angels has obtained line of credit for working capital requirement in 2020, 2021 and 2022. The loans are secured by the guarantees of the Director and do not have covenant clauses. The outstanding principal as of 31 December 2023 and 31 December 2022 are as follows:

<u>Loan Type</u>	<u>Start Date</u>	<u>Loan Amount</u> <u>US\$</u>	<u>Tenure</u>	<u>Interest Rate</u>	<u>Outstanding as of 31 December 2023</u> <u>US\$</u>	<u>Outstanding as of 31 December 2022</u> <u>US\$</u>
IRD Loan	2020	20,063	60 Months	3.25%	10,247	16,900
Juke NWN765 Qashqai	2021	19,679	36 Months	1.30%	5,500	12,254
NWN767 Qashqai	2021	22,258	36 Months	1.20%	6,990	13,886
NWN766	2022	22,258	36 Months	1.20%	7,396	14,475

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20. Borrowings (Continued)

Mastermind Principles and Property Investors Network has obtained line of credit for the working capital requirement in 2020 and 2022. The loans are secured by the guarantees of the Director and do not have covenant clauses. The outstanding principal amount as of 31 December 2023 and 31 December 2022 are as follows –

<u>Loan Type</u>	<u>Start Date</u>	<u>Loan Amount</u>	<u>Tenure</u>	<u>Interest Rate</u>	<u>Outstanding as of 31 December 2023</u>	<u>Outstanding as of 31 December 2022</u>
		US\$			US\$	US\$
Lloyds CBIL Funding Circle Loan	2020	239,540	60 Months	2.80%	126,067	167,678
The Funding Circle Lloyds Bounceback Loan	2022	380,804	48 Months	9.30%	235,504	305,787
	2022	116,054	48 Months	9.30%	69,271	93,193
	2022	51,378	72 Months	2.50%	30,764	41,335
Other loans	2021	14,269	-	-	14,269	14,269

On July 26, 2023, Genius Group Ltd. executed and delivered a bridge note with an accredited investor in the face amount of \$3.2 million, which has a \$200,000 original issue discount. Pursuant to the bridge note, \$2,000,000 delivered to a bank account identified by the Company. The balance of \$1,000,000 was cancelled based on the mutual agreement between both the parties. The maturity date of the bridge note is the earlier of November 24, 2023 and the date of entry into definitive documentation or funding of a Subsequent Financing. The details of the bridge loan and outstanding balance as of December 31, 2023 are as follows:

<u>Loan Type</u>	<u>Start Date</u>	<u>Loan Amount</u>	<u>Tenure</u>	<u>Interest Rate</u>	<u>Outstanding as of 31 December 2023</u>	<u>Outstanding as of 31 December 2022</u>
		US\$			US\$	US\$
Bridge Loan (Alto Opportunity)	2023	2,200,000	4 Months	0%	2,177,329	-

Annual estimated total principal repayments are US\$2,469,713 in 2024, US\$237,016 in 2025, US\$7,691 in 2026 and US\$7,691 in 2027.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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21. Convertible loans

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> US\$	<u>2022</u> US\$	<u>2023</u> US\$	<u>2022</u> US\$
<u>Non-current</u>				
Convertible loan A	-	-	-	-
Convertible loan B	-	2,223,523	-	2,223,523
	-	2,223,523	-	2,223,523
<u>Current</u>				
Convertible loan B	-	5,752,328	-	5,752,328
	-	5,752,328	-	5,752,328
Convertible loans	-	7,975,851	-	7,975,851
Short term debt	122,415	539,245	122,415	539,245

The Group has the following convertible loans:

- (i) Convertible loan A amounting to US\$1,819,145 issued by the Company in 2020 with a term of 36-month with an equity conversion feature which enables the loan holder to convert the loan to ordinary shares of the Group if there is an equity financing or there is a change of control of the Group before or upon the maturity of the convertible loan agreement. The convertible loan A bears compounded interest at rates between 10% to 12% per annum, payable quarterly, annually or at maturity depending upon the convertible loan (the "2020 Convertible Notes").

During the year ended 31 December 2023, the Company and holder of 2020 Convertible Notes in the agreement amount of US\$416,830 was repaid. During the year ended 31 December 2022, the Company and holder of 2020 Convertible Notes in the agreement amount of US\$6,000 was repaid and US\$221,000 along with the accrued interest of US\$3,764 were converted into 37,463 Company's shares pursuant to conversion offer extended by the Company. The conversion was recorded as reduction in the liability and an increase to equity. The interest was charged to the profit and loss statement under interest expenses. The unpaid amount as of 31 December 2023 was US\$122,415 (2022: US\$539,245) under the 2020 Convertible Notes plan and is classified as Short term debt.

21. Convertible loans (Continued)

- (ii) Convertible Note B was entered during the year ended 2022. The Company entered into a Securities Purchase Agreement to issue convertible loan in the principal amount of US\$18,130,000 in face amount of a senior secured convertible note purchased for US\$17,000,000 by the selling shareholder or its affiliates or assigns in a transaction that closed on August 26, 2022, which is convertible into our ordinary shares at an initial fixed price of US\$5.17, subject to adjustment for stock dividends, stock splits, anti-dilution and other customary adjustment events. The ordinary shares issuable upon conversion of the convertible note are being registered and will be sold pursuant to the agreement by the selling shareholder. In addition, subject to the satisfaction of equity conditions, we may, at our election, make monthly principal amortization payments in our ordinary shares. If we elect to make amortization payments in ordinary shares, such ordinary shares will be valued at the lowest of (x) the fixed conversion price, (y) 90% of the volume weighted average price of our ordinary shares on the trading day preceding the amortization payment date and (z) 90% of the average of the three lowest volume weighted average prices for our ordinary shares during the 20 trading days preceding the amortization payment date.

During the year ended 31 December 2023, the Company and holder of 2022 Convertible Note converted aggregate amount of US\$16,324,424 (2022: \$707,306) including the accrued interest of US\$1,701,964 (2022: \$235,146) into the equity of Genius Group based on the share price calculated as per the agreement. The Company issued 45,239,635 (2022: 1,515,891) Genius Group Shares to fulfill the conversion request. The conversion was recorded as reduction in the liability and an increase to equity. The interest was charged to the profit and loss statement under interest expenses. The Company also repaid the principal amount of US\$2,004,822 and US\$509,311. The unpaid amount as of 31 December 2023 was US\$ Nil (2022: US\$7,975,851) and is classified as convertible debt obligations.

- (iii) During the year ended 31 December 2022 the Company received the total amount of US\$15,293,780 (2021: Nil) out of which US\$4,184,964 was received in the bank and the balance US\$11,108,816 was part of restricted cash.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

21. Convertible loans (Continued)

<u>Group</u>	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
As at 1 January	7,975,851	1,274,010
Additions	-	9,599,390
Amount converted to equity	(5,971,029)	(459,370)
Amount converted to short term debt	-	(539,245)
Repayment of convertible loan	(2,004,822)	(509,311)
Deferred debt discount and cost of fund raised	-	(1,389,623)
As at 31 December	-	7,975,851
Current portion	-	5,752,328
Non-current portion	-	2,223,523
<u>Company</u>	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
As at 1 January	7,975,851	766,245
Additions	-	9,599,390
Amount converted to equity	(5,971,029)	(454,916)
Amount converted to short term debt	-	(539,245)
Repayment of convertible loans	(2,004,822)	(6,000)
Deferred debt discount and cost of fund raised	-	(1,389,623)
As at 31 December	-	7,975,851
Current portion	-	5,752,328
Non-current portion	-	2,223,523

22. Derivative Liabilities

Derivative liabilities as of 31 December 2023 and 2022 consist of the following:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Options	1,690,000	24,041,198	1,690,000	24,041,198
Contingent consideration	2,024,000	12,447,396	2,024,000	12,447,396
	<u>3,714,000</u>	<u>36,488,594</u>	<u>3,714,000</u>	<u>36,488,594</u>

To account for the Options and Top Up Consideration for the acquisitions the Company used the following income approach valuation methods:

Top Up Consideration (excluding Revealed Films) and Call Option: The fair values of each was determined utilizing monte carlo simulations to simulate the potential payoffs. A monte carlo simulation is a problem solving technique used to approximate the probability of certain outcomes by running multiple trial runs, called simulations, using random variables.

Put Option: The fair value of the put option was determined using a closed-form option pricing model commonly refer to as the Black-Scholes option pricing model.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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22. Derivative Liabilities (Continued)

Revealed Films Top Up Consideration: The fair value was determined utilising a present value technique involving a discounted cash flow analysis.

The Company utilised an independent third-party to determine the fair value of the fair value of the contingent earn outs and the fair value of options. A reconciliation of derivative liabilities for the year ended 31 December 2023 and 31 December 2022 is as follows:

Options

	As on 1 January 2023 US\$	Adjustments US\$	As on 31 December 2023 US\$
PIN	22,350,000	(22,350,000)	-
ESQ	1,691,198	(1,198)	1,690,000
	<u>24,041,198</u>	<u>(22,351,198)</u>	<u>1,690,000</u>
	Acquisition Value US\$	Adjustments US\$	As on 31 December 2022 US\$
PIN	10,100,000	12,250,000	22,350,000
ESQ	451,000	1,240,198	1,691,198
	<u>10,551,000</u>	<u>13,490,198</u>	<u>24,041,198</u>

The Company has recorded the derivative liability for issuance of options as follows:

The Company has issued a call option to the seller of Property Investors Network which allows the seller to exercise the call option to repurchase the company from the buyer, if the value of Company's shares held by the seller is below GBP 10.2 million. The validity of such option is one year from the first anniversary of the acquisition close date. The change in the fair value of the call option is recorded as a gain or loss to Revaluation adjustment of contingent liabilities on the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the years 2023 and 2022. The fair value of call option was US\$ Nil in 2023 and \$22,350,000 in 2022

The Company has also issued a put option to the seller of E-Squared Enterprises Ltd which allows the seller to exercise the put option and repurchase the company from the buyer, if the Company's shares trade below US\$5.81 (US\$34.87 pre-split) at any given point of time from the date of commencement to two years. The change in the fair value of the put option is recorded as gain or loss to revaluation adjustment of contingent liabilities on the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the years 2023 and 2022. The fair value of put option was \$1,690,000 in 2023 and \$1,691,198 in 2022.

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22. Derivative Liabilities (Continued)

Contingent Consideration

	Opening Value 2023 US\$	Adjustments 2023 US\$	Closing Value 2023 US\$
RF	10,380,396	(8,356,396)	2,024,000
UAV	1,208,000	(1,208,000)	-
PIN	859,000	(859,000)	-
	<u>12,447,396</u>	<u>(10,423,396)</u>	<u>2,024,000</u>
	Acquisition Value 2022 US\$	Adjustments 2022 US\$	Closing Value 2022 US\$
RF	10,380,396	-	10,380,396
UAV	1,017,000	191,000	1,208,000
PIN	701,000	158,000	859,000
	<u>12,098,396</u>	<u>349,000</u>	<u>12,447,396</u>

The Company has recorded contingent consideration related to the acquisition companies. The Company has agreed to pay the additional consideration to the seller of each companies listed on the table above upon achieving the pre-agreed milestones. The change in the fair value of contingent consideration is recorded as gain or loss to revaluation adjustment of contingent liabilities on the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the years 2023 and 2022. The details of each contingent considerations are as follows:

Revealed Films – The Company has agreed to pay top up consideration of 1.5X the difference between the revenue in 2023, 2024 and 2025 if the revenue growth is higher than \$7 million and a profit of at least 7%. The revenue growth is calculated as revenue during the year minus \$7 million or previous year's revenue if the target was met. The Company has signed the amendment in January 2024 to the original share purchase agreement to revise the calculation of contingent consideration to be calculated as 1.5X the difference in 2023, 2024 and 2025 revenue if the revenue growth is higher than \$2 million. The fair value calculation for the 2023 financials are calculated based on the revised and amended terms of agreement. The consideration will be paid by issuing Company shares in the assigned ratio for each of the sellers.

University of Antelope Valley – The Company has agreed to the seller of UAV if the amount of UAV's total revenue in 2022, 2023 and 2024 is an increase over US\$9 million during each of the year or subsequent year's total revenue, then the purchaser shall pay an additional cash of an amount equal to the total revenue minus US\$9 million or previous year's revenue multiplied by two. The consideration is payable in cash.

Property Investors Network – The Company has agreed to pay the top up consideration if the 2x revenue or 10x EBITDA in 2022, 2023 or 2024 exceeds the purchase price or the previous year's consideration; the difference between the value will be paid in additional consideration by 90% in shares and 10% in cash.

E-Squared Enterprises – The Company has agreed to pay top up consideration for the year 2022 and 2023 for the positive difference between 2x annual revenue or 10x EBITDA for the financial year minus the hurdle amount which is the revenue or EBITDA for the previous year.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
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23. Deferred tax liabilities

Movements in tax effects of temporary differences during the year are as follows:

	<u>2023</u> <u>US\$</u>	<u>Group</u> <u>2022</u> <u>US\$</u>
As at 1 January	(3,391,129)	(723,122)
Recognised in business combination	-	(3,952,173)
Credit to profit or loss (Note 8)	1,110,806	1,284,166
As at 31 December	<u>(2,280,323)</u>	<u>(3,391,129)</u>

The deferred tax liabilities arise as a result of:

	Balance as at 31 December <u>2022</u> <u>US\$</u>	Recognised in Business Combination <u>US\$</u>	Recognised in Provision for Income Taxes <u>US\$</u>	Balance as at 31 December <u>2023</u> <u>US\$</u>
Non-current assets:				
Intangible Assets	(3,901,425)	-	597,954	(3,303,471)
Property, plant, and equipment	(87,695)	795,115	(111,509)	595,911
Other	(2,240)	-	9,173	6,933
	<u>(3,991,360)</u>	<u>795,115</u>	<u>495,618</u>	<u>(2,700,627)</u>
Prepaid expenses	-	-	333,551	333,551
Other (Section 24C allowance)	134,390	-	851,977	986,367
	<u>134,390</u>	<u>-</u>	<u>1,185,528</u>	<u>1,319,918</u>
Current liabilities:				
Income in Advance	365,377	(33,663)	76,492	408,206
Tax Losses	100,464	(761,452)	(646,832)	(1,307,820)
Net deferred tax assets / (liabilities)	<u>(3,391,129)</u>	<u>-</u>	<u>1,110,806</u>	<u>(2,280,323)</u>

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24. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> US\$	<u>2022</u> US\$	<u>2023</u> US\$	<u>2022</u> US\$
<u>Non-Current</u>				
<u>Other payable</u>				
Third parties	1,820	1,729	-	-
<u>Current</u>				
<u>Trade payables</u>				
Third parties	4,406,850	1,672,306	1,511,091	73,914
<u>Other payables</u>				
Due to subsidiaries	-	-	2,834,113	2,236,805
Amount due to related parties	4,907,181	2,932,090	2,148,148	2,299,231
Accrued expenses	723,633	1,539,791	351,807	609,289
North West Parks Board	-	955,591	-	-
Student refund payable	690,154	571,543	-	-
VAT and other tax payable	551,152	661,959	-	72
Sundry payables	629,004	1,007,222	-	-
	11,907,974	9,340,502	6,845,159	5,219,311
	11,909,794	9,342,231	6,845,159	5,219,311

Trade payables are non-interest bearing and the average credit period on purchases of goods is 30 - 60 days (2022: 30 - 60 days) according to the terms agreed with the suppliers.

Accrued expenses mainly consist of accrued operating expenses.

The North West Parks Board accrual represents the amounts owed related to the subsidiary Tau Game Lodge. The amount owed is related to turnover fees, concession fees and interest payable.

Student refund payable represents student liabilities owed related to the subsidiary University of Antelope Valley.

Amount due to subsidiaries and related parties are non-trade in nature, unsecured, non interest bearing and repayable on demand.

Trade and other payables are denominated in the following currencies as at the reporting date:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> US\$	<u>2022</u> US\$	<u>2023</u> US\$	<u>2022</u> US\$
Singapore Dollar	103,248	3,242,427	-	-
South African Rand	497,540	1,626,499	-	-
United States Dollar	10,197,729	3,041,778	6,845,159	5,219,311
Great British Pound	855,955	523,088	-	-
New Zealand Dollar	255,282	192,946	-	-
Indonesia Rupiah	-	715,493	-	-
	11,909,794	9,342,231	6,845,159	5,219,311

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25. Contract liabilities

	<u>2023</u> <u>US\$</u>	<u>Group</u> <u>2022</u> <u>US\$</u>
Contract liabilities	2,750,137	5,820,450

Contract liabilities relates to advances received for educational revenue and other income. Booking for lodges and educational revenue are recognised at point in time. A contract liability is recognised for the advances received from the customers and is derecognised as and when the performance obligation is satisfied.

For 2023, the Group recognised US\$5,314,305 (2022: US\$2,349,941) that was included in the deferred revenue balance at the beginning of the financial year.

Transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations and expected to be realised within one year.

26. Lease liabilities

The Group leases its building, offices and leased properties under three to ninety-nine years lease arrangement, with one to three year extension on the lease after that date. Lease payments are made monthly and annually as per agreement.

Recognition exemptions

The Group has certain office equipment with lease terms of 12 months or less and/or of low value. For such leases, the Group has elected not to recognise right-of use assets and lease liabilities.

Right-of-use assets

The carrying amount of right-of-use assets by class of underlying asset classified within property, plant and equipment are as follows:

<u>Group</u> <u>Cost</u>	<u>Building</u> <u>US\$</u>	<u>Office</u> <u>US\$</u>	<u>Leasehold</u> <u>Land</u> <u>US\$</u>	<u>Total</u> <u>US\$</u>
As at 1 January 2022	1,384,971	56,404	948,752	2,390,127
Additions	1,162,811	-	11,149,101	12,311,912
As at 31 December 2022	2,547,782	56,404	12,097,853	14,702,039
Disposal (ERL Spin off)	(2,547,782)	(56,404)	(948,752)	(3,552,938)
As at 31 December 2023	-	-	11,149,101	11,149,101
<u>Accumulated depreciation</u>				
As at 1 January 2022	(1,050,513)	(22,679)	(239,694)	(1,312,886)
Depreciation	(415,922)	(31,957)	(366,341)	(814,220)
Exchange differences	(963)	-	(260)	(1,223)
As at 31 December 2022	(1,467,398)	(54,636)	(606,295)	(2,128,329)
Depreciation	(284,149)	(48,349)	(672,416)	(1,004,914)
Disposal (ERL Spin off)	1,751,547	102,985	281,255	2,135,787
As at 31 December 2023	-	-	(997,456)	(997,456)
<u>Lease modification</u>				
Addition	-	-	(10,151,645)	(10,151,645)
As at 31 December 2023	-	-	(10,151,645)	(10,151,645)
<u>Carrying amount</u>				
As at 31 December 2022	1,080,384	1,768	11,491,558	12,573,710
As at 31 December 2023	-	-	-	-

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26. Lease liabilities (Continued)

During July 2022, the Group signed two lease agreements for University of Antelope Valley's buildings with the former owners, a related party, both with 12-year terms. A right-of-use asset and a lease liability of \$ 11,149,101 was booked to the Consolidated Balance Sheets for the leases. Management has conducted an assessment and concluded that it is appropriate to proceed with a full write-off of the asset and associated liability in question. This decision is based on the alignment of the liability with the full impairment of the relevant ROU asset. The closure order of the school, coupled with subsequent events, has prompted management to reassess the validity, enforceability and value of the agreement entered with the previous owners. The Company has recorded a gain of US\$308,763 due to lease modification during the year 2023. The total cash outflow for leases of the Company during the financial year ended 31 December 2023 is US\$775,728 (2022: US\$957,430).

Lease liabilities

	<u>2023</u> <u>US\$</u>	<u>Group</u> <u>2022</u> <u>US\$</u>
Lease liabilities - non-current	-	11,394,337
Lease liabilities - current	-	1,590,538
	<u>-</u>	<u>12,984,875</u>

Amount recognised in profit or loss

	<u>2023</u> <u>US\$</u>	<u>Group</u> <u>2022</u> <u>US\$</u>
Expense relating to short-term lease (Note 7)	401,307	351,730
Interest expense on lease liabilities (Note 6)	<u>787,340</u>	<u>491,336</u>

27. Significant related party transactions

A related party is defined as follows:

- a. A person or a close member of that person's family is related to the Company if that person:
 - i. Has control or joint control over the Company;
 - ii. Has significant influence over the Company; or
 - iii. Is a member of the key management personnel of the Company or of a parent of the Company.
- b. An entity is related to the Company if any of the following conditions applies:
 - i. The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - iii. Both entities are joint ventures of the same third party;
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - vi. The entity is controlled or jointly controlled by a person identified in (a);
 - vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The effect of the Group's transactions and arrangements with related parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated. Amount due from related parties are set out in Note 16.

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27. Significant related party transactions (Continued)

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions with related parties:

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
<u>Revenue</u>		
Management fees from subsidiaries, net	380,570	265,180

Key management personnel compensation is as follows:

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Directors' salary and bonus	1,987,938	1,738,493	1,826,141	1,311,407

28. Financial instruments and financial risks

The Group's activities expose it to credit risk, market risks (including foreign currency risks and interest rate risks) and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The directors are responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits, in accordance with the objectives and underlying principles approved by the directors.

There have been no changes to the Groups exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's credit risk arises mainly from bank balances, trade and other receivables and other debt instruments carried at amortised cost. Bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risks, the Group categorises the aforementioned financial assets and contract assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, and/or where contractual payments are 90 days past due as per FRS 109's presumption.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor. The Group has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. Financial instruments and financial risks (Continued)

Credit Risk (Continued)

The Group's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Low credit risks ^{Note 1}	12-months ECL
2	Non-significant increase in credit risks since initial recognition and financial asset is ≤ 90 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition ^{Note 2} or financial asset is > 90 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired ^{Note 3}	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount ^{Note 4}	Written off

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

28. Financial instruments and financial risks (Continued)

Credit Risk (Continued)

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amount subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group does not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Trade and other receivables (Note 16)

The Group uses the practical expedient under FRS 109 in the form of allowance matrix to measure the ECL for trade receivables, where the loss allowance is equal to lifetime ECL.

The ECL for trade and other receivables are based on adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables.

Trade and other receivables are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there are no reasonable expectations for recovering the outstanding balances.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. Financial instruments and financial risks (Continued)

Credit Risk (Continued)

	<u>Current</u> US\$	<u>Past due</u> <u>for 31 to 60</u> <u>days</u> US\$	<u>Past due</u> <u>for</u> <u>61 to 90</u> <u>days</u> US\$	<u>Past due</u> <u>for</u> <u>91 to 120</u> <u>days</u> US\$	<u>Past due</u> <u>more than</u> <u>120</u> <u>days</u> US\$	<u>Total</u> US\$
31 December 2023						
Weighted average expected credit loss rates	0%	0%	0%	0%	76%	
Trade receivables (gross)	640,036	420,054	1,274,202	100,947	5,574,102	8,009,341
Loss allowance	-	-	-	-	(6,140,410)	(6,140,410)
31 December 2022						
Weighted average expected credit loss rates	0%	0%	0%	0%	43%	
Trade receivables (gross)	963,941	928,120	223,223	622,020	5,840,626	8,577,930
Loss allowance	-	-	-	-	(3,721,293)	(3,721,293)

Allowance made are related to debtors with significant financial difficulties. The management estimated the irrecoverable amount by reference to past default experience. If repeated reminders and letters of demand to settle overdue payments fail to yield results, the Group will make allowances or write off the debts on a case-by-case basis.

Amount due from related parties and shareholders (Note 16)

As of 31 December 2023, the Group recorded amount due from related parties and amount due from shareholders amounting to US\$4,966,733 (2022: US\$351,357) and US\$50,465 (2022: US\$120,304) respectively. The Group assessed the impairment loss allowance of these amount on a lifetime ECL basis consequent to their assessment and conclusion that there is insignificant in credit risk for these receivables. In its assessment of the credit risk of the related party, the Group considered amongst other factors, the financial position of the related party as of 31 December 2023, the past financial performance and cashflow trends, adjusted for the outlook of the industry and economy in which the related party operates in. During the financial year ended 31 December 2023, using lifetime ECL, the Group determined that the ECL is insignificant.

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade receivables and other receivables are as follows:

<u>Internal credit risk grading</u>	<u>Trade receivables</u>		<u>Other receivables</u>	
	<u>Category 3</u> US\$	<u>Total</u> US\$	<u>Category 1</u> US\$	<u>Total</u> US\$
<u>Loss allowance</u>				
As at 1 January 2023	3,721,293	3,721,293	-	-
Addition to impairment loss	2,419,117	2,419,117	-	-
As at 31 December 2023	6,140,410	6,140,410	-	-
<u>Gross carrying amount</u>				
As at 31 December 2022	8,577,930	8,577,930	1,562,448	1,562,448
As at 31 December 2023	8,009,341	8,009,341	5,683,871	5,683,871
<u>Net carrying amount</u>				
At 31 December 2022	4,856,637	4,856,637	1,562,448	1,562,448
At 31 December 2023	1,868,931	1,868,931	5,683,871	5,683,871

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. Financial instruments and financial risks (Continued)

Credit Risk (Continued)

For trade receivables, the Group uses the practical expedient under FRS 109 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL.

Market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risks, including foreign currency forward contracts to hedge against foreign currency risk and interest rate swaps to mitigate the risk of rising interest rates.

Foreign Currency Risk

The Group is exposed to foreign currency risk on certain income, expenses, monetary assets, mainly cash and cash equivalents, and liabilities that are denominated in currencies other than the functional currencies of the Company. As at the reporting date, the Group does not have significant foreign currency risk exposure except for the financial assets denominated in currencies stated below.

The carrying amount of the Group's and the Company's foreign currency denominated monetary assets as at the end of the financial year are as follows:

	Singapore Dollar US\$	United States Dollar US\$	Others* US\$	Total US\$
<u>Group</u>				
<u>2023</u>				
<u>Financial assets</u>				
Other investments	-	28,698	-	28,698
Investments in joint venture	-	379	-	379
Trade and other receivables	269,601	6,188,658	427,870	6,886,129
Cash and cash equivalents	66,778	242,359	305,616	614,753
<u>Financial liabilities</u>				
Borrowings	(38,814)	(2,177,329)	(505,968)	(2,722,111)
Short term debt	-	(122,415)	-	(122,415)
Trade and other payables	(103,248)	(10,025,735)	(1,229,659)	(11,358,642)
Net currency exposure	194,317	(5,865,385)	(1,002,141)	(6,673,209)
<u>2022</u>				
<u>Financial assets</u>				
Other investments	-	28,698	-	28,698
Investments in joint venture	-	373	-	373
Trade and other receivables	109,617	4,607,615	611,066	5,328,298
Cash and cash equivalents	70,845	4,440,835	1,208,889	5,720,569
<u>Financial liabilities</u>				
Lease liabilities	(1,068,911)	(10,930,374)	(985,590)	(12,984,875)
Borrowings	(86,400)	-	(676,016)	(762,416)
Convertible loans	-	(7,975,851)	-	(7,975,851)
Short term debt	-	(539,245)	-	(539,245)
Trade and other payables	(3,242,427)	(3,041,778)	(2,396,067)	(8,680,272)
Net currency exposure	(4,217,276)	(13,409,727)	(2,237,718)	(19,864,721)

*Others include currencies - South African Rand, Indonesia Rupiah, New Zealand Dollar and Great British Pounds

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. Financial instruments and financial risks (Continued)

Market risks (Continued)

Foreign Currency Risk (Continued)

The carrying amount of the Group's and the Company's foreign currency denominated monetary assets as at the end of the financial year are as follows: (Continued)

	Singapore Dollar US\$	United States Dollar US\$	Total US\$
<u>Company</u>			
<u>2023</u>			
<u>Financial assets</u>			
Cash and cash equivalents	40,702	13,336	54,038
Net currency exposure	<u>40,702</u>	<u>13,336</u>	<u>54,038</u>
<u>2022</u>			
<u>Financial assets</u>			
Cash and cash equivalents	4,381	111,014	115,395
Net currency exposure	<u>4,381</u>	<u>111,014</u>	<u>115,395</u>

Foreign exchange risk sensitivity

A 5% strengthening of the foreign currencies against the United States Dollar at the reporting date would increase/(decrease) profit before tax by the amount shown below:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> US\$	<u>2022</u> US\$	<u>2023</u> US\$	<u>2022</u> US\$
SGD	<u>(9,716)</u>	<u>(210,864)</u>	<u>2,035</u>	<u>219</u>

A 5% weakening of the foreign currencies against the United States Dollar at the reporting date would have the equal but opposite effect, on the basis that all other variables remain constant. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessments of the possible changes in foreign exchange rate.

28. Financial instruments and financial risks (Continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group has no significant exposure to interest rate risk.

The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2021</u>
	US\$	US\$	US\$	US\$
Financial liabilities with interest				
Fixed rates				
As at 31 December	<u>2,722,111</u>	<u>762,416</u>	<u>2,177,329</u>	<u>-</u>

The interest rates are disclosed in the Note 20.

The Group's profit and loss and equity are not affected by the changes in interest rates as the interest-bearing instruments carry fixed interest and are measured at amortised cost.

Liquidity Risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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28. Financial instruments and financial risks (Continued)

Liquidity Risk (Continued)

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments.

Group	Effective interest rate %	1 year or less US\$	2 to 5 years US\$	Total US\$
Undiscounted financial assets				
Other investments	-	-	28,698	28,698
Investments in joint venture	-	-	379	379
Trade and other receivables (excluding prepayment)	-	6,886,129	-	6,886,129
Cash and cash equivalents	-	614,753	-	614,753
As at 31 December 2023		7,500,882	29,077	7,529,959
Undiscounted financial liabilities				
Borrowings	6.25% - 8.88%	(2,502,563)	(271,302)	(2,773,865)
Short term debt	10.00% - 12.00%	(137,105)	-	(137,105)
Trade and other payables (excluding VAT and other tax payable)	-	(11,356,822)	(1,820)	(11,358,642)
As at 31 December 2023		(13,996,490)	(273,122)	(14,269,612)
Total undiscounted net liabilities		(6,495,608)	(244,045)	(6,739,653)
Undiscounted financial assets				
Other investments	-	-	28,698	28,698
Investments in joint venture	-	-	373	373
Trade and other receivables (excluding prepayment)	-	5,328,298	-	5,328,298
Cash and cash equivalents	-	5,720,569	-	5,720,569
As at 31 December 2022		11,048,867	29,071	11,077,938
Undiscounted financial liabilities				
Lease liabilities	7.71%	(2,434,306)	(13,825,678)	(16,259,984)
Borrowings	6.25% - 8.88%	(389,887)	(479,779)	(869,666)
Short term debt	10.00% - 12.00%	(583,397)	(14,690)	(598,087)
Convertible loans	10.00% - 12.00%	(7,694,489)	(2,223,523)	(9,918,012)
Trade and other payables (excluding VAT and other tax payable)	-	(8,678,543)	(1,729)	(8,680,272)
As at 31 December 2022		(19,780,622)	(16,545,399)	(36,326,021)
Total undiscounted net liabilities		(8,731,755)	(16,516,328)	(25,248,083)

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. Financial instruments and financial risks (Continued)

Liquidity Risk (Continued)

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments. (Continued)

<u>Company</u>	<u>Effective interest rate</u> %	<u>1 year or less</u> US\$	<u>2 to 5 years</u> US\$	<u>Total</u> US\$
Undiscounted financial assets				
Other investments	-	-	28,698	28,698
Trade and other receivables (excluding prepayment)	-	9,551,022	-	9,551,022
Cash and cash equivalents	-	54,038	-	54,038
As at 31 December 2023		9,605,060	28,698	9,633,758
Undiscounted financial liabilities				
Short term debt	10.00% - 12.00%	(137,105)	-	(137,105)
Borrowings	-	(2,177,329)	-	(2,177,329)
Trade and other payables (excluding VAT and other tax payable)	-	(6,845,159)	-	(6,845,159)
As at 31 December 2023		(9,159,593)	-	(9,159,593)
Total undiscounted net assets / (liabilities)		445,467	28,698	474,165
Undiscounted financial assets				
Other investments	-	-	28,698	28,698
Trade and other receivables (excluding prepayment)	-	18,871,795	-	18,871,795
Cash and cash equivalents	-	115,395	-	115,395
As at 31 December 2022		18,987,190	28,698	19,015,888
Undiscounted financial liabilities				
Short term debt	10.00% - 12.00%	(583,397)	(14,690)	(598,087)
Convertible loans	10.00% - 12.00%	(7,694,489)	(2,223,523)	(9,918,012)
Trade and other payables (excluding VAT and other tax payable)	-	(5,219,239)	-	(5,219,239)
As at 31 December 2022		(13,497,125)	(2,238,213)	(15,735,338)
Total undiscounted net liabilities		5,490,065	(2,209,515)	3,280,550

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. Financial instruments and financial risks (Continued)

Liquidity Risk (Continued)

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
<i>Financial assets measured at amortised cost</i>				
Other investments	28,698	28,698	28,698	28,698
Investments in joint venture	379	373	-	-
Trade and other receivables (excluding prepayment)	6,886,129	5,328,298	9,551,022	18,871,795
Cash and cash equivalents	<u>614,753</u>	<u>5,720,569</u>	<u>54,038</u>	<u>115,395</u>
	<u>7,529,959</u>	<u>11,077,938</u>	<u>9,633,758</u>	<u>19,015,888</u>
<i>Financial liabilities measured at amortised costs</i>				
Lease liabilities	-	(12,984,875)	-	-
Borrowings	(2,722,111)	(762,416)	(2,177,329)	-
Short term debt	(122,415)	(539,245)	(122,415)	(539,245)
Convertible loans	-	(7,975,851)	-	(7,975,851)
Trade and other payables (excluding VAT and other tax payable)	<u>(11,358,642)</u>	<u>(8,680,272)</u>	<u>(6,845,159)</u>	<u>(5,219,239)</u>
	<u>(14,203,168)</u>	<u>(30,942,659)</u>	<u>(9,144,903)</u>	<u>(13,734,335)</u>

29. Fair value of assets and liabilities

The carrying amounts of cash and cash equivalents, borrowings, current trade and other receivables and payables approximate their respective fair values due to the relative short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

Valuation policies and procedures

The Group's Chief Financial Officer ("CFO") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

It is the Group's policy that where assessed necessary by the local management, the Group would engage experts to perform significant financial reporting valuations. The CFO is responsible for selecting and engaging such external experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

He also reviews at least on an annual basis, the appropriateness of the valuation methodologies and assumptions adopted and evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

During the financial year, there is no change in the applicable valuation techniques.

30. Subsequent Events

(a) Public Offering

During the year 2024, the Company closed the Public Offering of US\$8.25 million by offering 23,571,429 of the Company's ordinary shares, Series 2024-A warrants ("Series 2024-A Warrants") to purchase up to 23,571,429 of the Company's ordinary shares and Series 2024-C warrants ("Series 2024-C Warrants") to purchase up to 23,571,429 of the Company's ordinary shares, at a combined offering price of US\$0.35 per ordinary share and associated warrants. The Company further issued 7,220,256 ordinary shares for the exercise of Series-A (817,138 ordinary shares) and Series-C (6,403,118 ordinary shares) after receiving the exercise price of US\$2.5 million in cash.

(b) Issuance of Debt Note

During the year 2024, the Company entered into a US\$5.72 million Non-Convertible Note (the "Note") financing with the Investor. The total amount funded, in two tranches, is US\$5 million. US\$3.0 million was funded upon the initial closing ("Closing A") with the remaining US\$2.0 million funded after the Company's timely filing of the 20-F among certain other conditions ("Closing B"). The term of the Note is 18 months with the unpaid balance due in full on the maturity date at 105% of the amount of the Note (the "Redemption Value"). The Company also issued the Investor a five-year warrant to purchase 8,945,000 of its ordinary shares at a per share exercise price of US\$0.41. The loan is fully repaid in November 2024.

(c) Shareholders Resolution for Share Consolidation and Share Buyback

Subsequent to 31 December 2023, and prior to the issuance of these financial statements, shareholders have passed the resolution to authorise board to execute a share repurchase mandate and to execute a share consolidation as they deem fit.

The Directors of the Company on August 15, 2024 approved and effected the share consolidation in the ratio of 1:10.

30. Subsequent Events (Continued)

(d) Closure of University of Antelope Valley

Subsequent to 31 December 2023 and prior to the issuance of these financial statements, the Company announced the closure of the university and legal action against the sellers of UAV, Marco and Sandra Johnson.

On 29 February 2024, California's Bureau for Private Postsecondary Education announced the decision to cease all instruction at UAV, stop enrolling students, and collect tuition and fees by 8 March 2024. The decision comes after WASC Senior College and University Commission ("WSCUC"), the association accrediting public and private educational institutions, found "serious noncompliance" with its standards.

Following the decision to close UAV, GNS management has since contacted independent auditors who specialize in postsecondary education and have appointed them to conduct a close-out audit. The close-out audit was initiated mainly to identify any fraud in addition to conducting the close-out audit required by DOE and for GNS's civil suit.

(e) Transaction with LZG International Inc

Subsequent to 31 December 2023 and prior to the issuance of these financial statements, the Company completed the acquisition of FB Primesource Acquisition LLC. The Company issued 73,873,784 Ordinary shares of the Genius Group Limited to the seller. The Company also agreed to cover the liability up to \$15,000,000 out of which \$6,595,180 was paid by the Company during the year 2024. The transaction included the purchase of selected FatBrain AI assets and liabilities by Genius Group in an all-share transaction, through the purchase of the equity of a FatBrain subsidiary which is held by Genius as a wholly owned subsidiary. The Company discovered material corporate governance issues in connection with the acquisition of FB Primesource Acquisition LLC and the Company has filed an application for arbitration under the rules of the International Court of Arbitration of the International Chamber of Commerce ("ICC"), in accordance with the Expedited Procedure set out in Article 30 of the ICC Rules, to resolve the issues related to the LZGI transaction. The court has issued a Temporary Restraining Order (TRO) enjoining VStock Transfer from transferring the ordinary shares previously issued by the Company to LZGI. The TRO is extended to December 10, 2024 allowing both the parties settle before the arbitration.

(f) Approval on the registration statement F-3

Subsequent to 31 December 2023 and prior to issuance of these financial statements, the Company received an approval from the Securities and Exchange Commission (SEC) on the registration statement F-3. Under this offering, Genius Group may offer and sell up to US\$150 million of its ordinary shares on the New York Stock Exchange. The proceeds from the offering are intended for general corporate purposes, including strategic acquisitions, joint ventures, expansion of existing assets, and repayment of debt. Genius Group has granted H.C. Wainwright a commission of 3.0% of the gross proceeds from each sale of ordinary shares.

(g) Company adopts Bitcoin Treasury Reserve Strategy

Subsequent to 31 December 2023 and prior to issuance of these financial statements, the board has adopted a global "Bitcoin-first" strategy with Bitcoin to be the primary treasury reserve asset. The Board's adoption of this new policy follows the recent restructuring of its Board to include experts in Blockchain and Web3 technologies. The Company will be utilizing the \$150 million ATM facility to acquire the Bitcoin and held for the long term as its treasury reserve asset. Following the announcement, the Company has purchased 173.79545263 Bitcoin for the average net price of \$92,728.

(h) Asset Purchase Agreement with XD Learn Pte Ltd ("XD")

Subsequent to 31 December 2023 and prior to issuance of these financial statements, the Company acquired XD's Intangible assets which comprised of XD Academy website, platform, course assets and intellectual property. This strategic move enhances the Company's capacity to expand its cryptocurrency education content. The total consideration for the acquisition amounts to US\$80,000, which will be paid in cash of US\$40,000 and ordinary shares valued at US\$40,000 based on the market price as of the closing date.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. Capital management policies and objectives

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of debt and equity balance except where decisions are made to exit businesses or close companies.

The capital structure of the Group consists of equity attributable to the equity owner of the Company and this comprises issued capital and accumulated profits as disclosed in the statement of changes in equity. There has been no significant change in the overall strategy from 31 December 2022.

Management monitors capital based on a gearing ratio of less than one. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables (excluding amount due to related parties, VAT and other tax payable), convertible loans, short term debt and lease liabilities less cash and cash equivalents. Total capital is calculated as total equity as shown in the statements of financial position, plus net debt.

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Total debts	9,294,167	28,008,840	4,162,642	9,198,299
Cash and cash equivalents (Note 15)	(614,753)	(5,720,569)	(54,038)	(115,395)
Net debts	8,679,414	22,288,271	4,108,604	9,082,904
Total equity	19,714,993	13,954,836	34,123,219	58,127,857
Total capital	28,394,407	36,243,107	38,231,823	67,210,761
Gearing ratio	0.31	0.61	0.11	0.14

The Group is not subject to any capital requirement for the financial years ended 31 December 2023 and 2022.

32. Authorisation of financial statement for issue

These financial statements were authorised for issue in accordance with a resolution of the directors of the Company on 13 December 2024.