

Company Registration No.: C 103337

HIT GAMING LTD.

**Annual Report
and
Financial Statements**

31 December 2023

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GENERAL INFORMATION

Registration

Hit Gaming Ltd. is registered in Malta as a limited liability company under the Maltese Companies Act (Cap. 386) with company registration number C 103337.

Directors

Tiziana De Pasquale (appointed on 22 February 2024)

Shirelle Zammit

Aaron Caruana

Jovin Genovese

Mehmet Deniz Delikan (resigned on 22 February 2024)

Company Secretary

Shirelle Zammit

Registered Office

Trident Park, Notabile Gardens, No. 7 - Level 1

Mdina Road, Zone 2, Central Business District

Birkirkara CBD 2010

Malta

Auditors

RSM Malta

Mdina Road

Zebbug ZBG 9015

Malta

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Companies Act (Cap. 386), enacted in Malta, requires the directors to prepare financial statements which give a true and fair view of the financial position of Hit Gaming Ltd. ("the Company") as at the end of the financial period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- adopting the going concern basis unless it is inappropriate to presume that the Company will continue in the business;
- selecting suitable accounting policies and applying them consistently;
- making judgments and accounting estimates that are reasonable and prudent;
- accounting for income and charges relating to the accounting period on the accruals basis;
- valuing separately the components of asset and liability items; and
- preparing the financial statements in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME") and with the generally accepted accounting principles as defined in the Maltese Companies Act (Cap. 386) and in accordance with the provision of the same Act.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable the directors to ensure that the financial statements comply with the Maltese Companies Act (Cap. 386). This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RSM Malta

Mdina Road,
Haż-Żebbuġ, Malta
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Hit Gaming Ltd.

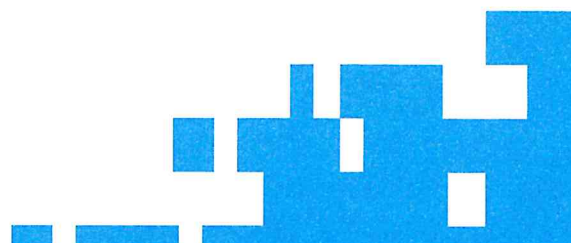
Report on the Audit of the Financial Statements**Opinion**

We have audited the accompanying financial statements of Hit Gaming Ltd. ("the Company"), set out on pages 8 to 17, which comprise the balance sheet as at 31 December 2023, the income statement for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance for the period then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME"), and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Company in accordance with the ethical requirements of both the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Code of Ethics for Warrant Holders in Malta. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITORS' REPORT - continued

To the Shareholders of Hit Gaming Ltd.

Report on the Audit of the Financial Statements - continued

Other information

The directors are responsible for the other information. The other information comprises the general information and the statement of directors' responsibilities for the financial statements, but does not include the financial statements and our auditors' report thereon. 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' 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 the Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with GAPSME and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for 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 of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

INDEPENDENT AUDITORS' REPORT - continued

To the Shareholders of Hit Gaming Ltd.

Report on the Audit of the Financial Statements - continued

Auditors' Responsibilities for the Audit of the Financial Statements - continued

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company'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 Company to cease to continue as a going concern.
- 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.

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.

INDEPENDENT AUDITORS' REPORT - continued

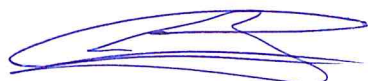
To the Shareholders of Hit Gaming Ltd.

Report on Other Legal and Regulatory Requirements

Pursuant to Articles 179(10) and 179(11) of the Maltese Companies Act (Cap. 386), we are required to report to you if in our opinion:

- proper accounting records have not been kept; or
- proper returns adequate for our audit have not been received from branches we have not visited; or
- the financial statements are not in agreement with the accounting records and returns; or
- we were unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

We have nothing to report to you in respect of these responsibilities.



This copy of the audit report has been signed by

Conrad Borg (*Principal*)

for and on behalf of

RSM Malta

Registered Auditors

26 July 2024

HIT GAMING LTD.
Annual Report and Financial Statements - 31 December 2023

INCOME STATEMENT
For the period ended 31 December

		27.09.2022 to 31.12.2023
	Note	€
Administrative expenses		(19,921)
Loss for the financial period	5	(19,921)

The notes on pages 10 to 17 are an integral part of these financial statements.

HIT GAMING LTD.
Annual Report and Financial Statements - 31 December 2023

BALANCE SHEET
As at 31 December

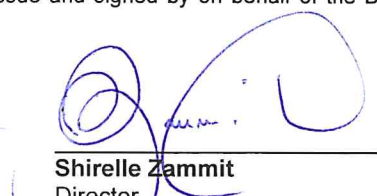
	Notes	2023 €
ASSETS		
Non-current assets		
Investment in subsidiaries	6	<u>2,500</u>
Current assets		
Loans and receivables	7	2,218,000
Cash and cash equivalents	8	<u>775,722</u>
Total current assets		<u>2,993,722</u>
TOTAL ASSETS		<u>2,996,222</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	9	2,250
Accumulated losses		<u>(19,921)</u>
TOTAL EQUITY		<u>(17,671)</u>
Current liabilities		
Borrowings	10	3,000,000
Trade and other payables	11	<u>13,893</u>
Total current liabilities		<u>3,013,893</u>
TOTAL LIABILITIES		<u>3,013,893</u>
TOTAL EQUITY AND LIABILITIES		<u>2,996,222</u>

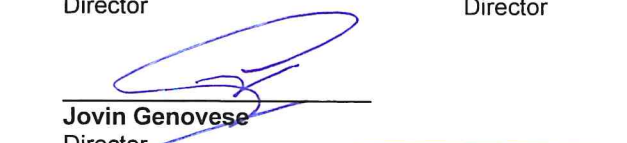
The notes on pages 10 to 17 are an integral part of these financial statements.

The financial statements on pages 8 to 17 were approved, authorised for issue and signed by on behalf of the Board of Directors on 26 July 2024.


Tiziana De Pasquale
 Director


Aaron Caruana
 Director


Shirelle Zammit
 Director


Jovin Genovese
 Director

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Hit Gaming Ltd. ("the Company") is a limited liability company incorporated in Malta with its registered address at Trident Park, Notabile Gardens, No. 7 - Level 1, Mdina Road, Zone 2, Central Business District, Birkirkara CBD 2010, Malta.

The Company's principal activity is to carry on the business of a holding company.

The Company's parent company is Taupo Holdings Ltd., a limited liability company registered in Malta.

The Company was incorporated on 27 September 2022 under the terms of the Maltese Companies Act (Cap. 386) enacted in Malta as a holding company. These are the first set of financial statements of the Company and cover the period from the date of incorporation to 31 December 2023.

2. GOING CONCERN

During the period ended 31 December 2023, the Company made a loss of €19,921. At the same date, the Company's liabilities exceeded its assets by €17,671. These factors indicate the existence of a material uncertainty which may cast significant doubt as to Company's ability to continue in operation, and to its ability to realise its assets and discharge its liabilities in the normal course of business. The ultimate controlling party of the Company has given a commitment in writing to continue to support the Company as a going concern. These financial statements have therefore been prepared using the underlying assumption that the Company is a going concern and will continue to operate in the foreseeable future. The validity of this assumption depends on the continued support of the ultimate controlling party.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of measurement and statement of compliance

The financial statements of the Company have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME") and with the requirements of the Maltese Companies Act (Cap. 386).

The financial statements have been prepared under the historical cost basis, unless otherwise mentioned in the relevant accounting policies.

The Company does not prepare consolidated financial statements since it is exempt from the preparation of consolidated financial statements in accordance with Article 173 of the Companies Act (Cap.386) being the parent of a small group. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The accounting policies set out below have been applied consistently, throughout the period presented in these financial statements.

Functional and presentation currency

The financial statements are presented in Euro (€) which is also the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that the tax arises from a transaction or event which is recognised directly in equity, in which case it is recognised in equity.

Current tax is based on the taxable profit for the period, as determined in accordance with tax laws, and measured using tax rates, which have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The Company recognises a deferred tax liability in respect of all taxable temporary differences and a deferred tax asset in respect of all deductible temporary differences. Recognition of a deferred tax asset is however limited to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The Company re-assesses any unrecognised deferred tax asset at each balance sheet date to determine whether future taxable profit has become probable that allows the deferred tax asset to be recovered.

Investments in subsidiaries

A subsidiary is an entity which is controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

An investment in subsidiary is initially measured at cost. After initial recognition, the investment in subsidiary is accounted for using the cost method. Under the cost method, the investment is measured at cost less accumulated impairment losses, if any.

Distributions received from the subsidiary are recognised in profit or loss when the Company's right to receive the dividend is established.

Financial assets, financial liabilities and equity

A financial asset or a financial liability is recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at their fair value plus, in the case of financial assets and financial liabilities not classified as held for trading and subsequently measured at fair value, transaction costs attributable to the acquisition or issue of the financial assets and financial liabilities.

Financial assets and financial liabilities are derecognised if and to the extent that, it is no longer probable that any future economic benefits associated with the item will flow to or from the entity.

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

NOTES TO THE FINANCIAL STATEMENTS - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets, financial liabilities and equity - continued

A financial instrument, or its component parts, is classified as a financial liability, financial asset or an equity instrument in accordance with the substance of the contractual arrangement rather than its legal form.

Loans and other receivables

Loans and other receivables are stated at their nominal value unless the effect of discounting is material in which case trade and other receivables are measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence of impairment.

Cash and cash equivalents

Cash comprises demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes.

Trade and other payables

Trade and other payables are stated at their nominal value unless the effect of discounting is material in which case trade and other payables are measured at amortised cost using the effective interest method.

Borrowings

Subsequent to initial recognition, interest bearing loans are measured at the amortised cost using the effective interest method.

Share capital issued by the Company

Ordinary shares issued by the Company are classified as equity. Dividends to ordinary shareholders are debited directly to equity and are recognised as liabilities in the period in which they are declared.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment

The Company's financial assets are tested for impairment.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

The carrying amounts of Company's assets are also reviewed at each balance sheet date to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss previously recognised is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation increase unless an impairment loss on the same asset was previously recognised in profit or loss.

Financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost or cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

4. TAXATION

The tax on Company's loss before tax differs from the theoretical tax credit that would arise using the applicable tax rate in Malta of 35% as follows:

	27.09.2022 to 31.12.2023 €
Loss before tax	(19,921)
Theoretical tax credit at 35%	(6,972)
Tax effect of non-deductible expenses	6,972
Tax credit	-

5. LOSS FOR THE FINANCIAL PERIOD

The loss for the financial period is stated after charging:

	27.09.2022 to 31.12.2023 €
Auditors' remuneration	2,065

NOTES TO THE FINANCIAL STATEMENTS - continued

6. INVESTMENT IN SUBSIDIARIES

	Shareholding	2023
	%	€
At cost		
BetMax Entertain N.V. (i)	100	100
Hit Vision Ltd. (ii)	100	1,200
Hit Vault Ltd. (iii)	100	1,200
		<u>2,500</u>

i. BetMax Entertain N.V. is a company incorporated in Curacao with its registered address at Zuikertuintjeweg Z/N (Zulkertuin Tower) Curacao. Its principal activity is to operate remote gaming activities.

ii. Hit Vision Ltd. is a company incorporated in Malta and its registered address is at Trident Park, Notabile Gardens, No. 7 - Level 1, Mdina Road, Zone 2 Central Business District, Birkirkara CBD 2010 Malta. Its principal activity is to provide consultancy and support services to all companies within the group.

iii. Hit Vault Ltd. is a company incorporated in Malta and its registered address is at Trident Park, Notabile Gardens, No. 7 - Level 1, Mdina Road, Zone 2 Central Business District, Birkirkara CBD 2010 Malta. Its principal activity is to act as an intellectual property management company which holds trademarks and domains for the gaming operators.

7. LOANS AND RECEIVABLES

	2023
	€
Current	
Amounts owed by subsidiaries	<u>2,218,000</u>

The Company entered into loan agreements with its subsidiaries for working capital purposes. The outstanding amounts owed by subsidiaries are unsecured, interest-free and are repayable on demand.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash at banks.

	2023
	€
Cash at banks	<u>775,722</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

9. SHARE CAPITAL

	2023
	€
Authorised, Issued and fully paid up	
80,000 ordinary 'A' shares of €0.20 each	1,600
20,000 ordinary 'B' shares of €0.20 each	400
12,500 ordinary 'C' shares of €0.20 each	250
Total	<u>2,250</u>

All ordinary 'A', 'B', and 'C' shares shall rank pari passu for all intents and purposes of law.

The holders of classes "A", "B" and "C" shares shall be entitled (i) to receive notice of or be counted in the quorum of any general meetings of the Company, (ii) to one vote in the general meeting for each such share held, (iii) to dividend distributions, (iv) to a return of the paid up nominal value of ordinary 'A', 'B' and 'C' shares in a repayment of capital or in a winding up of the Company and (v) any balance remaining following the return of capital of the paid up nominal value of the ordinary 'A', 'B' and 'C' shares.

10. BORROWINGS

	2023
	€
Current	
Loans due to parent company	<u>3,000,000</u>

The Company entered into loan agreements with its parent company. The Company may, from time to time, receive certain advances from the parent company to be used for general day-to-day business. The loans are unsecured, interest-free and are repayable on demand.

11. TRADE AND OTHER PAYABLES

	2023
	€
Amounts due to a subsidiary (i)	10,294
Accruals	3,599
	<u>13,893</u>

- i. The amounts due to a subsidiary are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS - continued

12. RELATED PARTY DISCLOSURES

The Company has related party relationships with companies under common control and over which the directors exercise significant influence. Transactions are carried out with related parties on a regular basis and in the ordinary course of business.

During the period, the parent company, Taupo Holdings Ltd., extended funds to the Company for working capital purposes. The outstanding balance at period end is disclosed in Note 10 to these financial statements.

Moreover, the Company extended funds to its subsidiaries for working capital purposes. The outstanding balance at period end is disclosed in Note 7 to these financial statements.

Furthermore, in accordance with a cost sharing agreements, Hit Vision Ltd, recharged certain expenses to the Company amounting to €10,294. Outstanding amounts arising from these transactions are disclosed in Note 11.