

# **DMG Solutions B.V.**

## **Financial Statements**

for the years ended December 31, 2022 and December 31, 2021

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DMG Solutions B.V.

Statement of financial position

(All amounts in EUR)

|                                          |      | 31-Dec            |                  |
|------------------------------------------|------|-------------------|------------------|
|                                          | Note | 2022              | 2021             |
| <b>Assets</b>                            |      |                   |                  |
| <b>Current assets</b>                    |      |                   |                  |
| Cash and cash equivalents                | 4    | 285,997           | 165,948          |
| Receivable from payment processors       | 5    | 434,101           | 650,279          |
| Prepaid expenses                         |      | 6,000             | -                |
| Receivable from subsidiary               | 6    | -                 | 3,813,564        |
| Receivable from group companies          | 7    | 9,892,173         | -                |
| <b>Total current assets</b>              |      | <b>10,618,271</b> | <b>4,629,791</b> |
| <b>Non-current assets</b>                |      |                   |                  |
| Investment in subsidiary                 | 8    | 1,000             | 1,000            |
| <b>Total non-current assets</b>          |      | <b>1,000</b>      | <b>1,000</b>     |
| <b>Total assets</b>                      |      | <b>10,619,271</b> | <b>4,630,791</b> |
| <b>Equity and liabilities</b>            |      |                   |                  |
| <b>Current liabilities</b>               |      |                   |                  |
| Accounts payable                         |      | 2,053,225         | 759,396          |
| Accrued expenses                         | 9    | 32,527            | 657,439          |
| Payable to shareholders                  | 10   | 75,874            | 75,874           |
| Payable to players                       |      | 603,069           | 449,019          |
| Payable to subsidiary                    | 11   | 3,965,630         | -                |
| <b>Total current liabilities</b>         |      | <b>6,730,325</b>  | <b>1,941,728</b> |
| <b>Equity</b>                            |      |                   |                  |
| Issued capital                           | 12   | 100               | 100              |
| Retained earnings / (Accumulated losses) |      | 3,888,846         | 2,688,963        |
| <b>Total equity</b>                      |      | <b>3,888,946</b>  | <b>2,689,063</b> |
| <b>Total liabilities and equity</b>      |      | <b>10,619,271</b> | <b>4,630,791</b> |

See accompanying notes.

DMG Solutions B.V.

Statement of profit or loss

(All amounts in EUR)

|                                                  | <b>Note</b> | <b>2022</b>      | <b>2021</b>      |
|--------------------------------------------------|-------------|------------------|------------------|
| Revenue (Net)                                    | 13          | 15,394,230       | 18,121,723       |
| Direct cost                                      | 14          | -8,514,918       | -10,442,996      |
| Gross profit / (loss)                            |             | <b>6,879,312</b> | <b>7,678,727</b> |
| Selling and marketing expenses                   | 15          | -6,789,600       | -6,633,720       |
| Administrative expenses                          | 16          | -32,623          | -35,625          |
| Profit / (loss) from operations                  |             | <b>57,089</b>    | <b>1,009,382</b> |
| Finance cost (Net)                               | 17          | 1,142,794        | -128,900         |
| Profit / (loss) before tax                       |             | <b>1,199,883</b> | <b>880,482</b>   |
| Profit tax expense                               | 3           | -                | -                |
| Profit / (loss) for the year                     |             | <b>1,199,883</b> | <b>880,482</b>   |
| Other comprehensive income                       |             | -                | -                |
| Total comprehensive income / (loss) for the year |             | <b>1,199,883</b> | <b>880,482</b>   |
| Attributable to the owners                       |             | <b>1,199,883</b> | <b>880,482</b>   |

See accompanying notes.

DMG Solutions B.V.

Statement of changes in equity

(All amounts in EUR)

|                                                         | <b>Issued capital</b> | <b>Retained earnings /<br/>(Accumulated losses)</b> | <b>Total</b>     |
|---------------------------------------------------------|-----------------------|-----------------------------------------------------|------------------|
| <b>Balance, December 31, 2020</b>                       | <b>100</b>            | <b>1,808,481</b>                                    | <b>1,808,581</b> |
| Profit / (loss) for the year                            | -                     | 880,482                                             | <b>880,482</b>   |
| Other comprehensive income                              | -                     | -                                                   | -                |
| <b>Total comprehensive income / (loss) for the year</b> | <b>-</b>              | <b>880,482</b>                                      | <b>880,482</b>   |
| <b>Balance, December 31, 2021</b>                       | <b>100</b>            | <b>2,688,963</b>                                    | <b>2,689,063</b> |
| Profit / (loss) for the year                            | -                     | 1,199,883                                           | <b>1,199,883</b> |
| Other comprehensive income                              | -                     | -                                                   | -                |
| <b>Total comprehensive income / (loss) for the year</b> | <b>-</b>              | <b>1,199,883</b>                                    | <b>1,199,883</b> |
| <b>Balance, December 31, 2022</b>                       | <b>100</b>            | <b>3,888,846</b>                                    | <b>3,888,946</b> |

See accompanying notes.

DMG Solutions B.V.

Statement of cash flows

(All amounts in EUR)

|                                                             | <b>Note</b> | <b>2022</b>    | <b>2021</b>    |
|-------------------------------------------------------------|-------------|----------------|----------------|
| <b>Cash flow from operating activities</b>                  |             |                |                |
| Profit / (loss) for the year                                |             | 1,199,883      | 880,482        |
| (Increase) / decrease in receivable from payment processors |             | 216,178        | -295,119       |
| (Increase) / decrease in prepaid expenses                   |             | -6,000         | 16,550         |
| (Increase) / decrease in receivable from subsidiary         |             | 3,813,564      | -1,887,625     |
| (Increase) / decrease in receivable from group companies    |             | -9,892,173     | -              |
| Increase / (decrease) in accounts payable                   |             | 1,293,829      | 489,861        |
| Increase / (decrease) in accrued expenses                   |             | -624,912       | 421,631        |
| Increase / (decrease) in payable to players                 |             | 154,050        | 449,019        |
| Increase / (decrease) in payable to subsidiary              |             | 3,965,630      | -              |
| <b>Net cash generated from operating activities</b>         |             | <b>120,049</b> | <b>74,799</b>  |
| <b>Cash flow from investing activities</b>                  |             |                |                |
| (Increase) / decrease in investment in subsidiary           |             | -              | -              |
| <b>Net cash generated from investing activities</b>         |             | <b>-</b>       | <b>-</b>       |
| <b>Cash flow from financing activities</b>                  |             |                |                |
| Increase / (decrease) in issued capital                     |             | -              | -              |
| <b>Net cash generated from financing activities</b>         |             | <b>-</b>       | <b>-</b>       |
| <b>Net increase / (decrease) in cash</b>                    |             | <b>120,049</b> | <b>74,799</b>  |
| <b>Cash at the beginning of the year</b>                    |             | <b>165,948</b> | <b>91,149</b>  |
| <b>Cash at the end of the year</b>                          | <b>4</b>    | <b>285,997</b> | <b>165,948</b> |

See accompanying notes.

## Notes to financial statements

### 1. General information

DMG Solutions B.V. (the company) was established on October 12, 2018 in Curaçao as a private limited liability company. The address of its registered office is Abraham de Veerstraat 9, Curaçao. The company was registered in the Commercial register of the Curaçao Chamber of Commerce & Industry under the number 148273.

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 the following directors:

- |                                  |                   |
|----------------------------------|-------------------|
| - Envision Managers N.V.         | Managing Director |
| - Dutch Antilles Management N.V. | Proxy holder      |

### 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 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.

#### Cash and cash equivalents

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

### **Investment**

Investment in subsidiary is valued at cost, less impairment losses, if any.

### **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.

### **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 profit or loss.

The company's 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 company's financial liabilities include accounts payable, accrued expenses and other payables.

##### **Subsequent measurement**

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

### **Revenue recognition**

Casino 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.

### **4. Cash and cash equivalents**

|                 | <b>2022</b>    | <b>2021</b>    |
|-----------------|----------------|----------------|
| ConnectPay, UAB | 253,764        | 165,146        |
| Finductive Ltd  | 32,233         | 802            |
|                 | <u>285,997</u> | <u>165,948</u> |

**5. Receivable from payment processors**

|                                               | <b>2022</b>    | <b>2021</b>    |
|-----------------------------------------------|----------------|----------------|
| Payneteasy                                    | 260,347        | 560,783        |
| Skrill Limited                                | 72,245         | 47,327         |
| Much Better                                   | 55,424         | -              |
| EcoPayz                                       | 26,915         | 23,439         |
| Paysafe Financial Services Limited – Neteller | 12,624         | 4,161          |
| EMP Corp SA                                   | 6,546          | 14,569         |
|                                               | <u>434,101</u> | <u>650,279</u> |

**6. Receivable from subsidiary**

|                                    | <b>2022</b> | <b>2021</b>      |
|------------------------------------|-------------|------------------|
| C/A Damagi Marketing Solutions Ltd | -           | 3,813,564        |
|                                    | <u>-</u>    | <u>3,813,564</u> |

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

**7. Receivable from group companies**

|                               | <b>2022</b>      | <b>2021</b> |
|-------------------------------|------------------|-------------|
| C/A Cyscuti Entertainment Ltd | 9,892,173        | -           |
|                               | <u>9,892,173</u> | <u>-</u>    |

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

**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 the Republic of Cyprus:

|                                                                          | <b>2022</b>  | <b>2021</b>  |
|--------------------------------------------------------------------------|--------------|--------------|
| Damagi Marketing Solutions Ltd<br>(1,000 Equity shares of EUR 1.00 each) | 1,000        | 1,000        |
|                                                                          | <u>1,000</u> | <u>1,000</u> |

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. Accrued expenses**

|                                | <b>2022</b>   | <b>2021</b>    |
|--------------------------------|---------------|----------------|
| Annual compliance fees         | 30,000        | 5,350          |
| Selling and marketing expenses | 2,527         | 649,289        |
| Gaming providers fees          | -             | 2,800          |
|                                | <u>32,527</u> | <u>657,439</u> |

**10. Payable to shareholders**

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

**11. Payable to subsidiary**

|                                    | <b>2022</b>      | <b>2021</b> |
|------------------------------------|------------------|-------------|
| C/A Damagi Marketing Solutions Ltd | 3,965,630        | -           |
|                                    | <u>3,965,630</u> | <u>-</u>    |

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

**12. Issued capital**

The issued capital of the company consists of 100 shares with a nominal value of EUR 1 each and subscribed for EUR 100.

No dividend was declared in 2022 and 2021.

**13. Revenue (Net)**

|                      | <b>2022</b>       | <b>2021</b>       |
|----------------------|-------------------|-------------------|
| Bets placed          | 408,987,347       | 574,604,121       |
| Less: Bets won       | -391,284,770      | -551,873,494      |
| Gross gaming revenue | <u>17,702,577</u> | <u>22,730,627</u> |
| Less: Bonus          | -2,035,427        | -4,413,888        |
| Add / (Less): Others | -272,920          | -195,016          |
|                      | <u>15,394,230</u> | <u>18,121,723</u> |

**14. Direct cost**

|                         | <b>2022</b>      | <b>2021</b>       |
|-------------------------|------------------|-------------------|
| Gaming providers fees   | 3,994,601        | 5,794,448         |
| Development costs       | 2,329,010        | 1,949,875         |
| Wallet charges          | 2,163,707        | 2,688,673         |
| License and server fees | 17,600           | -                 |
| Agency fees             | 10,000           | 10,000            |
|                         | <u>8,514,918</u> | <u>10,442,996</u> |

**15. Selling and marketing expenses**

|                           | <b>2022</b>      | <b>2021</b>      |
|---------------------------|------------------|------------------|
| Sales commission          | 5,020,426        | 5,189,278        |
| Marketing expenses        | 1,502,720        | 1,444,442        |
| Advertising and promotion | 266,454          | -                |
|                           | <u>6,789,600</u> | <u>6,633,720</u> |

**16. Administrative expenses**

|                        | <b>2022</b>   | <b>2021</b>   |
|------------------------|---------------|---------------|
| Professional fees      | 16,348        | 24,275        |
| Annual compliance fees | 15,000        | 5,350         |
| Annual management fees | -             | 5,500         |
| Rent expenses          | -             | 300           |
| Other expenses         | 1,275         | 200           |
|                        | <u>32,623</u> | <u>35,625</u> |

**17. Finance cost (Net)**

|                        | <b>2022</b>       | <b>2021</b>    |
|------------------------|-------------------|----------------|
| Bank charges           | 56,861            | 15,437         |
| Exchange loss / (gain) | -1,199,655        | 113,463        |
|                        | <u>-1,142,794</u> | <u>128,900</u> |

**18. 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, other assets and other payables approximate the carrying amount largely due to the short-term maturity.

**19. Contingencies, commitments and legal proceedings**

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

**20. 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.

**21. 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 December 22, 2023.

**Board of Directors:**

Name

Function

Signature

Envision Managers N.V.

Managing Director



Dutch Antilles Management N.V.

Proxy holder