

S3 Tech N.V.

Financial Statements

for the year ended December 31, 2022 and
for the period August 26, 2020 - December 31, 2021

DS DS
CVR LG

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Statement of financial position

(All amounts in EUR)

		31-Dec	
	Note	2022	2021
Assets			
Current assets			
Cash and cash equivalents	4	2,461,907	146,910
Receivable from subsidiary	5	8,025	8,025
Receivable from shareholders	6	43,357	43,357
Receivable from group company	7	33,658	33,658
Prepaid expenses		13,350	2,119
Total current assets		2,560,297	234,069
Non-current assets			
Security deposit		400	-
Investment in subsidiary	8	1,000	1,000
Total non-current assets		1,400	1,000
Total assets		2,561,697	235,069
Equity and liabilities			
Current liabilities			
Accounts payable		892,226	86
Profit tax payable		2,165	655
Accrued expenses		-	16,910
Total current liabilities		894,391	17,651
Equity			
Issued capital	9	44,957	44,957
Retained earnings / (Accumulated losses)		1,622,349	172,461
Total equity		1,667,306	217,418
Total equity and liabilities		2,561,697	235,069

See accompanying notes.

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Statement of profit or loss

(All amounts in EUR)

	Note	2022	Aug 26, 2020 - Dec 31, 2021
Revenue	10	2,384,478	1,042,552
Direct cost	11	-781,677	-290,700
Gross profit / (loss)		1,602,801	751,852
Selling and marketing expenses		-125,547	-544,380
Administrative expenses	12	-26,924	-19,806
Profit / (loss) from operations		1,450,330	187,666
Finance cost (Net)	13	1,366	-14,550
Profit / (loss) before tax		1,451,696	173,116
Profit tax expense	3	-1,808	-655
Profit / (loss) for the year		1,449,888	172,461
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		1,449,888	172,461
Attributable to the owners		1,449,888	172,461

See accompanying notes.

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Statement of changes in equity

(All amounts in EUR)

	Issued capital	Retained earnings / (Accumulated losses)	Total
Capital issued on August 26, 2020	44,957	-	44,957
Profit / (loss) for the period	-	172,461	172,461
Other comprehensive income	-	-	-
Total comprehensive income / (loss) for the period	-	172,461	172,461
Balance, December 31, 2021	44,957	172,461	217,418
Profit / (loss) for the year	-	1,449,888	1,449,888
Other comprehensive income	-	-	-
Total comprehensive income / (loss) for the year	-	1,449,888	1,449,888
Balance, December 31, 2022	44,957	1,622,349	1,667,306

See accompanying notes.

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Statement of cash flows

(All amounts in EUR)

	Note	2022	Aug 26, 2020 - Dec 31, 2021
Cash flow from operating activities			
Profit / (loss) for the year		1,449,888	172,461
Add: Profit tax expenses		1,510	655
(Increase) / decrease in receivable from subsidiary		-	-8,025
(Increase) / decrease in receivable from shareholders		-	-43,357
(Increase) / decrease in receivable from group company		-	-33,658
(Increase) / decrease in prepaid expenses		-11,231	-2,119
(Increase) / decrease in security deposit		-400	-
Increase / (decrease) in accounts payable		892,140	86
Increase / (decrease) in accrued expenses		-16,910	16,910
Net cash generated from operating activities		2,314,997	102,953
Cash flow from investing activities			
(Increase) / decrease in investment in subsidiary		-	-1,000
Net cash generated from investing activities		-	-1,000
Cash flow from financing activities			
Increase / (decrease) in issued capital		-	44,957
Net cash generated from financing activities		-	44,957
Net increase / (decrease) in cash		2,314,997	146,910
Cash at the beginning of the year		146,910	-
Cash at the end of the year	4	2,461,907	146,910

See accompanying notes.

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Notes to financial statements**1. General information**

S3 Tech N.V. (the company) was established on August 26, 2020 in Curaçao as a limited liability company. The address of its registered office is Fransche Bloemweg, 4, Curaçao. The company was registered in the Commercial register of Curaçao Chamber of Commerce & Industry under the number 154961.

The main objectives of the company are:

1. To organize, market, promote, manage, support and operate all types of remote gaming activities, comprising of all types of games, betting and other operation of betting exchange, interactive casinos, bingos, lotteries, poker and other interactive games, for clients established or residing outside of Curaçao.
2. The corporation is authorized to perform everything requisite or profitable to the accomplishment of its purpose or incidental thereto or connected therewith in the widest sense of the word.
3. The corporation has no authority to invoke the annulment of legal acts performed by the corporation, which exceeded the corporate objective.

The management of the company is borne by a board of directors. As of December 31, 2022, the management of the company is borne by a single statutory director:

- Executive Corporate Management B.V.

Statutory Director

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of presentation

The separate financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention. The financial statements are presented in Euro (EUR) and all values are presented in actual, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies.

The comparative financial statements are prepared for a period greater than one year, from August 26, 2020, being the date of incorporation to December 31, 2021, as per the Articles of Association.

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Foreign currency transactions

The financial statements are presented in EUR, which is the company's functional and presentation currency. Transactions denominated in foreign currencies are translated at the exchange rate prevailing when the transaction is realized. The exchange results are recorded in the statement of profit or loss.

Monetary assets and liabilities denominated in foreign currencies are translated into EUR at the exchange rates prevailing at the end of the year.

Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Investments

Investment in subsidiary is valued at cost, net of impairment loss, if any.

Financial instruments**Financial assets****Initial recognition and measurement**

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss, loans and receivables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through statement of profit or loss.

The financial assets include cash and cash equivalents, prepaid expenses and other assets.

Financial liabilities**Initial recognition and measurement**

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The financial liabilities include accounts payable and accrued expenses.

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Subsequent measurement

The subsequent measurement of financial assets and liabilities depends on their classification.

Revenue recognition

Gaming revenue is represented by the difference between the amounts of bets placed by customers less amounts won, net of bonuses and loyalty points, if any. The revenue is recognized at the fair value of the consideration.

Impairment of long-lived assets

Long-lived assets, other than goodwill, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets is measured by comparison of the carrying amount of the asset to the net undiscounted future cash flows expected to be generated from the asset. If the future undiscounted cash flows are not sufficient to recover the carrying value of the assets, the assets' carrying value is adjusted to fair value. The company regularly evaluates its long-lived asset for indicators of possible impairment. To date no impairment has been recorded.

Concentration of credit risk and certain other risk

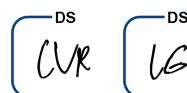
Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The company does not have significant exposure to any individual client or counter party. Management of credit risk involves a number of considerations, such as financial profile of the counter party, specific terms and duration of the contractual agreement. There exists a risk of non-performance, however management believes that the company's exposure to credit risk associated with non-performance of its counter party is minimum.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2022 and not early adopted

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the company.

3. Profit taxes

The company is subject to a territorial tax system, wherein the income earned in Curaçao is subject to 22% of profit taxes and the foreign source income is subject to 0% of profit taxes.



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4. Cash and cash equivalents

	2022	2021
Balance at bank		
Wallter bank	211,368	2,921
Balance with PSPs		
ProntoPaga	2,236,453	122,308
Cryptopay	7,081	-
Astropay	3,651	2,697
Pay4Fun	2,317	5,163
Directa24	1,037	13,821
	2,461,907	146,910

5. Receivable from subsidiary

	2022	2021
C/A Sekrit Tech Ltd	8,025	8,025
	8,025	8,025

The receivable does not carry any interest and is repayable on demand.

6. Receivable from shareholders

Receivable from shareholders represents amount due from them net of expenses incurred by the shareholders on behalf of the company. The receivable does not carry any interest and is repayable on demand.

7. Receivable from group company

	2022	2021
C/A S3 Gestión de Activos e Inversiones SpA	33,658	33,658
	33,658	33,658

Receivable from group company represents amount due from them net of expenses incurred by the group company on behalf of the company. The receivable does not carry any interest and is repayable on demand.

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8. Investment in subsidiary

As at December 31, 2022 and December 31, 2021, the company owns 100% of shares of the following company incorporated and domiciled in Republic of Cyprus:

	2022	2021
Sekrit Tech Ltd (1,000 Equity shares of EUR 1.00 each)	1,000	1,000
	1,000	1,000

The company has elected not to present consolidated financial statements. Its owners have been informed and do not object to presenting separate financial statements.

9. Issued capital

The issued capital of the company as at December 31, 2022 and December 31, 2021 consists of 53,000 common shares with a nominal value of USD 1 each and subscribed for EUR 44,957.

No dividends were declared in 2022 and 2021.

10. Revenue

	2022	2021
Gaming revenue	2,384,478	1,042,552
	2,384,478	1,042,552

11. Direct cost

	2022	2021
License and server fees	604,851	241,554
Software expenses	105,953	33,516
Wallet charges	70,873	15,630
	781,677	290,700

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12. Administrative expenses

	2022	2021
Professional fees	12,137	7,150
Rent expenses	4,166	850
Compliance fees	4,050	-
Annual management fees	3,259	4,381
Annual compliance fees	2,750	2,750
Incorporation fees	-	3,750
Other expenses	562	925
	26,924	19,806

13. Finance cost (Net)

	2022	2021
Exchange loss / (gain)	-1,391	9,292
Bank charges	25	5,258
	-1,366	14,550

14. Fair value

Fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to arrive at the fair value:

Cash and cash equivalents, prepaid expenses, accounts payable, accrued expenses and other assets approximate the carrying amount largely due to the short-term maturity.

15. Contingencies, commitments and legal proceedings

The company has no contingent or future purchase liabilities and is not involved in any legal actions.

16. Subsequent events

In connection with the preparation of the financial statements, the company evaluated subsequent events after the balance sheet date of December 31, 2022. Based on their evaluation there are no subsequent events that have a significant effect on the financial statements as at December 31, 2022.

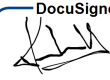
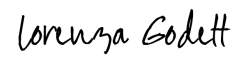
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17. Authorization for issue

These financial statements for the year ended December 31, 2022 were approved by the board of directors and authorized for issue on June 19, 2023.

Board of Directors:

<u>Name</u>	<u>Function</u>	<u>Signature</u>
Xecutive Corporate Management B.V.	Statutory Director	DocuSigned by:  3508179679034CB...
		DocuSigned by:  E9C1A4A3F74E4ED...