

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
Assets			
Current assets			
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	9,893,173	-
Total current assets		10,619,271	4,629,791
Non-current assets			
Investment in subsidiary	8	-	1,000
Total non-current assets		-	1,000
Total assets		10,619,271	4,630,791
Equity and liabilities			
Current liabilities			
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 group companies	11	3,965,630	-
Total current liabilities		6,730,325	1,941,728
Equity			
Issued capital	12	100	100
Retained earnings / (Accumulated losses)		3,888,846	2,688,963
Total equity		3,888,946	2,689,063
Total liabilities and equity		10,619,271	4,630,791

See accompanying notes.

DMG Solutions B.V.

Statement of profit or loss

(All amounts in EUR)

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

See accompanying notes.

DMG Solutions B.V.

Statement of changes in equity

(All amounts in EUR)

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

See accompanying notes.

DMG Solutions B.V.

Statement of cash flows

(All amounts in EUR)

	Note	2022	2021
Cash flow from operating activities			
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		-9,893,173	-
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	-
Net cash generated from operating activities		119,049	74,799
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		-	-
Net cash generated from financing activities		-	-
Net increase / (decrease) in cash		120,049	74,799
Cash at the beginning of the year		165,948	91,149
Cash at the end of the year	4	285,997	165,948

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

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

5. Receivable from payment processors

	2022	2021
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

	2022	2021
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

	2022	2021
C/A Cyscuti Entertainment Ltd	9,892,173	-
C/A DMGC Holding Limited	1,000	-
	<u>9,893,173</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 0% and 100% respectively of shares of the following company incorporated and domiciled in the Republic of Cyprus:

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

The above investment was sold to DMGC Holding Limited on September 01, 2022.

9. Accrued expenses

	2022	2021
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 group companies

	2022	2021
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)

	2022	2021
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

	2022	2021
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

	2022	2021
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

	2022	2021
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)

	2022	2021
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:

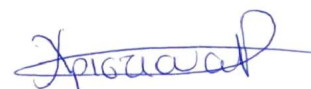
Name

Function

Signature

Envision Managers N.V.

Managing Director



Dutch Antilles Management N.V.

Proxy holder