

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
Company Registration No. 201541844C
(Incorporated in Singapore)

**DIRECTORS' STATEMENT
AND FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2020**

MAZARS LLP
Public Accountants and
Chartered Accountants
Singapore

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
DIRECTORS' STATEMENT

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 2020 and the statement of financial position of the Company as at 31 December 2020.

1. Opinion of directors

In the opinion of the directors,

- (a) the 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 2020 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.

2. Directors

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

Roger James Hamilton
Sandra Lee Morrell (Appointed on 1 May 2021)
Lim Kah Wui (Appointed on 1 May 2021)
Jeremy Justin Harris (Appointed on 1 May 2021)
Gong Ling Jun Anna (Appointed on 1 May 2021)
Michelle Clarke (Appointed on 1 May 2021)
Patrick Grove (Appointed on 1 May 2021)
Suraj Prakash Naik (Appointed on 1 May 2021)

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	
	<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>The Company</u>				
<u>Ordinary shares</u>				
Roger James Hamilton	6,745,854	7,298,722	-	2,064,810

5. Share options

On 1 January 2016 (the "Date of Grant"), the Group has granted 58,500 shares under the Plan 1 to its employees with vesting period of 2 years, all the shares has been exercised by the financial year end.

On 1 January 2017 (the "Date of Grant"), the Group has granted 13,765 shares under the Plan 2 to its employees with vesting period of 2 years, all the shares has been exercised by the financial year end.

On 1 January 2018 (the "Date of Grant"), the Group has adopted the Share Options Plan 2018 (the "Plan 3"), the Company has granted 160,000 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 2019 (the "Date of Grant"), the Group has adopted the Share Options Plan 2019 (the "Plan 4"), the Company has granted 42,913 share options under the Plan 4 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 5"), the Company has granted 12,440 share options under the Plan 5 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 6"), 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 7"), 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.

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 Plan 1, Plan 2, Plan 3, Plan 4, Plan 5, Plan 6 and Plan 7 are administered by the Board of Directors.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES
DIRECTORS' STATEMENT (Continued)

6. Auditors

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

DocuSigned by:
Roger Hamilton
E76FF6825AC458...
Roger James Hamilton

Director

DocuSigned by:
Suraj Naik
D8C3EE30735A4FC...
Suraj Prakash Naik

Director

Singapore
29 July 2022

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GENIUS GROUP LIMITED**Tel: +65 6224 4022
Fax: +65 6225 3974
www.mazars.sg**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 statements of financial position of the Group and of the Company as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant 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 Group and of the Company as at 31 December 2020 and of the financial performance, changes in equity and 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 Auditors' 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.

Emphasis of Matter

As part of our audit of the 2020 financial statements, we also audited the adjustments described in Note 36 that were applied to amend the 2020 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2019 financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2019 financial statements taken as a whole.

Other Matter

The financial statements of the Company for the financial period ended 31 December 2019 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on 27 November 2020.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GENIUS GROUP LIMITED (Continued)**

Report on the Audit of Financial Statements (Continued)

Other Information (continued)

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.

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 FRS, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with SSA 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 SSA, 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENIUS GROUP LIMITED (Continued)

Report on the Audit of Financial Statements (Continued)

Auditors' 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.



MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
29 July 2022

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	<u>Note</u>	<u>2020</u> US\$	<u>Group</u> <u>2019</u> US\$ Restated
Revenue	4	7,633,776	9,949,057
Cost of sales		<u>(4,134,108)</u>	<u>(5,024,302)</u>
Gross profit		3,499,668	4,924,755
Administrative expenses		(6,372,957)	(7,150,257)
Other income	5	1,402,369	2,043,087
Exchange (loss)/gain - net		(121,909)	31,704
Finance costs	6	<u>(909,632)</u>	<u>(968,298)</u>
Loss before income tax	7	(2,502,461)	(1,119,009)
Income tax expense	8	<u>(69,245)</u>	<u>(111,310)</u>
Loss for the financial year		(2,571,706)	(1,230,319)
Other comprehensive income:			
<u>Item that may be reclassified subsequently to profit or loss, net of taxation</u>			
Exchange differences on translating foreign operations		<u>2,021,795</u>	<u>358,325</u>
Total comprehensive loss for the financial year		<u>(549,911)</u>	<u>(871,994)</u>
Loss for the financial year attributable to:			
Owners of the Company		(2,496,547)	(1,230,319)
Non-controlling interest		<u>(75,159)</u>	<u>-</u>
Loss for the financial year		<u>(2,571,706)</u>	<u>(1,230,319)</u>
Total comprehensive loss for the financial year attributable to:			
Owners of the Company		(492,714)	(871,994)
Non-controlling interest		<u>(57,197)</u>	<u>-</u>
Total comprehensive loss for the financial year		<u>(549,911)</u>	<u>(871,994)</u>

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 FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

		Group		
	Note	31/12/2020	31/12/2019	1/1/2019
		US\$	US\$	US\$
			Restated	Restated
ASSETS				
Non-current assets				
Property and equipment	9	7,596,990	7,399,412	6,131,858
Right-of-use asset	30	1,663,881	2,194,073	-
Financial assets at FVOCI	11	29,076	28,526	27,792
Goodwill	12	1,209,953	1,209,953	1,209,953
Intangible assets	13	1,004,914	922,379	745,638
Deposits	14	516,296	-	27,556
Total non-current assets		12,021,110	11,754,343	8,142,797
Current assets				
Cash and cash equivalents	15	2,273,151	3,290,095	2,737,889
Trade and other receivables	16	5,253,204	3,521,968	1,251,202
Inventories	17	112,543	119,516	91,723
Total current assets		7,638,898	6,931,579	4,080,814
Total assets		19,660,008	18,685,922	12,223,611
EQUITY AND LIABILITIES				
Equity				
Share capital	18	50,335,418	25,542,343	14,332,256
Share option reserve	19	545,009	1,196,403	2,687,375
Foreign currency translation reserve	19	1,788,063	(215,770)	(574,095)
Merger reserves	19	(33,900,850)	(13,521,337)	(5,123,337)
Other reserves	21	(250,000)	-	-
Treasury stock	20	-	(494,476)	(132,501)
Accumulated losses		(8,547,239)	(6,050,692)	(5,071,564)
Equity attributable to owners of the Company		9,970,401	6,456,471	6,118,134
Non-controlling interest		257,153	-	-
Total equity		10,227,554	6,456,471	6,118,134
Non-current liabilities				
Lease liabilities	30	1,307,932	1,729,188	-
Borrowings	22	157,629	217,509	500,000
Amount due to related parties	23	-	1,400,000	1,000,000
Convertible loans	24	1,531,639	1,918,340	-
Deferred tax liabilities	25	875,425	736,645	434,198
Other non-current liabilities	26	-	25,147	-
Total non-current liabilities		3,872,625	6,026,829	1,934,198

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 FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

		Group		
	Note	31/12/2020	31/12/2019	1/1/2019
		US\$	US\$	US\$
			Restated	Restated
Current liabilities				
Trade and other payables	27	2,562,872	1,929,461	1,744,451
Financial liabilities	28	250,000	-	-
Contract liabilities	29	1,546,712	3,231,431	2,395,125
Lease liabilities	30	545,132	544,551	-
Borrowings	22	65,611	64,379	-
Amount due to related parties	23	589,502	432,800	31,703
Total current liabilities		<u>5,559,829</u>	<u>6,202,622</u>	<u>4,171,279</u>
Total liabilities		<u>9,432,454</u>	<u>12,229,451</u>	<u>6,105,477</u>
Total equity and liabilities		<u>19,660,008</u>	<u>18,685,922</u>	<u>12,223,611</u>

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

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	<u>Note</u>	<u>31/12/2020</u> US\$	<u>Company</u> <u>31/12/2019</u> US\$ Restated	<u>1/1/2019</u> US\$ Restated
ASSETS				
Non-current assets				
Property and equipment	9	5,050	4,954	6,121
Investment in subsidiaries	10	43,355,561	11,397,815	-
Financial assets at FVOCI	11	28,698	431,955	27,792
Intangible assets	13	13,234	-	747,778
Deposits	14	516,296	-	-
Total non-current assets		<u>43,918,839</u>	<u>11,834,724</u>	<u>781,691</u>
Current assets				
Cash and cash equivalents	15	413,467	591,931	228,165
Trade and other receivables	16	3,949,636	576,945	600,342
Total current assets		<u>4,363,103</u>	<u>1,168,876</u>	<u>828,507</u>
Total assets		<u><u>48,281,942</u></u>	<u><u>13,003,600</u></u>	<u><u>1,610,198</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital	18	50,335,418	13,361,657	2,380,342
Share option reserve	19	486,966	88,360	1,599,936
Deemed capital injection	19	58,043	1,108,043	1,087,439
Other reserves	21	(250,000)	-	-
Foreign currency translation reserve	19	(227,220)	(444,433)	(401,094)
Accumulated losses		(4,502,885)	(3,698,595)	(3,702,491)
Total equity		<u>45,900,322</u>	<u>10,415,032</u>	<u>964,132</u>
Non-current liabilities				
Convertible loans	24	982,719	-	-
Other non-current liabilities	26	-	25,147	-
Total non-current liabilities		<u>982,719</u>	<u>25,147</u>	<u>-</u>
Current liabilities				
Amount due to related parties	23	911,544	2,563,351	-
Trade and other payables	27	237,357	70	646,066
Financial liabilities	28	250,000	-	-
Total current liabilities		<u>1,398,901</u>	<u>2,563,421</u>	<u>646,066</u>
Total liabilities		<u>2,381,620</u>	<u>2,588,568</u>	<u>646,066</u>
Total equity and liabilities		<u><u>48,281,942</u></u>	<u><u>13,003,600</u></u>	<u><u>1,610,198</u></u>

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 FINANCIAL YEAR ENDED 31 DECEMBER 2020**

<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>Treasury stock</u> US\$	<u>Accumulated losses</u> US\$	<u>Total equity</u> US\$
At 1 January 2019, Restated	14,332,256	2,687,375	(574,095)	(5,123,337)	-	(132,501)	(5,071,564)	6,118,134
Contributions by owners:								
Issuance of shares for cash (Note 18)	2,918,574	-	-	-	-	-	-	2,918,574
Share issued pursuant to share based compensation	1,662,741	(1,662,741)	-	-	-	-	-	-
Share based compensation (Note 19)	-	171,769	-	-	-	-	-	171,769
Purchase of treasury shares	-	-	-	-	-	(656,513)	-	(656,513)
Resale of treasury stock	88,092	-	-	-	-	294,538	-	382,630
Dividends declared and paid	-	-	-	-	-	-	(147,557)	(147,557)
Shares issued for acquisition of Wealth Dynamics Pte. Ltd. (Note 18)	6,400,000	-	-	-	-	-	-	6,400,000
Accumulated loss related to business combination (Note 10)	-	-	-	-	-	-	398,748	398,748
Business combination under common control (Note 10)	-	-	-	(8,398,000)	-	-	-	(8,398,000)
Treasury shares	140,680	-	-	-	-	-	-	140,680
Total contributions by owners	11,210,087	(1,490,972)	-	(8,398,000)	-	(361,975)	251,191	1,210,331
Loss for the financial year	-	-	-	-	-	-	(1,230,319)	(1,230,319)
Other comprehensive loss:								
Foreign currency translation adjustments	-	-	358,325	-	-	-	-	358,325
Total comprehensive loss for the financial year at 31 December 2019	-	-	358,325	-	-	-	(1,230,319)	(871,994)
At 31 December 2019, Restated	25,542,343	1,196,403	(215,770)	(13,521,337)	-	(494,476)	(6,050,692)	6,456,471

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 FINANCIAL YEAR ENDED 31 DECEMBER 2020**

<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>Treasury stock</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 31 December 2019, Restated	25,542,343	1,196,403	(215,770)	(13,521,337)	-	(494,476)	(6,050,692)	6,456,471	-	6,456,471
Contributions by owners:										
Issuance of shares for cash (Note 18)	2,222,000	-	-	-	-	-	-	2,222,000	-	2,222,000
Shares issued for subscriptions receivable	915,763	-	-	-	-	-	-	915,763	-	915,763
Shares issued for conversion of convertible loans (Note 18)	2,664,004	-	-	-	-	-	-	2,664,004	-	2,664,004
Shares issued pursuant to share based compensation	1,050,000	(1,050,000)	-	-	-	-	-	-	-	-
Shares issued for acquisition of Entrepreneur Resorts (Note 10)	30,997,810	-	-	-	-	-	-	30,997,810	314,350	31,312,160
Eliminations on acquisition of Entrepreneur Resorts ^(b)	(13,406,502)	-	-	-	-	494,476	-	(12,912,026)	-	(12,912,026)
Shares issued in satisfaction of a liability (Note 18)	350,000	-	-	-	(250,000)	-	-	100,000	-	100,000
Share based compensation (Note 19)	-	398,606	-	-	-	-	-	398,606	-	398,606
Business combination under common control (Note 10)	-	-	-	(20,379,513)	-	-	-	(20,379,513)	-	(20,379,513)
Total contributions by owners	24,793,075	(651,394)	-	(20,379,513)	(250,000)	494,476	-	4,006,644	314,350	4,320,994
Loss for the financial year	-	-	-	-	-	-	(2,496,547)	(2,496,547)	(75,159)	(2,571,706)
Other comprehensive income:										
Foreign currency translation	-	-	2,003,833	-	-	-	-	2,003,833	17,962	2,021,795
Total comprehensive income/(loss) for the financial year ended 31 December 2020	-	-	2,003,833	-	-	-	(2,496,547)	(492,714)	(57,197)	(549,911)
At 31 December 2020	50,335,418	545,009	1,788,063	(33,900,850)	(250,000)	-	(8,547,239)	9,970,401	257,153	10,227,554

(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 elimination is due to Entrepreneur Resorts Limited ("Entrepreneur Resorts") is included in the opening balance before acquisition due to merger accounting.

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 CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Note	2020 US\$	Group 2019 US\$ Restated
Operating activities			
Loss before income tax		(2,502,461)	(1,119,009)
Adjustments for:			
Interest income	5	(55,649)	(104,427)
Interest expense	6	909,632	968,298
Stock-based compensation	7	398,606	171,769
Depreciation of property and equipment	7	702,538	501,744
Amortisation of intangible assets	7	374,688	281,714
Depreciation of right-of-use assets	7	474,896	235,061
Bargain purchase gain	5	-	(1,060,794)
Fair value gain of derivative liabilities	5	-	(783,735)
Reversal of deferred debt discount	7	337,838	-
Provision for doubtful debts for trade receivables	7	161,788	-
Loss on foreign exchange transactions		384,582	489,546
Loss on disposal of property and equipment		294	-
Other payables written back	5	(400,000)	-
Gain on sales of equity investment	5	(801,438)	-
Total operating cash flows before changes in working capital		(14,686)	(419,833)
Trade and other receivables		(329,962)	(2,212,812)
Inventories		6,973	(27,793)
Trade and other payables		1,033,411	(659,729)
Other non-current liabilities		(25,147)	25,147
Contract liabilities		(1,684,719)	836,306
Total changes in working capital		(999,444)	(2,038,881)
Cash used in operations		(1,014,130)	(2,458,714)
Income taxes paid		-	(27,265)
Cash flows used in operating activities		(1,014,130)	(2,485,979)
Investing activities			
Proceeds paid for purchase of intangible assets	13	(457,223)	(456,315)
Proceeds paid for purchase of property and equipment	9	(588,843)	(503,425)
Proceeds from disposal of property and equipment		24,942	-
Consideration paid for acquisition of Wealth Dynamics Pte. Ltd.	10	-	(800,000)
Interest income received	5	55,649	104,427
Cash acquired in Matla Game Lodge Proprietary Limited acquisition - net	10	-	14,758
Consideration paid for investment in Health 360 Pte Ltd		-	(373)
Deposit paid for investment in University of Antelope Valley	14	(516,296)	27,556
Cash flows used in investing activities		(1,481,771)	(1,613,372)

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 CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	<u>Note</u>	<u>2020</u> <u>US\$</u>	<u>Group</u> <u>2019</u> <u>US\$</u>
Financing activities			
Amount due from related parties		13,459	(48,066)
Dividends paid	31	-	(147,557)
Interest expense paid		(454,238)	(256,342)
Purchase of treasury stock		-	(656,513)
Proceeds from sale of treasury stock		-	382,630
Repayment of borrowings		(58,648)	(218,112)
Proceeds from convertible loans, net of issuance cost	24	1,819,145	2,256,178
Proceeds from equity issuances, net of issuance cost		2,137,066	2,918,574
Repayment of lease liabilities		(420,675)	(155,395)
(Repayment)/loans from related parties		(1,698,692)	535,038
Cash flows generated from financing activities		<u>1,337,417</u>	<u>4,610,435</u>
Effect of exchange rate changes on cash and cash equivalents			
		141,540	41,122
Net (decrease)/increase in cash and cash equivalents		(1,158,484)	511,084
Cash and cash equivalents at beginning of the financial year		<u>3,290,095</u>	<u>2,737,889</u>
Cash and cash equivalents at end of the financial year	15	<u>2,273,151</u>	<u>3,290,095</u>

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 CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Reconciliation of assets/(liabilities) arising from financing activities

	1 January 2020 US\$	Financing cash (inflows)/outflow ws ¹ US\$	Non-cash movement				31 December 2020 US\$
			Converted to share capital/reserves US\$	Reversal of deferred debt discount US\$	Interest expenses US\$	Exchange differences US\$	
Asset							
Due from related parties	67,310	(13,459)	-	-	-	-	53,851
Liabilities							
Borrowings	281,888	(58,648)	-	-	-	-	223,240
Loan from related parties	1,832,800	(1,698,692)	-	-	455,394	-	589,502
Convertible loans	1,918,340	1,496,198	(2,664,004)	337,838	322,947	120,320	1,531,639
Lease liabilities	2,273,739	(551,966)	-	-	131,291	-	1,853,064

	1 January 2019 US\$	Financing cash (inflows)/ outflows ¹ US\$	Non-cash movement				31 December 2019 US\$
			Recognition of lease liability US\$	Reversal of deferred debt discount US\$	Addition from acquisition of subsidiary US\$	Interest expenses US\$	
Asset							
Due from related parties	19,244	48,066	-	-	-	-	67,310
Liabilities							
Borrowings	500,000	(218,112)	-	-	-	-	281,888
Loan from related parties	1,031,703	535,038	-	-	-	266,059	1,832,800
Convertible loans	-	2,122,026	-	-	-	580,049	1,918,340
Lease liabilities	-	(277,585)	2,262,209	-	166,925	122,190	2,273,739

¹ Net or proceeds of repayment to and from related parties and repayment of lease liabilities.

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

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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 principal activities of the Company are to carry on the business of management consultancy services. There has been no significant change in the nature of these activities during the financial year.

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

The financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 29 July 2022.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group, and the statement of financial position and statement of changes in equity of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and 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 Singapore dollar.

In the current year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for annual periods beginning on or after 1 January 2020. The adoption of these new or revised FRS and INT FRS did not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior year's financial statement and is not expected to have material effect on future periods.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRSs and INT FRSs issued but not yet effective

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

FRS	Title	Effective date (annual periods beginning on or after)
FRS 1	Amendments to FRS 1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
FRS 16	Amendments to FRS 16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
FRS 37	Amendments to FRS 37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
FRS 103	Amendments to FRS 103: <i>Reference to the Conceptual Framework</i>	1 January 2022
FRS 104	Amendments to FRS 104: <i>Extension of the Temporary Exemption from Applying FRS 109</i>	To be determined
FRS 109, FRS 39, FRS 107, FRS 104 and FRS 116	Amendments to FRS 109, FRS 39, FRS 107, FRS 104 and FRS 116: <i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
Various	Annual Improvements to FRSs 2018-2020	1 January 2022

Consequential amendments were also made to various standards as a result of these new/revised standards.

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 period of their initial adoption.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

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 them 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.

Subsidiary 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 subsidiary 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 subsidiary 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 of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts 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 significant accounting policies (Continued)

2.3 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, are 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 amounts in the combined financial statements of the controlling party or parties prior to the common control combination. The carrying amounts 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.

2.4 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 significant accounting policies (Continued)

2.4 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. Amounts 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 amounts for the items for which the accounting is incomplete. Those provisional amounts 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 amounts 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 amounts 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 significant accounting policies (Continued)

2.4 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.

2.5 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.

Sales of goods

Revenue from the sale of goods is recognized 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 recognized for the consideration that is unconditional when only the passage of time is required before the payment is due. Revenue is not recognized to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Digital education platform

Revenue from digital education platform is recognised from online workshops, training programs, assessments, courses, accreditations certifications and licenses provided by the Group and its partners, as well as memberships. Revenue is derived, and performance obligations are fulfilled, over-time, over the course of delivery of the product or service, which may be at the time of sale or may be monthly for up to twelve months. The Group is compensated by way of fees for the product or service 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.

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, over 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.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. Summary of significant accounting policies (Continued)

2.5 Revenue recognition (Continued)

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.

2.6 Borrowing costs

Borrowing costs are recognised in the income statement using the effective interest method.

2.7 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.

2.8 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 amounts 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 subsidiary, 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.

2. Summary of significant accounting policies (Continued)

2.8 Income tax (Continued)

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 amounts 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 amounts 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.

2.9 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.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

2. Summary of significant accounting policies (Continued)

2.10 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property 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 and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property and equipment.

Subsequent expenditure relating to 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.

Land is stated at cost. Depreciation is charged so as to write off the cost, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	-	20 years
Machinery	-	5 years
Furniture and fixtures	-	5 years
Motor vehicles	-	5 years
Others	-	3 to 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 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 and equipment is recognised in profit or loss.

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

2.11 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.

2. Summary of significant accounting policies (Continued)

2.11 Intangible assets (Continued)

Goodwill on acquisition (Continued)

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 recognized 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.

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 asset 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.

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.

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 10 years, which is the shorter of their estimated useful lives and periods of contractual rights.

2. Summary of significant accounting policies (Continued)

2.12 Impairment of non-financial assets excluding goodwill

The Group reviews the carrying amounts 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.

2.13 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.

Effective interest method

The effective interest method is a method of calculating the amortized 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 recognized on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets

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 as 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 (“FVOCI”) 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.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets held at FVOCI

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, as subsequently measured at FVOCI 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 FVOCI. 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 FVOCI, 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 FVOCI. 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.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Impairment of financial assets (Continued)

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.

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 amounts 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.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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.

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 amounts.

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 recognized as equity are reacquired, the amount of consideration paid is recognized directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognized 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 share option scheme, the cost of treasury shares is reversed from the treasury share account and the realized gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognized in the capital reserve of the Company.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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.

Derecognition of financial liabilities

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

2.14 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.

2.15 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.

2.16 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.

2. Summary of significant accounting policies (Continued)

2.16 Leases (Continued)

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.

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 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,
- amounts 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.

2. Summary of significant accounting policies (Continued)

2.16 Leases (Continued)

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.

2.17 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. Summary of significant accounting policies (Continued)

2.18 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 personnel

Key management personnel 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 significant accounting policies (Continued)

2.19 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 options 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.

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts 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.

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

Determination of functional currency

In determining the functional currency of the Company, judgement is used by the Company to determine the currency of the primary economic environment in which the Company 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 Pte Ltd, Wealth Dynamics Pte. Ltd. and Entrepreneur Resorts. The entities are deemed to be under common control of Roger James Hamilton, a common shareholder.

3. Critical accounting judgements and key sources of estimation uncertainty

3.2 Key sources of estimation uncertainty

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

Depreciation of property and equipment

The Group depreciates the property 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 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 and equipment as at 31 December 2020 were US\$7,596,990 (2019: US\$7,399,412) and US\$5,050 (2019: US\$4,954) 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. No impairment loss was recognised during the financial year (2019: NIL). The carrying amount of goodwill as at 31 December 2020 was US\$1,209,953 (2019: US\$1,209,953) (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 2020 was US\$1,004,914 (2019: US\$922,379) and US\$13,234 (2019: NIL) respectively (Note 13).

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 2020 was US\$43,355,562 (2019: US\$11,397,816) (Note 10).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. Critical accounting judgements and key sources of estimation uncertainty

3.2 Key sources of estimation uncertainty (Continued)

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 geographical locations, 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 2020 is US\$161,788 (2019: Nil) (Note 33).

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 amounts that were initially recognized, 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 current tax payable and deferred tax liabilities as at 31 December 2020 was NIL (2019: NIL) and \$875,425 (2019: \$736,645) (Note 25) 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 2020 was US\$1,531,639 (2019: US\$1,918,340) and US\$982,719 (2019: NIL) (Note 24) 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. The estimate of the fair value of the services received is measured based on a 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 and Company's share-based compensation plans as of 31 December 2020 is US\$545,009 (2019: US\$1,196,403) and the weighted average exercise price per share as of 31 December 2020 is US\$10.91 (2019: US\$10.99).

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**NOTES TO THE FINANCIAL STATEMENTS
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4. Revenue

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

	<u>2020</u> <u>US\$</u>	<u>Group</u> <u>2019</u> <u>US\$</u>
<u>At point in time</u>		
Sale of goods	1,280,320	1,796,961
Campus revenue	735,246	2,635,035
	<u>2,015,566</u>	<u>4,431,996</u>
<u>Over time</u>		
Digital education platform	5,298,227	4,771,253
In person education courses	319,983	745,808
	<u>5,618,210</u>	<u>5,517,061</u>
	<u>7,633,776</u>	<u>9,949,057</u>

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

	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
Within one year	<u>1,546,712</u>	<u>3,231,431</u>

5. Other income

	<u>2020</u> <u>US\$</u>	<u>Group</u> <u>2019</u> <u>US\$</u>
Administration and management fees income	-	12,458
Gain on sales of equity investment	801,438	-
Interest income	55,649	104,427
Fair value gain of derivative liabilities	-	783,735
Other payables written back ⁽ⁱ⁾	400,000	-
Bargain purchase gain for acquisition of Matla Game Lodge Proprietary Limited ⁽ⁱⁱ⁾ (Note 10)	-	1,060,794
Others	<u>145,282</u>	<u>81,673</u>
	<u>1,402,369</u>	<u>2,043,087</u>

(i) The other payables written back relates to the partial discount given for settlement of the remaining consideration pertaining to the acquisition of Tau Game Lodge Proprietary Limited.

(ii) Bargain purchase gain pertains derived from the acquisition of Matla Game Lodge Proprietary Limited ("Matla"). The cash consideration paid for the acquisition was US\$1, where the fair value of Matla's net assets exceeded the purchase consideration for US\$801,437 as of acquisition date on 22 August 2019.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
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6. Finance costs

	<u>2020</u> US\$	<u>Group</u> <u>2019</u> US\$
Interest expense on:		
- Lease liabilities	131,291	122,190
- Loans	455,394	266,059
- Convertible loan	322,947	580,049
	<u>909,632</u>	<u>968,298</u>

7. Loss before income tax

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

	<u>2020</u> US\$	<u>Group</u> <u>2019</u> US\$
Consulting and professional services	424,891	606,738
Rent expense	144,423	457,735
Salaries, wages, bonuses and other benefits	3,031,485	3,538,114
Development charges	378,010	360,933
Stock-based compensation	398,606	171,769
Provision for doubtful debts for trade receivables	161,788	-
Reversal of deferred debt discount	337,838	-
Depreciation of property and equipment	702,538	501,744
Amortisation of intangible assets	374,688	281,714
Depreciation of right-of-use assets	474,896	235,061

8. Income tax expense

	<u>2020</u> US\$	<u>Group</u> <u>2019</u> US\$
Current tax expense		
Current financial year	-	27,265
Deferred tax expense		
Current financial year (Note 25)	69,245	84,045
	<u>69,245</u>	<u>111,310</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
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8. Income tax expense (Continued)

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 2020 and 2019 are as follows:

	<u>2020</u> <u>US\$</u>	<u>Group</u> <u>2019</u> <u>US\$</u>
<u>Reconciliation of effective tax rate is as follows:</u>		
Loss before income tax	<u>(2,502,461)</u>	<u>(1,119,009)</u>
Tax at the domestic tax rates applicable to profits in the countries where the Group operates	(425,418)	(190,232)
Expenses not deductible for tax purposes	39,479	91,519
Utilisation of previously unrecognised deferred tax assets	-	(316,226)
Deferred tax asset on temporary differences not recognised	407,519	272,204
Different tax rates of subsidiaries operating in other jurisdictions	(24,305)	188,728
Others	<u>71,970</u>	<u>65,317</u>
	<u>69,245</u>	<u>111,310</u>

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% (2019: 17%) on their taxable income.

The subsidiary operating in South Africa is subject to income tax at the rate of 28% (2019: 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% (2019: 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% (2019: 18%) on their taxable income according to United Kingdom corporate income tax law.

Unrecognised tax losses

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

	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
Unabsorbed tax losses	<u>4,389,867</u>	<u>1,057,974</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.

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9. Property and equipment

	<u>Land</u> US\$	<u>Buildings</u> US\$	<u>Leasehold</u> <u>property</u> US\$	<u>Machinery</u> US\$	<u>Furniture</u> <u>and fixtures</u> US\$	<u>Motor</u> <u>vehicles</u> US\$	<u>Others</u> US\$	<u>Construction</u> <u>in progress</u> US\$	<u>Total</u> US\$
Group									
Cost									
At 1 January 2019	1,486,453	3,626,765	2,667,723	13,390	239,759	74,055	172,131	-	8,280,276
Additions	265	147,815	706,146	89,765	-	-	-	825,307	1,769,298
At 31 December 2019	1,486,718	3,774,580	3,373,869	103,155	239,759	74,055	172,131	825,307	10,049,574
Additions	-	490,961	54,250	-	39,739	-	3,893	-	588,843
Disposals	-	-	-	(3,309)	(24,033)	-	(1,203)	-	(28,545)
Reclass	-	-	825,307	-	-	-	-	(825,307)	-
Exchange Differences	-	359,867	(1,579)	(3,291)	-	(13,734)	(4,754)	-	336,509
At 31 December 2020	1,486,718	4,625,408	4,251,847	96,555	255,465	60,321	170,067	-	10,946,381
Accumulated depreciation									
At 1 January 2019	-	(178,674)	(1,965,288)	-	-	-	(4,456)	-	(2,148,418)
Additions	-	(165,361)	(315,285)	(7,236)	(8,307)	(2,175)	(3,380)	-	(501,744)
At 31 December 2019	-	(344,035)	(2,280,573)	(7,236)	(8,307)	(2,175)	(7,836)	-	(2,650,162)
Additions	-	(330,746)	(241,743)	(7,944)	(57,785)	(28,336)	(35,984)	-	(702,538)
Disposals	-	-	-	3,309	-	-	-	-	3,309
At 31 December 2020	-	(674,781)	(2,522,316)	(11,871)	(66,092)	(30,511)	(43,820)	-	(3,349,391)
Carrying amount									
At 31 December 2020	1,486,718	3,950,627	1,729,531	84,684	189,373	29,810	126,247	-	7,596,990
At 31 December 2019	1,486,718	3,430,545	1,093,296	95,919	231,452	71,880	164,295	825,307	7,399,412

During the financial year, the Group acquired property and equipment for an aggregate of US\$588,843 (2019: US\$1,769,298) of which US\$NIL (2019:US\$1,265,873) was acquired by means of acquisition of subsidiary (Note 10).

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

9. Property and equipment (Continued)

<u>Company</u>	<u>Computer US\$</u>
<u>Cost</u>	
Balance as at 1 January 2019	7,436
Balance as at 31 December 2019	<u>7,436</u>
Foreign currency adjustment	144
Balance as at 31 December 2020	<u>7,580</u>
<u>Accumulated depreciation</u>	
Balance as at 1 January 2019	1,315
Depreciation	1,167
Balance as at 31 December 2019	<u>2,482</u>
Foreign currency adjustment	48
Balance as at 31 December 2020	<u>2,530</u>
<u>Net book value</u>	
Balance as at 31 December 2020	<u>5,050</u>
Balance as at 31 December 2019	<u>4,954</u>

10. Investment in subsidiaries

	<u>2020 US\$</u>	<u>2019 US\$</u>
Unquoted equity investment, at cost		
At beginning of the year	11,397,815	-
Transfer from financial assets at FVOCI (Note 11)	959,936	-
Addition during the year	30,997,810	11,397,815
Less: Impairment losses	-	-
Unquoted equity investment, net	<u>43,355,561</u>	<u>11,397,815</u>
At end of the year	<u>43,355,561</u>	<u>11,397,815</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

10. Investment in subsidiaries (Continued)

Details of the subsidiaries are as follows:

<u>Name of subsidiary company</u>	<u>Principal activity</u>	<u>Country of Incorporation</u>	<u>Equity holding</u>	
			<u>2020</u>	<u>2019</u>
<u>Held directly by the Company</u>				
GeniusU Limited ⁽¹⁾	Providing educational services to entrepreneurs both through an online platform	Singapore	100	100
Wealth Dynamics Pte. Ltd. ⁽¹⁾	Business of management consultancy services	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	97.84	97.84
<u>Held through Entrepreneur Resorts</u>				
Entrepreneur Resorts Pte Ltd ⁽⁴⁾	Licensing of trade, knowledge and resources	Singapore	100	100
Genius Central Singapore Pte. Ltd. ⁽⁴⁾	Bar and Restaurant.	Singapore	100	100
PT XL Vision Villa and Genius Café ⁽⁵⁾	Hotel and restaurant	Bali, Indonesia	100	100
Tau Game Lodge Proprietary Limited ⁽⁶⁾	Game lodge/activity	South Africa	100	100
Matla Game Lodge Proprietary Limited ⁽⁶⁾	Game lodge/activity	South Africa	100	100

(1) Audited by Mazars LLP, Singapore.

(2) Not audited as insignificant to the group.

(3) Audited by PKF Octagon.

(4) Audited by VKR Practices Singapore.

(5) Audited by Kantor akuntan publik ketut budiarta and Anggiriawan.

(6) Audited by Lloyd Viljoen RA CA.

Acquisition of subsidiaries

On August 22, 2019, Entrepreneur Resorts (acquired under common control in financial year 2020) acquired 100% of the voting equity interest of Matla Game Lodge Proprietary Limited ("Matla") for US\$1 of cash purchase consideration. Matla became one of the Genius Group campuses. The Company recognized a US\$1,060,794 bargain purchase gain on the acquisition as the fair value of Matla's net assets exceeded the purchase price. The seller agreed to sell the entity for purchase consideration that was less than the entity's fair value because recurring losses resulting from operating restrictions imposed by the land lease had negatively impacted the seller's cash flows. Entrepreneur Resorts management has determined that the impact of these operating restrictions on the Entrepreneur Resorts business are mitigated by synergies provided by Entrepreneur Resorts' business association with Genius Group Limited and the operation of Entrepreneur Resorts' existing Tau Game lodge.

On October 1, 2019, the Company incorporated GeniusU Limited, investing US\$3,397,815 for 3,397,815 ordinary shares

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

10. Investment in subsidiaries (Continued)

Acquisition of subsidiaries (Continued)

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

	<u>Fair value of the identifiable assets and liabilities</u> US\$
Assets	
Property, plant and equipment	1,265,873
Right-of-use asset	166,925
Cash and cash equivalents	14,759
Other receivables	9,888
	<u>1,457,445</u>
Liabilities	
Lease liability	(166,925)
Trade and other payables	(11,323)
Deferred tax liability	(218,402)
	<u>(396,650)</u>
Net identifiable assets at fair value	<u><u>1,060,795</u></u>
Details of the consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group, at the acquisition date, are as follows:	
	<u>US\$</u>
Effect of the acquisition of fair value of the assets and liabilities:	
Total consideration for the acquisition	1
Less: Net identifiable assets at fair value	<u>(1,060,795)</u>
Bargain purchase gain on acquisition	<u><u>1,060,794</u></u>
<i>Effect of the acquisition of the subsidiary on cash flows:</i>	
Total consideration for 100% equity interest acquired in cash	1
Less: Cash and cash equivalent of subsidiary acquired	<u>(14,759)</u>
Net cash inflow on acquisition during the financial year ended 31 December 2019	<u><u>(14,758)</u></u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
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10. Investment in subsidiaries (Continued)

Acquisition of subsidiaries (Continued)

On August 30, 2019, the Company acquired 100% of the voting equity interest of Wealth Dynamics Pte. Ltd., an entity under common control with Genius Group Limited due to common control of Roger James Hamilton, a common shareholder, for US\$8,000,000 of purchase consideration, including US\$6,400,000 of the Company ordinary shares (195,062 ordinary shares @ US\$32.81 per share), US\$800,000 of cash and a US\$800,000 non-interest bearing note payable to the sellers with US\$400,000 payable on each of the first and second anniversaries of the acquisition date.

Below is a summary of the book value of the assets and liabilities associated with Wealth Dynamics Pte. Ltd., at acquisition.

	<u>Book value of the identifiable assets and liabilities</u> US\$
Assets	
Cash and cash equivalents	159,000
Trade and other receivables	<u>2,291,000</u>
	<u>2,450,000</u>
Liabilities	
Trade and other payables	(624,000)
Deferred revenue	<u>(2,224,000)</u>
	<u>(2,848,000)</u>
Net identifiable liabilities at book value	<u><u>(398,000)</u></u>

Details of the consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	US\$
<i>Effect of the acquisition of the subsidiary on cash flows:</i>	
Total consideration for the acquisition	8,000,000
Consideration paid in ordinary shares (195,062 ordinary shares @ US\$32.81 per share)	(6,400,000)
Deferred consideration payable	<u>(800,000)</u>
Consideration paid in cash	<u><u>800,000</u></u>

Details of the consideration paid, the assets acquired and liabilities assumed and the effects on the merger reserve of the Group, at the acquisition date, are as follows:

<i>Effect of the acquisition of NBV on merger reserve:</i>	
Total consideration for the acquisition	8,000,000
Add: Net identifiable liabilities at book value	<u>398,000</u>
Merger reserve	<u><u>8,398,000</u></u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

10. Investment in subsidiaries (Continued)

Acquisition of subsidiaries (Continued)

On July 17, 2020, the Company acquired 97.84% of the voting equity interest of Entrepreneur Resorts, an entity under common control with the Company, and its wholly owned subsidiaries, for US\$30,997,810 of purchase consideration, made up of US\$30,997,810 of Genius Group Limited ordinary shares. The excess of the purchase consideration over the carrying value of Entrepreneur Resort's assets and liabilities was charged off to merger reserves. Entrepreneur Resorts operates entrepreneur resorts and cafes.

Below is a summary of the allocation of the purchase consideration to the net book value of the assets and liabilities associated with Entrepreneur Resorts at acquisition.

	<u>Book value of the identifiable assets and liabilities</u> US\$
Assets	
Property and equipment	6,865,544
Intangible assets	67,849
Trade and other receivables	812,769
Inventories	157,927
Cash and cash equivalents	1,376,396
Right-of-use asset	1,740,083
Goodwill	1,209,953
	<u>12,230,521</u>
Liabilities	
Trade and other payables	(1,070,155)
Contract liabilities	(564,215)
Deferred tax liability	(607,270)
Operating lease liabilities – current	(519,740)
Convertible loans	(1,220,450)
Operating lease liabilities – non-current	(1,311,110)
Loans payable – non-current	(1,000,000)
	<u>(6,292,940)</u>
Net identifiable assets at book value	<u>5,937,581</u>
Net assets acquired – 97.84% controlling interest	<u>5,806,954</u>

Details of the consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	US\$
Effect of the acquisition of NBV on cash flows:	
Total consideration for the acquisition	30,997,810
Derecognition of FVOCI (Note 11)	959,936
Less: Merger reserve recognised previously for acquisition of Entrepreneur Resorts Pte Ltd during 2017	(5,123,337)
Less: Foreign currency translation adjustment	(647,942)
Less: Net identifiable assets at book value	<u>(5,806,954)</u>
Merger reserve	<u>20,379,513</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
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10. Investment in subsidiaries (Continued)

Acquisition of subsidiaries (Continued)

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 subsidiary</u>	<u>Proportion of ownership interest held by NCI</u>	<u>Allocated to NCI as at acquisition date</u> US\$	<u>Loss allocated to NCI during the reporting period</u> US\$	<u>Accumulated NCI at the end of reporting period</u> US\$
Entrepreneur Resorts	2.16%	314,350	(57,197)	257,153
				<u>2020</u> US\$
Assets				
Non-current				15,083,410
Current				<u>1,919,325</u>
				<u>17,002,735</u>
Liabilities				
Non-current				(2,718,736)
Current				<u>(5,634,493)</u>
				<u>(8,353,229)</u>
Net assets				<u>8,649,506</u>
				<u>1 Jan 2020</u> to <u>31 Dec</u> <u>2020</u> US\$
Revenue				2,264,736
Loss for the financial year				(3,265,449)
Total comprehensive loss				<u>(3,275,552)</u>
Net cash flow used in operations				<u>(993,608)</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
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11. Financial assets at FVOCI

	<u>Group</u>		<u>Company</u>	
	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
At beginning of financial year	28,526	27,792	431,955	27,792
Addition	-	-	556,136	400,000
Derecognition (Note 10)	-	-	(959,936)	-
Currency translation	550	734	543	4,163
At end of financial year	<u>29,076</u>	<u>28,526</u>	<u>28,698</u>	<u>431,955</u>
Non-current investments				
Unquoted equity instruments – at FVOCI	<u>29,076</u>	<u>28,526</u>	<u>28,698</u>	<u>431,955</u>

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.

On 1 December 2019 and 31 January 2020, the Company acquired 200,000 shares (1.47% interest) and 200,000 shares (1.47% interest) from Entrepreneur Resorts with consideration of US\$400,000 and approximately US\$556,136 respectively, the amount has been derecognized based on the fair value upon the further acquisition of 94.9% of Entrepreneur Resorts as of 17 July 2020.

12. Goodwill

	<u>Group</u>	
	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
At 1 January and 31 December	<u>1,209,953</u>	<u>1,209,953</u>

Goodwill is allocated to the Company's CGUs. The recoverable amounts 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. Management believes that any reasonably possible change in the key assumptions on which recoverable amounts are based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGUs.

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

	<u>Group</u>	
	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
PT XL Vision Villa and Genius Cafe	<u>1,209,953</u>	<u>1,209,953</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

12. Goodwill (Continued)

Impairment testing of goodwill

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

The recoverable amounts of the CGU are determined from VIU calculations. Cash flow projections used in the VIU calculations were based on financial budgets approved by Board of Directors covering a five-year period. The key assumptions for these VIU calculations are those regarding the discount rates, growth rates and expected changes to gross margins during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in gross margins are based on past practices and expectations of future changes in the market.

Key assumptions on which management has based its cash flow projections for the respective periods of the significant CGU are as follows:

	<u>PT XL Vision Villa and Genius Café</u>	
	<u>2020</u>	<u>2019</u>
Gross margin ⁽ⁱ⁾	73.4%	71%
Growth rates ⁽ⁱⁱ⁾	143.4%	143.4%
Discount rates ⁽ⁱⁱⁱ⁾	15.53%	15.53%
Terminal growth rates ^(iv)	2.0%	2.0%

Key assumptions used in the VIU calculations

- (i) *Budgeted gross margins* – Budgeted gross margins are determined based on past performance and its expectations of market developments.
- (ii) *Growth rates* – The forecasted growth rates are based on published industry research relevant to the CGUs, if any or based on management experience, taking into account of the forecasted growth rates relevant to the environment where the CGUs operate in. 143.4% is the growth rate for the first year, the next 5 year growth rate ranges from 55.5% to 71.70%.
- (iii) *Discount rates* – The discount rates used are based on the weighted average cost of the CGU's capital (the "WACC"), adjusted for the specific circumstances of the CGU and based on management's experience, and re-grossed back to arrive at the pre-tax rates.
- (iv) *Terminal growth rates* – The terminal growth rates are determined based on management's estimate of the long-term industry growth rates.

Sensitivity to changes in assumptions

Management is of the view that any reasonable possible change in any of the above key assumptions are not likely to materially cause the CGU's carrying amount to exceed its recoverable amount.

Impairment loss recognized

No impairment loss was recognized during the financial years ended 31 December 2020 and 2019.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

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13. Intangible assets

<u>Group</u>	<u>Trademarks</u> US\$	<u>GU</u> <u>platform</u> US\$	<u>Total</u> US\$
Cost			
At 1 January 2019	-	1,111,893	1,111,893
Additions	-	456,315	456,315
Exchange difference	-	2,140	2,140
At 31 December 2019	-	1,570,348	1,570,348
Additions	13,234	443,989	457,223
At 31 December 2020	13,234	2,014,337	2,027,571
<u>Accumulated amortisation</u>			
At 1 January 2019	-	366,255	366,255
Charge for the year	-	281,714	281,714
At 31 December 2019	-	647,969	647,969
Charge for the year	-	374,688	374,688
At 31 December 2020	-	1,022,657	1,022,657
Carrying amount:			
At 31 December 2020	13,234	991,680	1,004,914
At 31 December 2019	-	922,379	922,379
<u>Company</u>	<u>Trademarks</u> US\$	<u>GU</u> <u>platform</u> US\$	<u>Total</u> <u>(Restated)</u> US\$
Cost			
At 1 January 2019	-	1,111,893	1,111,893
Additions	-	317,659	317,659
Transfer	-	(1,429,552)	(1,429,552)
At 31 December 2019	-	-	-
Additions	13,234	-	13,234
At 31 December 2020	13,234	-	13,234
<u>Accumulated amortisation</u>			
At 1 January 2019	-	364,115	364,115
Additions	-	189,539	189,539
Transfer	-	(553,654)	(553,654)
At 31 December 2019 and 2020	-	-	-
Carrying amount:			
At 31 December 2020	13,234	-	13,234
At 31 December 2019	-	-	-

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

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13. Intangible assets (Continued)

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. Amortization begins when development is complete, and the asset is available for use. Development costs are amortized based on a useful life of five years.

On 01 October 2019, the Company transferred the entire business model along with the intangible assets to its subsidiary (GeniusU Limited).

14. Deposits

	<u>Group</u>		<u>Company</u>	
	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
Deposits	516,296	-	516,296	-

As of December 31, 2020, other non-current assets amounting to US\$516,296 (2019: US\$Nil) consists of a deposit on a proposed acquisition of University of Antelope Valley. The deposits are denominated in Singapore dollars.

15. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
Cash at bank	2,273,151	3,290,095	413,467	591,931

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>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
Great British Pounds	880	3,734	-	-
United States Dollars	412,495	-	174,405	-
Indonesia Rupiah	34,995	-	-	-
South African Rand	799,420	-	-	-
Singapore Dollars	1,025,361	3,286,361	239,062	591,931
	<u>2,273,151</u>	<u>3,290,095</u>	<u>413,467</u>	<u>591,931</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

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16. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
Trade receivables				
Third parties	1,110,129	1,263,849	-	95,824
Less: Allowance for doubtful debts	(161,788)	-	-	-
	<u>948,341</u>	<u>1,263,849</u>	<u>-</u>	<u>95,824</u>
Other receivables				
Amount due from shareholders	2,702,295	1,125,774	1,267,059	318,596
Prepayment	1,322,528	841,317	606,297	95,758
Deposits	226,189	223,718	-	-
Due from subsidiaries	-	-	2,076,280	66,767
Due from related parties	53,851	67,310	-	-
	<u>4,304,863</u>	<u>2,258,119</u>	<u>3,949,636</u>	<u>481,121</u>
Total trade and other receivables	<u>5,253,204</u>	<u>3,521,968</u>	<u>3,949,636</u>	<u>576,945</u>

The trade receivables are unsecured, interest-free and subject to normal credit terms ranging from 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 a related party are interest-free, unsecured and repayable on demand.

Prepayments consist of advances made to suppliers.

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

	<u>Group</u>		<u>Company</u>	
	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
Singapore Dollars	3,472,650	3,067,355	3,949,636	576,945
United States Dollars	1,520,825	373,439	-	-
Great British Pounds	123	2,307	-	-
Indonesia Rupiah	129,966	-	-	-
South African Rand	129,640	78,867	-	-
	<u>5,253,204</u>	<u>3,521,968</u>	<u>3,949,636</u>	<u>576,945</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

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17. Inventories

	<u>2020</u> US\$	<u>Group</u> <u>2019</u> US\$
Food, beverage and merchandise	102,637	112,322
Consumables	<u>9,906</u>	<u>7,194</u>
	<u>112,543</u>	<u>119,516</u>

The cost of inventories recognised as an expense and included in the line item “cost of sales” in the statement of profit or loss and other comprehensive income amounted to US\$182,666 (2020: US\$476,849).

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18. Share capital

	<u>Group</u>			
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	No. of shares	US\$	No. of shares	US\$
<u>Issued & fully paid:</u>				
At beginning of the financial year	1,623,833	25,542,343	1,151,095	14,332,256
Issue of ordinary shares – Genius Group ^(a)	53,744	1,989,000	87,359	2,918,574
Issue of ordinary shares – Entrepreneur Resorts ^(a)	-	233,000	-	-
Shares issued for conversion of convertible loans – Genius Group ^(b)	45,665	1,671,188	-	-
Shares issued for conversion of convertible loans – Entrepreneur Resorts ^(b)	-	992,816	-	-
Shares issued for acquisition of Wealth Dynamics Pte. Ltd. ^(c)	-	-	195,062	6,400,000
Shares issued for acquisition of Entrepreneur Resorts ^(d)	888,962	30,997,810	-	-
Eliminations on acquisition of Entrepreneur Resorts ^(e)	-	(13,406,502)	-	-
Shares issued in satisfaction of a liability ^(f)	8,167	350,000	-	-
Treasury stock of Entrepreneur Resorts ^(e)	-	-	-	88,092
Issuance of shares pursuant to share base compensation ^(g)	72,264	1,050,000	190,317	1,662,741
Shares issued for subscriptions receivable ^(h)	-	915,763	-	140,680
At end of the financial year	<u>2,692,635</u>	<u>50,335,418</u>	<u>1,623,833</u>	<u>25,542,343</u>

	<u>Company</u>			
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	No. of shares	US\$	No. of shares	US\$
<u>Issued & fully paid:</u>				
At beginning of the financial year	1,623,833	13,361,657	1,151,095	2,380,342
Issue of ordinary shares ^(a)	53,744	1,989,000	87,359	2,918,574
Shares issued for conversion of convertible loans ^(b)	45,665	1,671,188	-	-
Shares issued for acquisition of Wealth Dynamics Pte. Ltd. ^(c)	-	-	195,062	6,400,000
Shares issued for acquisition of Entrepreneur Resorts ^(d)	888,962	30,997,810	-	-
Shares issued in satisfaction of a liability ^(f)	8,167	350,000	-	-
Issuance of shares pursuant to share base compensation ^(g)	72,264	1,050,000	190,317	1,662,741
Shares issued for subscriptions receivable ^(h)	-	915,763	-	-
At end of the financial year	<u>2,692,635</u>	<u>50,335,418</u>	<u>1,623,833</u>	<u>13,361,657</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

18. Share capital (Continued)

- (a) During the financial year 2020, the Company issued 53,744 shares for the cash consideration of US\$2,222,000 to the shareholders. The Company issued following shares during the year:

<u>Month</u>	<u>Number of shares</u>	<u>Amount (US\$)</u>
January	4,752	160,000
February	4,575	155,033
March	2,438	85,000
April	716	25,000
May*	-	233,000
June	2,300	80,230
July	15,471	539,461
August	3,040	106,021
September	20,452	838,255

*Entrepreneur Resorts issued 111,341 shares in May 2020 for the consideration of \$233,000.

- (b) During the financial year 2020, the Company converted the convertible loans of US\$2,664,004 by issuing 45,665 shares of the Company to the holder of convertible loans:

<u>Month</u>	<u>Number of shares</u>	<u>Amount (US\$)</u>
May*	-	992,816
July	23,102	805,531
August	12,682	442,184
September	9,473	405,973
October	58	2,500
November	350	15,000

*Entrepreneur Resorts issued 496,406 shares in May 2020 for the consideration of \$992,816.

- (c) During September 2019, the Company acquired Wealth Dynamics Pte. Ltd. by offering the shares of the Company to the shareholders of Wealth Dynamics Pte. Ltd., 195,062 shares were issued for the consideration of US\$6,400,000 for the acquisition.
- (d) During July 2020, the Company acquired the Entrepreneur Resorts by offering the shares of the Company to the shareholders of Entrepreneur Resorts, 888,962 shares were issued for the consideration of US\$30,997,810 for the acquisition.
- (e) The eliminations on acquisition of Entrepreneur Resorts is the share capital amount of Entrepreneur Resorts which is included in 31 December 2019 due to merger acquisition completed in 2020. The treasury stock pertains to be those related to Entrepreneur Resorts yet to be eliminated due to the merger accounting stated above.
- (f) In September 2020, the Company also issued 8,167 shares in satisfaction of liability to Tau Game Lodge for the net consideration of US\$350,000.
- (g) 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.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

18. Share capital (Continued)

- (h) The Company issued shares but the consideration has yet to be received.

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”.

During 2017, Entrepreneur Resorts acquired all of the issued shares of Entrepreneur Resorts Pte Ltd. This was a common control business combination. The difference between the purchase consideration and the net assets acquired was US\$5,123,337, which is recorded against reserves prior to 2019 and is shown in the consolidated statement of changes in stockholders’ equity as the opening balance of Merger Reserves as restated as at 1 January 2019.

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 options reserve

On 1 January 2016 (the “Date of Grant”), the Group has granted 58,500 shares under the Plan 1 to its employees with vesting period of 2 years, all the shares has been exercised by the financial year end.

On 1 January 2017 (the “Date of Grant”), the Group has granted 13,765 shares under the Plan 2 to its employees with vesting period of 2 years, all the shares has been exercised by the financial year end.

On 1 January 2018 (the “Date of Grant”), the Group has adopted the Share Options Plan 2018 (the “Plan 3”), the Company has granted 160,000 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 2019 (the “Date of Grant”), the Group has adopted the Share Options Plan 2019 (the “Plan 4”), the Company has granted 42,913 share options under the Plan 4 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 5”), the Company has granted 12,440 share options under the Plan 5 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 6”), 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 7”), 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.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

19. Reserves (Continued)

Share options reserve (Continued)

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 Plan 1, Plan 2, Plan 3, Plan 4, Plan 5, Plan 6 and Plan 7 are administered by the Board of Directors.

Deemed capital injection

The difference between the Group's and the Company's share options 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. The sum of deemed capital injection and share options reserve at Company level will equal to the share options reserve at Group level.

Share options outstanding at the end of the financial year have the following exercise prices:

<u>Scheme Plan</u>	<u>Date of grant</u>	Balance as at 1 January 2020 US\$	Granted US\$	Exercised US\$	Lapsed or expired US\$	Balance as at 31 December 2020 US\$	Exercise price per share US\$
Plan 1	1/1/2016 ⁽¹⁾	850,000	-	(850,000)	-	-	14.53
Plan 2	1/1/2017 ⁽¹⁾	200,000	-	(200,000)	-	-	14.53
Plan 3	1/1/2018 ⁽¹⁾	58,043	-	-	-	58,043	1.24
Plan 4	1/1/2019	88,360	105,195	-	-	193,555	21.34
Plan 5	1/1/2020	-	50,649	-	-	50,649	34.87
Plan 6	1/1/2020	-	104,610	-	-	104,610	34.87
Plan 7	1/1/2020	-	138,152	-	-	138,152	34.87

⁽¹⁾ Plan 1, Plan 2 and Plan 3 are issuance of shares or share options of Entrepreneur Resorts to the Company's employees, thus it pertains to be deemed capital injection at company level.

Fair value of share options granted

The fair value of the share options granted under Plan 3, Plan 4 and Plan 5 is calculated using the Black-Scholes option pricing model at the grant date using the following assumptions:

	<u>Plan 3 2018</u>	<u>Plan 4 2019</u>	<u>Plan 5 2020</u>
Fair value at grant date	0.3808	4.9027	8.1777
Share price at grant date	1.24	21.34	34.87
Exercise price	1.24	21.34	34.87
Expected volatility	50.00%	39.00%	42.00%
Expected dividends	0%	0%	0%
Risk-free interest rate	2.28%	1.58%	0.13%

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

19. Reserves (Continued)

Share options reserve (Continued)

Fair value of share options granted

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

	<u>2020</u> <u>US\$</u>	<u>Group</u>	<u>2019</u> <u>US\$</u>
Total employee compensation cost pertaining to share-based payment plans	398,606		171,769

20. Treasury stock

	<u>2020</u> <u>US\$</u>	<u>Group</u>	<u>2019</u> <u>US\$</u>
Treasury stock	-		494,476

Treasury stock relates to ordinary shares of the Entrepreneur Resorts that is bought back by Entrepreneur Resorts. During the year ended 31 December 2020, the outstanding balance of US\$494,476 is eliminated on acquisition of Entrepreneur Resorts.

21. Other reserves

Other reserves relate to a put option that will require the Company to repurchase its stock for US\$250,000 if the option holder exercises (Note 28).

22. Borrowings

	<u>2020</u> <u>US\$</u>	<u>Group</u>	<u>2019</u> <u>US\$</u>
<u>Bank loan</u>			
Loans payable – current portion	65,611		64,379
Loans payable – non-current portion	157,629		217,509
	<u>223,240</u>		<u>281,888</u>

The Group's bank loans are denominated in SGD as at reporting date.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

22. Borrowings (Continued)

The banking facilities are secured by a personal guarantee from all directors of Wealth Dynamics Pte. Ltd.

The effective interest rates per annum are 6.25% to 8.88% (2019: 6.25% to 8.88%).

23. Amount due to related parties

	<u>Group</u>		<u>Company</u>	
	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
Current portion	589,502	432,800	911,544	2,563,351
Non-current portion	-	1,400,000	-	-
	<u>589,502</u>	<u>1,832,800</u>	<u>911,544</u>	<u>2,563,351</u>

The amount owing to related parties is non-trade in nature, unsecured, interest-free, repayable on demand.

The Group's and Company's amount due to related parties are denominated in the following currencies as at the reporting date:

	<u>Group</u>		<u>Company</u>	
	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
Singapore Dollars	589,502	832,800	490,868	-
United States dollars	-	1,000,000	420,676	2,563,351
	<u>589,502</u>	<u>1,832,800</u>	<u>911,544</u>	<u>2,563,351</u>

24. Convertible loans

	<u>Group</u>		<u>Company</u>	
	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
<u>Non-current</u>				
Convertible loan A	982,719	-	982,719	-
Convertible loan B	548,920	1,918,340	-	-
	<u>1,531,639</u>	<u>1,918,340</u>	<u>982,719</u>	<u>-</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

24. Convertible loans (Continued)

The Group has the following convertible loans:

- (i) Convertible loan A amounting to US\$1,819,145 issued by the Genius Group Limited on 31 December 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").
- (ii) Convertible loan B amounting to US\$2,256,178 net of deferred debt discount issued by Entrepreneur Resorts on 31 December 2019 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 "2019 Convertible Loans").

<u>Group</u>	<u>2020</u> US\$	<u>2019</u> US\$
Balance at the beginning of the year	1,918,340	-
Net proceeds from issue of convertible loans	1,819,145	2,256,178
Reversal of/deferred debt discount ^(a)	337,838	(337,838)
Transaction cost	99,195	-
Amount converted to equity	(2,664,004)	-
Exchange differences	21,125	-
	<u>1,531,639</u>	<u>1,918,340</u>
Carrying amount at the end of the financial year	<u>1,531,639</u>	<u>1,918,340</u>

^(a) The 2019 convertible loans are convertible upon Entrepreneur Resorts listing on the Australian Stock Exchange at a price equal to 70% of the initial listing price on the Australian Stock Exchange. The Company bifurcated the conversion option as a derivative liability with a fair value of US\$337,838 during financial year 2019, with a debit to deferred debt discount. Since the listing did not materialise, the amount has been reversed out during financial year 2020.

<u>Company</u>	<u>2020</u> US\$	<u>2019</u> US\$
Net proceeds from issue of Convertible loans	1,819,145	-
Amount converted to equity	(891,400)	-
Exchange differences	54,974	-
	<u>982,719</u>	<u>-</u>
Carrying amount at the end of the financial year	<u>982,719</u>	<u>-</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

25. Deferred tax liabilities

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

	<u>Group</u>	
	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
At beginning of year	(736,645)	(434,198)
Recognised in business combination	(69,535)	(218,402)
Charge to profit or loss (Note 8)	<u>(69,245)</u>	<u>(84,045)</u>
At end of year	<u><u>(875,425)</u></u>	<u><u>(736,645)</u></u>

The deferred tax liabilities arise as a result of:

<u>Group</u>	<u>At 1</u> <u>January</u> <u>2020</u> <u>US\$</u>	<u>Recognized in</u> <u>other</u> <u>comprehensive</u> <u>income</u> <u>US\$</u>	<u>Recognized</u> <u>in</u> <u>provision</u> <u>for Income</u> <u>tax</u> <u>US\$</u>	<u>At 31</u> <u>December</u> <u>2020</u> <u>US\$</u>
<u>Non-current assets</u>				
Property, plant, and equipment	(1,005,006)	(69,535)	94,930	(979,611)
Others	-	-	(8,431)	(8,431)
	<u>(1,005,006)</u>	<u>(69,535)</u>	<u>86,499</u>	<u>(988,042)</u>
<u>Current assets</u>				
Other (Section 24C allowance)	(11,709)	-	(140)	(11,849)
Others	-	-	26,451	26,451
	<u>(11,709)</u>	<u>-</u>	<u>26,311</u>	<u>14,602</u>
<u>Current liabilities</u>				
Deferred income	105,108	-	(7,093)	98,015
Tax losses	174,962	-	(174,962)	-
	<u>280,070</u>	<u>-</u>	<u>(182,055)</u>	<u>98,015</u>
Net deferred tax liabilities	<u><u>(736,645)</u></u>	<u><u>(69,535)</u></u>	<u><u>(69,245)</u></u>	<u><u>(875,425)</u></u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

25. Deferred tax liabilities (Continued)

The deferred tax liabilities arise as a result of: (Continued)

Group	At 1 January <u>2019</u> US\$	Recognized in other comprehensive <u>income</u> US\$	Recognized in provision for income <u>tax</u> US\$	At 31 December <u>2019</u> US\$
<u>Non-current assets</u>				
Property, plant, and equipment	(853,231)	(218,402)	66,627	(1,005,006)
<u>Current assets</u>				
Prepaid expenses	(1,536)	-	1,536	-
Other (Section 24C allowance)	(70,427)	-	58,718	(11,709)
	<u>(71,963)</u>	<u>-</u>	<u>60,254</u>	<u>(11,709)</u>
<u>Current liabilities</u>				
Deferred income	117,378	-	(12,270)	105,108
Tax losses	373,618	-	(198,656)	174,962
	<u>490,996</u>	<u>-</u>	<u>(210,926)</u>	<u>280,070</u>
Net deferred tax liabilities	<u>(434,198)</u>	<u>(218,402)</u>	<u>(84,045)</u>	<u>(736,645)</u>

Deferred tax liabilities principally arise as a result of excess of carrying amount over tax written down value of property and equipment.

26. Other non-current liabilities

	Group		Company	
	<u>2020</u> US\$	<u>2019</u> US\$	<u>2020</u> US\$	<u>2019</u> US\$
Deposits	<u>-</u>	<u>25,147</u>	<u>-</u>	<u>25,147</u>

Deposits was related to investor deposits for the purchase of common stock of the Company.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
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27. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
Trade payables				
Third parties	144,226	11,497	28,411	-
Other payables				
Other payables	677,594	475,374	28,116	70
Accrued expenses	1,464,187	1,261,774	180,830	-
VAT and other tax payable	132,639	169,319	-	-
Sundry payables	144,226	11,497	-	-
Trade & other payables	<u>2,562,872</u>	<u>1,929,461</u>	<u>237,357</u>	<u>70</u>

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

Accruals mainly consist of accrued operating expenses.

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

	<u>Group</u>		<u>Company</u>	
	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
Singapore Dollars	968,910	663,546	237,357	-
Indonesia Rupiah	258,542	138,990	-	-
South African Rand	1,307,515	1,126,925	-	-
United States Dollars	27,905	-	-	70
	<u>2,562,872</u>	<u>1,929,461</u>	<u>237,357</u>	<u>70</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

28. Financial liability

	<u>Group</u>		<u>Company</u>	
	<u>2020</u> US\$	<u>2019</u> US\$	<u>2020</u> US\$	<u>2019</u> US\$
Put option	250,000	-	250,000	-

In 2017, the Company purchased shares of Tau Game Lodge Proprietary Limited for a consideration of US\$4,000,000, settled by payment of US\$2,500,000 in cash and through the issuance of an unsecured loan in the amount of US\$1,500,000. During the year ended 31 December 2020, the outstanding balance of the loan is US\$600,000. The Company settled the balance by payment of US\$250,000 in cash and through the issuance of share capital valued at US\$350,000. As part of the agreement, a put option was granted which, if exercised, will require the Company to buy back the issued shares for US\$250,000. The put option will expire upon the end of a lock up period of 6 months after the Group's initial public offering. This amount is recorded as a financial liability.

The Group's and Company financial liabilities are denominated in US\$ as at reporting date.

29. Contract liabilities

	<u>Group</u>	
	<u>2020</u> US\$	<u>2019</u> US\$
Advance consideration	1,546,712	3,231,431

Advance consideration relates to advances received for educational revenue and other income. Booking for lodges and educational revenue are recognized 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.

During the year ended December 31, 2020, the Group recognized amount of recognized revenue of US\$2,905,691 (2019: US\$2,155,612) 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 realized within one year.

30. The Group as a lessee

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.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

30. The Group as a lessee (Continued)

Right-of-use assets

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

<u>Group</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>
<u>Cost</u>				
At 1 January 2019	-	-	-	-
Addition	1,378,312	58,412	992,410	2,429,134
At 31 December 2019	1,378,312	58,412	992,410	2,429,134
Exchange differences	6,659	(2,008)	(43,658)	(39,007)
At 31 December 2020	1,384,971	56,404	948,752	2,390,127
<u>Accumulated depreciation</u>				
At 1 January 2019	-	-	-	-
Depreciation	(181,357)	-	(53,704)	(235,061)
At 31 December 2019	(181,357)	-	(53,704)	(235,061)
Depreciation	(426,015)	(1,680)	(47,201)	(474,896)
Exchange differences	7,954	(3,099)	(21,144)	(16,289)
At 31 December 2020	(599,418)	(4,779)	(122,049)	(726,246)
<u>Carrying amount</u>				
At 31 December 2020	785,553	51,625	826,703	1,663,881
At 31 December 2019	1,196,955	58,412	938,706	2,194,073

The total cash outflow for leases of the Company during the financial year ended 31 December 2020 is US\$420,675 (2019: US\$155,395).

Lease liabilities

	<u>Group</u>	
	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
Lease liabilities – non-current	1,307,932	1,729,188
Lease liabilities – current	545,132	544,551
	<u>1,853,064</u>	<u>2,273,739</u>

Amounts recognized in profit or loss

	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
Expense relating to short-term leases	144,423	457,735
Interest expense on lease liabilities	131,291	122,190

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

31. Dividends

During the previous financial year, the Group paid dividend of US\$147,557.

32. 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. Amounts due from related parties are set out in Note 16.

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

	Group	
	<u>2020</u>	<u>2019</u>
	US\$	US\$
<u>Other income</u>		
Gain on sales of equity investment to related party	<u>801,438</u>	<u>-</u>
	Company	
	<u>2020</u>	<u>2019</u>
	US\$	US\$
<u>Revenue</u>		
Programme fees from subsidiaries, net	<u>222,636</u>	<u>1,990,745</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

32. Significant related party transactions (Continued)

	<u>Group</u>	
	<u>2020</u> US\$	<u>2019</u> US\$
<u>Cost of sales</u>		
Commission expenses from subsidiaries	-	(229,053)

Key management personnel compensation is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2020</u> US\$	<u>2019</u> US\$	<u>2020</u> US\$	<u>2019</u> US\$
Director's salary and bonus	930,962	870,420	73,991	194,027

33. 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 Director is 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 Director.

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, default of interest due for more than 30 days, but not later than when the financial asset is more than 90 days past due as per FRS 109's presumption.

The Group has not rebutted the presumption included in FRS 109 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due. In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, latest available financial information and latest applicable credit reputation of the debtor.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. 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.

33. 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 amounts 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.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

33. Financial instruments and financial risks (Continued)

Credit Risk (Continued)

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.

	<u>Current</u> US\$	<u>Past due</u> <u>for</u> <u>31 to 90</u> <u>days</u> US\$	<u>Past due</u> <u>for</u> <u>91 to 180</u> <u>days</u> US\$	<u>Past due</u> <u>for</u> <u>181 to 365</u> <u>days</u> US\$	<u>Past due</u> <u>more than</u> <u>365</u> <u>days</u> US\$	<u>Total</u> US\$
31 December 2020						
Weighted average expected credit loss rates	0%	25%	50%	50%	70%	
Trade receivables (gross)	786,015	65,589	33,616	143,993	80,916	1,110,129
Loss allowance	-	16,343	16,808	71,996	56,641	161,788
31 December 2019						
Weighted average expected credit loss rates	0%	0%	0%	0%	0%	
Trade receivables (gross)	762,515	277,277	137,226	59,360	27,471	1,263,849
Loss allowance	-	-	-	-	-	-

Allowance made are related to debtors with significant financial difficulties. The management estimated the irrecoverable amounts 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.

Other receivables and deposits paid (Note 16)

As of 31 December 2020, the Group recorded deposit of US\$226,189 (2019: US\$223,718). In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for the outlook of the industry and economy in which these debtors operate in and the factors that are specific to the debtors in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. Using 12-month ECL, the Group determined that the ECL is insignificant.

Amounts due from a related party and shareholders (Note 16)

As of 31 December 2020, the Group recorded amounts due from a related party and amount due from shareholders amounting to US\$53,851 (2019: US\$67,310) and US\$2,702,295 (2019: US\$1,125,774) respectively. The Group assessed the impairment loss allowance of these amounts 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 2020, 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 2020, using lifetime ECL, the Group determined that the ECL is insignificant.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

33. Financial instruments and financial risks (Continued)

Credit Risk (Continued)

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:

Internal credit risk grading	Trade receivables		Other receivables	
	Note (i) US\$	Total US\$	Category 4 US\$	Total US\$
Loss allowance				
Balance at 31 December 2019	-	-	-	-
Loss allowance (ECL) recognised	161,788	161,788	-	-
Balance at 31 December 2020	161,788	161,788	-	-
Gross carrying amount				
At 31 December 2020	1,110,129	1,110,129	2,982,335	2,982,335
At 31 December 2019	1,263,849	1,263,849	1,416,802	1,416,802
Net carrying amount				
At 31 December 2020	948,341	948,341	2,982,335	2,982,335
At 31 December 2019	1,263,849	1,263,849	1,416,802	1,416,802

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 Company 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 Company 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 Company do not have significant foreign currency risk exposure except for the financial assets denominated in South African Rand ("ZAR") and Singapore Dollar ("SGD").

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

33. Financial instruments and financial risks (Continued)

Market risks (Continued)

Foreign Currency Risk (Continued)

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

	<u>ZAR</u> <u>US\$</u>	<u>SGD</u> <u>US\$</u>
Group		
2020		
<u>Financial assets</u>		
Financial assets at FVOCI	-	29,076
Deposits	-	516,296
Trade and other receivables	123,259	1,045,333
Cash and cash equivalents	<u>799,420</u>	<u>1,025,361</u>
 <u>Financial liabilities</u>		
Lease liabilities	(1,075,237)	(777,827)
Borrowings	-	(223,240)
Amount due to related parties	-	(589,502)
Convertible loans	-	(982,719)
Trade and other payables	<u>(1,307,515)</u>	<u>(936,790)</u>
Net currency exposure	<u>(1,460,073)</u>	<u>(894,012)</u>
 2019		
<u>Financial assets</u>		
Financial assets at FVOCI	-	28,526
Trade and other receivables	70,774	982,643
Cash and cash equivalents	<u>-</u>	<u>3,286,361</u>
 <u>Financial liabilities</u>		
Lease liabilities	(995,664)	(1,278,075)
Borrowings	-	(281,888)
Amount due to related parties	-	(832,800)
Trade and other payables	<u>(1,083,407)</u>	<u>(652,951)</u>
Net currency exposure	<u>(2,008,297)</u>	<u>1,251,816</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. Financial instruments and financial risks (Continued)

Market risks (Continued)

Foreign Currency Risk (Continued)

The carrying amounts 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)

	<u>SGD</u> <u>US\$</u>
<u>Company</u>	
<u>2020</u>	
<i>Financial assets</i>	
Financial assets at FVOCI	28,698
Other non-current assets	516,296
Trade and other receivables	3,343,339
Cash and cash equivalents	<u>239,062</u>
<i>Financial liabilities</i>	
Amount due to related parties	(490,868)
Convertible loans	(982,719)
Trade and other payables	<u>(237,357)</u>
Net currency exposure	<u>2,416,451</u>
<u>2019</u>	
<i>Financial assets</i>	
Financial assets at FVOCI	431,955
Trade and other receivables	481,187
Cash and cash equivalents	<u>591,931</u>
Net currency exposure	<u>1,505,073</u>

Foreign exchange risk sensitivity

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

	<u>Group</u>		<u>Company</u>	
	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
SGD	(44,701)	62,591	120,823	75,254
ZAR	<u>(73,004)</u>	<u>(100,415)</u>	<u>-</u>	<u>-</u>

A 5% weakening of the foreign currencies against the United States dollars 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.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
<u>Financial liabilities with interest</u>				
<u>Fixed rates</u>				
As at 31 December	<u>223,240</u>	<u>281,888</u>	<u>-</u>	<u>-</u>

The interest rates are disclosed in the Note 22.

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
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. 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.

<u>Group</u>	<u>Effective interest rate</u> %	<u>1 year or less</u> US\$	<u>2 to 5 years</u> US\$	<u>Total</u> US\$
<u>Undiscounted financial assets</u>				
Financial assets at FVOCI	-	-	29,076	29,076
Deposits	-	-	516,296	516,296
Trade and other receivables (excluding prepayment)	-	3,930,676	-	3,930,676
Cash and cash equivalents	-	2,273,151	-	2,273,151
As at 31 December 2020		6,203,827	545,372	6,749,199
<u>Undiscounted financial liabilities</u>				
Lease liabilities	11.25%	(560,715)	(10,587,989)	(11,148,704)
Borrowings	3.34% - 4.76%	(81,771)	(167,247)	(249,018)
Amount due to related parties	-	(589,502)	-	(589,502)
Convertible loans	10.00% - 12.00%	(159,087)	(1,714,596)	(1,873,683)
Trade and other payables (excluding VAT and other tax payable)	-	(2,430,233)	-	(2,430,233)
Financial liabilities	-	(250,000)	-	(250,000)
As at 31 December 2020		(4,071,308)	(12,469,832)	(16,541,140)
Total undiscounted net asset/(liabilities)		2,132,519	(11,924,460)	(9,791,941)

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. 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>Effective interest rate</u> %	<u>1 year or less</u> US\$	<u>2 to 5 years</u> US\$	<u>Total</u> US\$
<u>Undiscounted financial assets</u>				
Financial assets at FVOCI	-	-	28,526	28,526
Trade and other receivables (excluding prepayment)	-	2,680,651	-	2,680,651
Cash and cash equivalents	-	3,290,095	-	3,290,095
As at 31 December 2019		5,970,746	28,526	5,999,272
<u>Undiscounted financial liabilities</u>				
Lease liabilities	11.25%	(542,738)	(11,312,071)	(11,854,809)
Borrowings	3.34% - 4.76%	(80,248)	(244,379)	(324,627)
Amount due to related parties	-	(432,800)	(1,400,000)	(1,832,800)
Convertible loans	10.00% - 12.00%	(255,089)	(2,244,864)	(2,499,953)
Other non-current liabilities	-	-	(25,147)	(25,147)
Trade and other payables (excluding VAT and other tax payable)	-	(1,760,142)	-	(1,760,142)
As at 31 December 2019		(3,071,017)	(15,226,461)	(18,297,478)
Total undiscounted net asset/(liabilities)		2,899,729	(15,197,935)	(12,298,206)
<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\$
<u>Undiscounted financial assets</u>				
Financial assets at FVOCI	-	-	28,698	28,698
Deposits	-	-	516,296	516,296
Trade and other receivables (excluding prepayment)	-	3,343,339	-	3,343,339
Cash and cash equivalents	-	413,467	-	413,467
As at 31 December 2020		3,756,806	544,994	4,301,800
<u>Undiscounted financial liabilities</u>				
Amount due to related parties	-	(911,544)	-	(911,544)
Convertible loans	10.00% - 12.00%	(97,695)	(1,153,608)	(1,251,303)
Trade and other payables (excluding VAT and other tax payable)	-	(237,357)	-	(237,357)
Financial liabilities	-	(250,000)	-	(250,000)
As at 31 December 2020		(1,496,596)	(1,153,608)	(2,650,204)
Total undiscounted net asset/(liabilities)		2,260,210	(608,614)	1,651,596

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. 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 (Continued)</u>	<u>Effective interest rate</u> %	<u>1 year or less</u> US\$	<u>2 to 5 years</u> US\$	<u>Total</u> US\$
<u>Undiscounted financial assets</u>				
Financial assets at FVOCI	-	-	431,955	431,955
Trade and other receivables (excluding prepayment)	-	481,187	-	481,187
Cash and cash equivalents	-	591,931	-	591,931
As at 31 December 2019		<u>1,073,118</u>	<u>431,955</u>	<u>1,505,073</u>
<u>Undiscounted financial liabilities</u>				
Amount due to related parties	-	(2,563,351)	-	(2,563,351)
Trade and other payables	-	(70)	-	(70)
As at 31 December 2019		<u>(2,563,421)</u>	<u>-</u>	<u>(2,563,421)</u>
Total undiscounted net asset/(liabilities)		<u>(1,490,303)</u>	<u>431,955</u>	<u>(1,058,348)</u>

Financial instruments by category

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>2020</u> US\$	<u>2019</u> US\$	<u>2020</u> US\$	<u>2019</u> US\$
Financial assets at FVOCI	29,076	28,526	28,698	431,955
Financial assets measured at amortised cost				
Deposits	516,296	-	516,296	-
Trade and other receivables (excluding prepayment)	3,930,676	2,680,651	3,343,339	481,187
Cash and cash equivalents	2,273,151	3,290,095	413,467	591,931
	<u>6,749,199</u>	<u>5,999,272</u>	<u>4,301,800</u>	<u>1,505,073</u>
Financial liabilities measured at amortised costs				
Lease liabilities	1,853,064	2,273,739	-	-
Borrowings	223,240	281,888	-	-
Amount due to related parties	589,502	1,832,800	911,544	2,563,351
Convertible loans	1,531,639	1,918,340	982,719	-
Trade and other payables (excluding VAT and other tax payable)	2,430,233	1,760,142	237,357	70
Financial liabilities	250,000	-	250,000	-
Other non-current liabilities	-	25,147	-	25,147
	<u>6,877,678</u>	<u>8,092,056</u>	<u>2,381,620</u>	<u>2,588,568</u>

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

34. Subsequent Events

(a) Convertible loans

During February to May 2021, convertible loans consisting of US\$161,500 of principal and US\$6,170 of accrued interest were converted into 13,307 shares of GeniusU Limited pursuant to conversion offers extended by the Company.

On 15 March 2022, convertible loans consisting of US\$229,237 of principal and accrued interest were converted into 38,206 shares of the Company pursuant to conversion offers extended by the Company.

(b) Shares issued for cash

During the first quarter of year 2022, GeniusU Limited has raised funds totalling US\$1,528,000 through issuing new shares to 46 individual investors. 62,648 shares were issued at US\$24.39 per share. After the issuance of new shares, the non-controlling interest accounts for 0.61% of the Company's total shares.

(c) Stock split

On April 29, 2021, the Company effected a 6-for-1 stock split with respect to ordinary shares.

(d) Stock-based compensation

Subsequent to December 31, 2020, and prior to the issuance of these financial statements, the Company agreed to issue an aggregate of 375,327 options for shares of common stock to key management and partners. The options vest at various stages over three years, subject to satisfaction of relevant conditions including continued employment.

(e) Initial public offering

Subsequent to December 31, 2020, the Company consummated its initial public offering on the NYSE American (ticker: GNS) as of April 14, 2022 with the issuance of 3,272,727 ordinary shares at an IPO price of US\$6 per share.

(f) Business combinations

On April 30, 2022, the Company acquired 100% shareholding in Education Angels in Home Childcare Limited for a consideration of NZ\$3 million (US\$1,939,281) of the Company's ordinary shares.

On April 30, 2022, the Company acquired 100% shareholding in Property Investment Network Ltd for a consideration of GBP3,515,770 (US\$4,596,517). The consideration is paid by way of cash consideration of GBP351,577 and ordinary shares of the Company amounting to GBP 3,164,193.

On April 30, 2022, the Company acquired 100% shareholding in Mastermind Principles Ltd for a consideration of GBP11,101,638 (US\$14,514,282). The consideration is paid by way of cash consideration of GBP1,110,164 and ordinary shares of the Company amounting to GBP9,991,474.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

34. Subsequent Events (Continued)

(f) Business combinations (Continued)

On May 31, 2022, the Company acquired 100% shareholding in E-squared Education Enterprises (Pty) Ltd. for a cash consideration of ZAR 10,000,000 (US\$644,170).

On July 7, 2022, the Company acquired 100% shareholding in University of Antelope Valley, LLC for a consideration of US\$6,000,000 of the Company ordinary shares.

As of the date of the financial statements, the initial accounting for the business combinations are incomplete and being assessed by the Group.

35. 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 maximizing the return to stakeholders through optimization 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 2019.

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 VAT and other tax payable), convertible loans, 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Total debts	6,038,176	6,234,109	1,220,076	70
Less: Cash and cash equivalents (Note 15)	<u>(2,273,151)</u>	<u>(3,290,095)</u>	<u>(413,467)</u>	<u>(591,931)</u>
Net debts/(assets)	3,765,025	2,944,014	806,609	(591,861)
Total equity	<u>10,227,554</u>	<u>6,456,471</u>	<u>45,900,322</u>	<u>10,415,032</u>
Total capital	<u>13,992,579</u>	<u>9,400,485</u>	<u>46,706,931</u>	<u>9,823,171</u>
Gearing ratio	<u>0.27</u>	<u>0.31</u>	<u>0.02</u>	<u>(0.06)</u>

The Group is not subject to any capital requirement for the financial years ended 31 December 2020 and 2019.

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

36. Restatement of prior year comparative

Prior year adjustment

Company Level – Comparative figure restatement

The statement of financial position as at 1 January 2019 and 31 December 2019, statement of changes in equity, profit or loss and other comprehensive income and cash flows for the financial year ended 31 December 2019 have been restated in the current financial year to correct prior years errors.

As of 1 October 2019, Company transferred its intangible assets to Genius U Limited amounted to US\$885,780. Certain costs capitalised in intangible assets were incorrectly capitalised as they related to the costs incurred during the planning and maintenance of the intangible assets. As the cost for the intangible asset was wrongly capitalised when the intangible asset was transferred from the Company to Genius U Limited, the amount billed by the Company for the transferred intangible assets to Genius U Limited was also wrong. This amount billed was net off with the amount receivable from the Company for other transactions paid on behalf by Genius U Limited. This resulted in the year end intercompany balance to be understated by US\$718,440.

During the financial years 2016 to 2019, the Company or a related company had granted stock ownership plan and share options to the Company's employees. The Company omitted the recognition of share- based payment expenses for the stock ownership plan and certain share options granted. Where share- based payment expenses were recognised by the Company, it is calculated based on the valuation of the share options at par value instead of fair value at grant date. The Company also did not take up any accounting entry for the shares issued upon exercising of the share options by the employees. This resulted in the accumulated losses, deemed capital injection by shareholder, share capital and share option reserve to be understated by US\$3,495,976, US\$1,108,043, US\$1,398,562 and US\$88,360 respectively.

A summary of adjustments made with respect to the restatement is as follows:

	As previously stated US\$	Prior year adjustments US\$	As Restated US\$
Statement of financial position			
<u>As at 1 Jan 2019</u>			
Intangible assets	1,354,184	(606,406)	747,778
Share option reserve	-	(1,599,936)	(1,599,936)
Deemed capital injection	-	(1,087,439)	(1,087,439)
Accumulated losses	419,885	3,282,606	3,702,491
Foreign currency translation reserve	-	11,175	11,175
<hr/>			
<u>As at 31 December 2019</u>			
Amount due to subsidiaries	(1,844,911)	(718,440)	(2,563,351)
Trade and other receivables	862,616	(285,671)	576,945
Share capital	(11,963,095)	(1,398,562)	(13,361,657)
Share option reserve	-	(88,360)	(88,360)
Deemed capital injection	-	(1,108,043)	(1,108,043)
Accumulated losses	202,619	3,495,976	3,698,595
Foreign currency translation reserve	-	103,100	103,100
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GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

36. Restatement of prior year comparative

Prior year adjustment

Group Level – Comparative financials restatement

In addition to the aforementioned Company level restatement due to the error in accounting for the stock ownership plan and share options granted to the Company's employees, the Group also restated its comparative financials as a result of prior years' errors arising from certain subsidiaries. Accordingly, the statement of financial position as at 1 January 2019 and 31 December 2019, statement of changes in equity, profit or loss and other comprehensive income and cashflows for the financial year ended 31 December 2019 have been restated in the current financial year to correct prior years' errors.

There were prior year errors on revenue recognition, accrual for audit fees and inappropriate disaggregation of bank borrowings into current and non-current liabilities. Additionally, certain costs capitalised in intangible assets were incorrectly capitalised as they related to the costs incurred during the planning and maintenance of the intangible assets. This resulted in the Group's intangible asset to be overstated, administrative expenses relating to planning and maintenance stage of the development of the intangible assets to be understated and the amortisation of the intangible assets to be overstated.

As the Company's digital education software platform is used for the purpose of facilitating the sales education courses, the associated amortisation costs should be categorized as cost of sales. Hence, the amortisation cost previously recorded under administrative and other expense was reclassified to cost of sales.

A summary of adjustments made with respect to the restatement is as follows:

	As previously audited reported US\$	Restatement US\$	Business combination adjustment US\$	Current year audited financial statement US\$
Statement of Profit or Loss and Other Comprehensive Income				
<u>As at 31 December 2019</u>				
Revenue	4,505,993	(739,634)	6,182,698	9,949,057
Cost of sales	(2,371,133)	(219,309)	(2,433,860)	(5,024,302)
Administrative expenses	(2,804,373)	25,542	(4,371,426)	(7,150,257)
Finance cost	-	-	(968,298)	(968,298)
Other income	-	-	2,074,791	2,074,791
Profit/(loss) before income tax	(669,513)	(933,401)	483,905	(1,119,009)
Income tax expenses	(23,011)	13,876	(102,175)	(111,310)
Profit/(loss) for the year	(692,524)	(919,525)	381,730	(1,230,319)
Statement of Financial Position				
<u>1 January 2019</u>				
Non-current assets				
Property and equipment	-	-	6,131,858	6,131,858
Financial assets at FVOCI	-	-	27,792	27,792
Goodwill	-	-	1,209,953	1,209,953
Intangible assets	-	(606,406)	1,352,044	745,638
Deposits	-	-	27,556	27,556
Total non-current assets	-	(606,406)	8,749,203	8,142,797

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. Restatement of prior year comparative (Continued)

Group Level – Comparative financials restatement (Continued)

	As previously audited <u>reported</u> US\$	<u>Restatement</u> US\$	Business combination <u>adjustment</u> US\$	Current year audited financial <u>statement</u> US\$
Statement of Financial Position				
<u>1 January 2019</u>				
Current assets				
Cash and cash equivalents	-	-	2,737,889	2,737,889
Trade and other receivables	-	103,740	1,147,462	1,251,202
Inventories	-	-	91,723	91,723
Total current assets	-	103,740	3,977,074	4,080,814
Total assets	-	(502,666)	12,726,277	12,223,611
Equity				
Share capital	-	-	(14,332,256)	(14,332,256)
Share option reserve	-	(1,599,936)	(1,087,439)	(2,687,375)
Foreign currency translation reserve	-	11,175	562,920	574,095
Merger reserves	-	-	5,123,337	5,123,337
Treasury stock	-	-	132,501	132,501
Accumulated losses	-	4,692,775	378,789	5,071,564
Deemed capital injection	-	(1,087,439)	1,087,439	-
Total equity	-	2,016,575	(8,134,709)	(6,118,134)
Non-current liabilities				
Borrowings	-	-	(500,000)	(500,000)
Amount due to related parties	-	-	(1,000,000)	(1,000,000)
Deferred tax liabilities	-	-	(434,198)	(434,198)
Total non-current liabilities	-	-	(1,934,198)	(1,934,198)
Current liabilities				
Trade and other payables	-	-	(1,744,451)	(1,744,451)
Contract liabilities	-	(1,522,327)	(872,798)	(2,395,125)
Amount due to related parties	-	-	(31,703)	(31,703)
Income tax payable	-	8,418	(8,418)	-
Total current liabilities	-	(1,513,909)	(2,657,370)	(4,171,279)
Total liabilities	-	(1,513,909)	(4,591,568)	(6,105,477)
Total equity and liabilities	-	502,666	(12,726,277)	(12,223,611)

GENIUS GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. Restatement of prior year comparative (Continued)

Group Level – Comparative financials restatement (Continued)

	As previously audited <u>reported</u> US\$	<u>Restatement</u> US\$	Business combination <u>adjustment</u> US\$	Current year audited financial <u>statement</u> US\$
Statement of Financial Position				
31 December 2019				
Non-current assets				
Property and equipment	11,519	-	7,387,893	7,399,412
Right-of-use asset	-	-	2,194,073	2,194,073
Financial assets at FVOCI	431,955	-	(403,429)	28,526
Goodwill	-	-	1,209,953	1,209,953
Intangible assets	8,486,749	(764,589)	(6,799,781)	922,379
Total non-current assets	8,930,223	(764,589)	3,588,709	11,754,343
Current assets				
Cash and cash equivalents	750,039	-	2,540,056	3,290,095
Trade and other receivables	2,965,105	875,182	(318,319)	3,521,968
Inventories	-	-	119,516	119,516
Total current assets	3,715,144	875,182	2,341,253	6,931,579
Total assets	12,645,367	110,593	5,929,962	18,685,922
Equity				
Share capital	(11,563,827)	(1,563,584)	(12,274,252)	(25,401,663)
Share option reserve	-	(88,360)	(1,108,043)	(1,196,403)
Foreign currency translation reserve	-	(17,549)	233,319	215,770
Merger reserves	-	-	13,521,337	13,521,337
Treasury stock	-	-	494,476	494,476
Accumulated losses	1,118,066	5,638,600	(705,974)	6,050,692
Deemed capital injection	-	(1,108,043)	1,108,043	-
Share capital subscribed	-	-	(140,680)	(140,680)
Total equity	(10,445,761)	2,861,064	1,128,226	(6,456,471)
Non-current liabilities				
Lease liabilities	-	-	(1,729,188)	(1,729,188)
Borrowings	(201,637)	(17,377)	1,505	(217,509)
Amount due to related parties	-	-	(1,400,000)	(1,400,000)
Convertible loans	-	-	(1,918,340)	(1,918,340)
Deferred tax liabilities	-	-	(736,645)	(736,645)
Other non-current liabilities	-	-	(25,147)	(25,147)
Total non-current liabilities	(201,637)	(17,377)	(5,807,815)	(6,026,829)
Current liabilities				
Trade and other payables	(1,421,464)	14,846	(522,843)	(1,929,461)
Contract liabilities	(454,472)	(2,290,632)	(486,327)	(3,231,431)
Lease liabilities	-	-	(544,551)	(544,551)
Borrowings - current	(80,250)	17,377	(1,506)	(64,379)
Amount due to related parties	-	(718,440)	285,640	(432,800)
Income tax liabilities	(41,783)	22,569	19,214	-
Total current liabilities	(1,997,969)	(2,954,280)	(1,250,373)	(6,202,622)
Total liabilities	(2,199,606)	(2,971,657)	(7,058,188)	(12,229,451)
Total equity and liabilities	(12,645,367)	(110,593)	(5,929,962)	(18,685,922)

36. Restatement of prior year comparative (Continued)

Group Level – Comparative financials restatement (Continued)

*On August 30, 2019, Genius Group Limited acquired 100% of the voting equity interest of Wealth Dynamics Pte. Ltd, an entity under common control with Genius Group Limited. Refer to the documentation above for the restatement due to the change in accounting policy for the accounting for common control business acquisition.

On July 17, 2020, the Company acquired 97.8% of the voting equity interest of Entrepreneur Resorts, an entity under common control with the Company, and its wholly owned subsidiaries. While this common control business acquisition happened after year end, a restatement is performed based on merger accounting. This technical memo does not address the treatment for this common control transaction.

37. Development of COVID-19 outbreak and its corresponding impact on the Group

COVID-19 outbreak has brought about an unprecedented challenge for many entities, with increased uncertainty in the global economy. As the situation is still evolving, the full effect of the outbreak is still uncertain and the Group is therefore unable to provide a quantitative estimate of the potential impact of this outbreak on the Group. The Group continues to monitor and evaluate any possible impact on the Group's business and will consider implementation of various measures to mitigate the effects arising from the COVID-19 situation. Based on management's latest assessment, there is no indicator that the going concern assumption used by the Group in preparing the financial statement is inappropriate.

38. Contingent liabilities, unsecured

As at 31 December 2020, the Company had given undertakings to Wealth Dynamics Pte. Ltd. and Genius Central Singapore Pte Ltd to provide continued financial support to these subsidiaries to enable them to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the financial year end.