

mBet Solutions N.V.
Willemstad

mBet Solutions N.V.

at Willemstad

Annual report 2021

Table of contents

	Page
1. ACCOUNTANTS REPORT	
1.1 Accountant's compilation report	3
1.2 General	4
1.3 Fiscal position	5
2. FINANCIAL STATEMENTS	
2.1 Balance sheet as at 31 December 2021	6
2.2 Income statement for the year 2021	8
2.3 Notes to the financial statements	9
2.4 Notes to the balance sheet as at 31 December 2021	12
2.5 Notes to the income statement for the year 2021	17

mBet Solutions N.V.
Willemstad

mBet Solutions N.V.
Schout Bij Nacht Doormanweg 40
Willemstad

19 December 2022

Dear Sirs,

1.1 ACCOUNTANT'S COMPILATION REPORT

To: Appropriate addressee

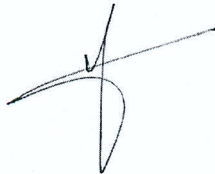
The financial statements of mBet Solutions N.V. have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2021 and the income statement for the year then ended with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including Standard 4410, Compilation engagements, which is applicable to accountants. The standard requires us to assist you with the preparation and presentation of the financial statements in accordance with Book 2 of the Curaçao Civil Code and the Generally Accepted Accounting Principles in the Netherlands (Dutch Accounting Standards). To this end we have applied our professional expertise in the fields of accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that the information you give us is correct and that you provide us with all relevant information. Therefore, we have conducted our work in accordance with the applicable regulations and on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole and are satisfied that they present a picture in line with our broad understanding of mBet Solutions N.V..

During this engagement we have complied with the relevant ethical requirements prescribed by the 'Verordening Gedrags- en Beroepsregels Accountants' (VGBA). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

inFocus N.V.



W. van Steijn AA

1.2 GENERAL

Comparative figures

The figures of the previous financial year may have been reclassified, where necessary, in order to allow comparability with the current financial year.

Incorporation company

The Company was established on May 2, 2013.

Activities

The activities of mBet Solutions N.V. primarily consist of:

1. The object of the company is to provide, organize, market, promote, manage, and operate off-shore games of chance and skill wagering, including internet poker, casino and sports betting, in compliance with the regulations of the Government of Curacao in- and from the Economic zone of Curaçao. This service shall be referred to for all purposes as Internet Poker/Casino/Internet Wagering/Internet Sports book.
2. The business of the company shall exclusively be conducted in an economic zone as expressed in the National Ordinance dated the twelfth day of February two thousand and one (P.B. 2001, number 18).

1.3 FISCAL POSITION

General

Part of the profit realized by the company is foreign profit in accordance with Article 1C, paragraph 2 of the National Ordinance on Profit Tax 1940. No profit tax is payable on this profit.

	<u>2021</u> EUR
<i>Calculation taxable amount</i>	
Result before taxation	6,954,182
Exempt income items	
Foreign income exempt from taxation	<u>(6,592,157)</u>
Taxable amount	<u><u>362,025</u></u>

Calculation corporate tax

	<u>2021</u> EUR
22.00% of EUR 362,025	<u><u>79,645</u></u>

Tax calculation

	<u>Net world income</u> EUR	<u>Net Curacao income</u> EUR
Allocation		
Revenues	151,982,768	-
Causal costs foreign	(73,521,149)	-
Causal costs local	<u>(4,037,608)</u>	-
Gross margin	74,424,011	-
Gross margin Curacao	-	3,874,417
Non causal costs	<u>(67,469,829)</u>	<u>(3,512,392)</u>
Net income	<u><u>6,954,182</u></u>	<u><u>362,025</u></u>

2.1 BALANCE SHEET AS AT 31 DECEMBER 2021

		31-12-2021	31-12-2020
		EUR	EUR
ASSETS			
Fixed assets			
<i>Intangible assets</i>	1		
Other intangible assets		43,372	43,355
<i>Property, plant and equipment</i>	2		
Other tangible fixed assets		102,982	193,179
<i>Financial assets</i>	3	21,305,098	2,000
Current assets			
<i>Receivables</i>			
Trade receivables	4	297,538	38,356
Receivables from related parties	5	64,440,500	15,586,328
Loans receivable	6	24,774	24,974
Other receivables and current assets	7	17,121,144	10,901,958
		81,883,956	26,551,616
<i>Cash and cash equivalents</i>			
Cash in transit		-	233,514
Other banks		5,571,055	4,202,221
		5,571,055	4,435,735
Total assets		<u>108,906,463</u>	<u>31,225,885</u>



		31-12-2021		31-12-2020	
		EUR	EUR	EUR	EUR
EQUITY AND LIABILITIES					
Equity	8				
Issued share capital	9	83		83	
General reserve		<u>11,285,425</u>		<u>4,410,888</u>	
		11,285,508		4,410,971	
Current liabilities					
Payables to banks	10	47,991		-	
Trade payables	11	8,799,921		4,284,712	
Liabilities to related companies	12	79,674,193		16,899,412	
Taxes and social security contributions	13	120,842		41,197	
Other payables and short term liabilities	14	<u>8,978,008</u>		<u>5,589,593</u>	
		97,620,955		26,814,914	
Total equity and liabilities		<u>108,906,463</u>		<u>31,225,885</u>	



2.2 INCOME STATEMENT FOR THE YEAR 2021

			2021		2020
		EUR	EUR	EUR	EUR
Revenues	15	151,982,768		131,630,769	
Cost of sales	16	<u>(77,558,754)</u>		<u>(76,710,939)</u>	
Gross margin			74,424,014		54,919,830
Expenses work contracted out and other external expenses	17	12,059,331		26,641,361	
Personnel expenses	18	467,488		442,946	
Depreciation of intangible and tangible fixed assets	19	95,138		116,944	
Other operating expenses	20	<u>54,598,753</u>		<u>25,184,479</u>	
Total operating expenses			<u>67,220,710</u>		<u>52,385,730</u>
Operating result			7,203,304		2,534,100
Financial income and expense	21		<u>(249,122)</u>		<u>(520,672)</u>
Result before taxation			6,954,182		2,013,428
Taxation	22		<u>(79,645)</u>		<u>(27,487)</u>
Net result after taxation			<u><u>6,874,537</u></u>		<u><u>1,985,941</u></u>

2.3 NOTES TO THE FINANCIAL STATEMENTS

Entity information

Registered address and registration number trade register

The registered and actual address of mBet Solutions N.V. is Schout Bij Nacht Doormanweg 40, in Willemstad, Curaçao. mBet Solutions N.V. is registered at the Chamber of Commerce under number 129230.

General accounting principles

The accounting standards used to prepare the financial statements

The financial statement is drawn up in accordance with the provisions of Book 2 of the Curaçao Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

Accounting principles

Intangible assets

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset (or of the cash-generating unit to which the asset belongs) is higher than its realisable value.

With regard to the determination as to whether an intangible fixed asset is subject to an impairment, please refer to the relevant section.

Research costs are recognised in the income statement. Expenditure on development projects is capitalised as part of the production cost if it is likely from both a commercial and technical perspective that the project will be successful (i.e.: if it is likely that economic benefits will be realised) and the cost can be determined reliably. A legal reserve has been recognised within equity with regard to the recognised development costs for the capitalised amount. The amortisation of capitalised development costs commences at the time when the commercial production starts and takes place over the expected future useful life of the asset.

Goodwill resulting from acquisitions and calculated in accordance with section 'Acquisition and disposal of group companies' is capitalised and amortised on a straight-line basis over the estimated economic life.

Negative goodwill is released in the income statement to the extent that charges and losses occur, if it is taken into account in the allocation of the acquisition and these charges and losses can be measured reliably. If expected charges and losses have not been taken into account, the negative goodwill is released based on the weighted average of the remaining life of the acquired amortisable assets. Insofar as the negative goodwill exceeds the fair value of the non-monetary assets identified, the surplus is recognised directly in the income statement.

Property, plant and equipment

Land and buildings are valued at historical cost plus additional costs or production cost less straight-line depreciation based on the expected life. Land is not depreciated. Impairments expected on the balance sheet date are taken into account.

Other tangible fixed assets are valued at historical cost or production cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments.

Subsidies on investments will be deducted from the historical cost price or production cost of the assets to which the subsidies relate.

For obligations to restore the asset after use (dismantling cost) a provision is recognised for the expected amount at the time of capitalisation. This amount is recognised as part of the carrying amount of the asset against which a provision is formed for the full amount.

A provision for major maintenance has been created for the future costs of major maintenance to the buildings. The addition to the provision is determined based on the expected amount of the maintenance work and the intervals between the times when major maintenance work is carried out.

Financial assets

Participations are valued at cost.

Receivables

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Other reserves

Other reserves are all reserves, except the legal and statutory reserves. Other reserves can freely be distributed to the shareholders.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Revenue recognition

Net turnover comprises the income from the supply of goods and services and realised income from construction contracts after deduction of discounts and such like and of taxes levied on the turnover.

Selling expenses

Selling expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods and services sold.

General and administrative expenses

General and administrative expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods and services sold.

Depreciation of property, plant and equipment

Tangible fixed assets are depreciated from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property, other tangible fixed assets. Land is not depreciated.

Future depreciation is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

Other operating expenses

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Financial income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit and loss account in the period in which they occur, unless hedge-accounting is applied.

Dividends to be received from participations and securities not carried at net asset value are recognised as soon as mBet Solutions N.V. has acquired the right to them.

Changes in the value of financial instruments recognised at fair value are recorded in the income statement.

Income tax expense

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

2.4 NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2021

ASSETS

Fixed assets

1 Intangible assets

	Other intangi- ble assets
	EUR
Book value as at 1 January 2021	43,355
Investments	17
Book value as at 31 December 2021	<u>43,372</u>

2 Property, plant and equipment

	Other tangible fixed assets
	EUR
Balance as at 1 January 2021	
Cost or manufacturing price	310,123
Accumulated depreciation	<u>(116,944)</u>
Book value as at 1 January 2021	<u>193,179</u>
Movements	
Investments	4,941
Depreciation	<u>(95,138)</u>
Balance movements	<u>(90,197)</u>
Balance as at 31 December 2021	
Cost or manufacturing price	315,064
Accumulated depreciation	<u>(212,082)</u>
Book value as at 31 December 2021	<u>102,982</u>

	31-12-2021 EUR	31-12-2020 EUR
3 Financial assets		
Participation in group companies	2,000	2,000
Loans	21,303,098	-
	<u>21,305,098</u>	<u>2,000</u>
Participation in group companies		
MPROCESSING SOLUTIONS LTD., 100%, CYPRUS	<u>2,000</u>	<u>2,000</u>
Loans		
Loan to Bombay Group OU	<u>21,303,098</u>	<u>-</u>
Current assets		
Receivables		
4 Trade receivables		
Accounts receivable	<u>297,538</u>	<u>38,356</u>
5 Receivables from related parties		
mProcessing Solutions Ltd.	2,360,002	2,360,002
Block Technology Europe OU	35,827	3,413,603
mSolutions Holdings	4,000	4,000
Luckbox Holdings FZE	62,013,386	5,242,696
AG Consulting Services Ltd.	11,500	11,500
Luckbox Enterprises Ltd.	-	4,554,143
Luckbox HK Ltd.	384	384
Mbio N.V.	10,000	-
Adda Entertainment N.V.	5,401	-
	<u>64,440,500</u>	<u>15,586,328</u>
6 Loans receivable		
Loan given	19,824	20,024
Loan Piangil OU	<u>4,950</u>	<u>4,950</u>
	<u>24,774</u>	<u>24,974</u>

	<u>31-12-2021</u>	<u>31-12-2020</u>
	EUR	EUR
7 Other receivables and current assets		
Rolling reserve	5,341	89,900
Receivables from agents	2,330,990	2,023,428
Other debtors	11,367	5,667
Miscellaneous prepaid expenses	12,499,084	7,496,243
Prepayments for intangible assets	<u>2,274,362</u>	<u>1,286,720</u>
	<u>17,121,144</u>	<u>10,901,958</u>

EQUITY AND LIABILITIES

8 Equity

	Issued share capital	General reser- ve	Total
	EUR	EUR	EUR
Balance as at 1 January 2021	83	4,410,888	4,410,971
Appropriation of result	-	6,874,537	6,874,537
Balance as at 31 December 2021	83	11,285,425	11,285,508

9 Issued share capital

The share capital is USD 100 consisting of 100 shares each with a nominal value USD 1.

Current liabilities

	31-12-2021 EUR	31-12-2020 EUR
10 Payables to banks		
Cash in transit	47,991	-
11 Trade payables		
Trade creditors	8,799,921	4,284,712
12 Liabilities to related companies		
mSolutions Holdings Ltd.	53,921,580	16,690,457
Luckbox Enterprises Ltd.	25,025,483	-
Moon Technologies B.V.	727,130	208,955
	79,674,193	16,899,412
13 Taxes and social security contributions		
Company tax	120,842	41,197

	<u>31-12-2021</u>	<u>31-12-2020</u>
	EUR	EUR
14 Other payables and short term liabilities		
Net wages	28,172	32,631
Payables to agents	729,549	729,549
Accrued liabilities	74,005	15,321
Player balances	8,121,541	4,805,688
Other payables	<u>24,741</u>	<u>6,404</u>
	<u>8,978,008</u>	<u>5,589,593</u>

2.5 NOTES TO THE INCOME STATEMENT FOR THE YEAR 2021

	2021	2020
	EUR	EUR
15 Revenues		
Net revenue (foreign income)	<u>151,982,768</u>	<u>131,630,769</u>
16 Cost of sales		
Cost of sales	<u>77,558,754</u>	<u>76,710,939</u>
Cost of sales		
affiliate and platform processing	22,797,415	29,269,733
Platform provision (tech + brand)	37,082,767	22,625,911
Casino Upstream Fees	13,895,685	15,547,090
Sports Upstream Fees	4,911,456	3,280,874
Agent costs and expenses	-	6,592,138
Fraud & recovery	<u>(1,128,569)</u>	<u>(604,807)</u>
	<u>77,558,754</u>	<u>76,710,939</u>
17 Expenses work contracted out and other external expenses		
Other external expenses	<u>12,059,331</u>	<u>26,641,361</u>
Other external expenses		
Platform management & upstream fees	9,130,207	14,780,858
Outsourced services	1,469,768	1,301,096
Trading service	382,917	10,080,881
Sub-contracted	<u>1,076,439</u>	<u>478,526</u>
	<u>12,059,331</u>	<u>26,641,361</u>
18 Personnel expenses		
Wages and salaries	367,908	296,214
Other staff expenses	<u>99,580</u>	<u>146,732</u>
	<u>467,488</u>	<u>442,946</u>
Wages and salaries		
Salaries and wages (foreign)	<u>367,908</u>	<u>296,214</u>

	2021	2020
	EUR	EUR
Other staff expenses		
Study excursion	59,818	64,663
Recruitment expenses	2,810	57,199
Study and training expenses	7,988	4,954
Other staff expenses	28,964	19,916
	<u>99,580</u>	<u>146,732</u>
19 Depreciation of intangible and tangible fixed assets		
Depreciation of property, plant and equipment	<u>95,138</u>	<u>116,944</u>
20 Other operating expenses		
Housing expenses	90,193	372
Operating and machine expenses	2,920,793	1,953,820
Selling expenses	34,254,321	18,391,217
Office expenses	104,908	38,047
General expenses	17,228,538	4,801,023
	<u>54,598,753</u>	<u>25,184,479</u>
Housing expenses		
Rent	89,349	372
Utilities	844	-
	<u>90,193</u>	<u>372</u>
Operating and machine expenses		
Repair and maintenance equipment	1,211,873	1,069,589
Operating lease inventory	985,654	502,084
Rental expenses inventory	16,803	293,868
Other operating expenses	706,463	88,279
	<u>2,920,793</u>	<u>1,953,820</u>
Selling expenses		
Advertising	33,987,975	18,237,303
Entertainment	93,308	27,552
Travelling and lodging	150,309	125,247
License fees	22,729	1,115
	<u>34,254,321</u>	<u>18,391,217</u>

	<u>2021</u>	<u>2020</u>
	EUR	EUR
Office expenses		
Office supplies	7,260	361
Telephone, fax and internet	541	-
Automation expenses	<u>97,107</u>	<u>37,686</u>
	<u>104,908</u>	<u>38,047</u>
General expenses		
Donations	34,426	8,256
Packing expenses	14,703,141	2,803,710
Laundry expenses	1,866,576	1,089,393
Litigation expenses	145,569	491,436
Consultancy	177,818	249,308
Bank expenses	304,356	158,761
Other general expenses	<u>(3,348)</u>	<u>159</u>
	<u>17,228,538</u>	<u>4,801,023</u>
21 Financial income and expense		
Interest and similar income	-	11,651
Interest and similar expenses	(7,864)	-
Currency translation differences	<u>(241,258)</u>	<u>(532,323)</u>
	<u>(249,122)</u>	<u>(520,672)</u>
22 Taxation		
Corporate income tax	<u>(79,645)</u>	<u>(27,487)</u>

Willemstad, 19 December 2022
mBet Solutions N.V.