

DMG Solutions B.V.

Financial Statements

for the years ended December 31, 2023 and December 31, 2022

Table of Contents

Statement of financial position	3
Statement of profit or loss	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to financial statements	7

DMG Solutions B.V.

Statement of financial position

(All amounts in EUR)

		31-Dec	
	Note	2023	2022
Assets			
Current assets			
Cash and cash equivalents	4	498,070	720,098
Prepaid expenses		1,500	7,500
Receivable from group companies	5	6,368,979	3,433,077
Total current assets		6,868,549	4,160,675
Non-current assets			
Other assets		-	-
Total non-current assets		-	-
Total assets		6,868,549	4,160,675
Equity and liabilities			
Current liabilities			
Accounts payable		247,103	2,055,175
Accrued expenses		3,543,656	38,651
Amounts payable to shareholder	6	76,774	75,874
Payable to players		1,059,879	603,069
Total current liabilities		4,927,412	2,772,769
Equity			
Issued capital	7	100	100
Retained earnings / (Accumulated losses)		1,941,037	1,387,806
Total equity		1,941,137	1,387,906
Total liabilities and equity		6,868,549	4,160,675

See accompanying notes.

DMG Solutions B.V.

Statement of profit or loss

(All amounts in EUR)

	Note	2023	2022
Revenue (Net)	8	16,352,302	15,394,230
Direct cost	9	(8,126,227)	(8,514,918)
Gross profit		8,226,075	6,879,312
Selling and marketing expenses	10	(7,261,656)	(6,789,600)
Administrative expenses	11	(237,975)	(32,623)
Profit from operations		726,444	57,089
Finance cost (Net)	12	(173,213)	1,142,794
Profit before tax		553,231	1,199,883
Profit tax expense	3	-	-
Profit for the year		553,231	1,199,883
Other comprehensive income		-	-
Total comprehensive income for the year		553,231	1,199,883
Attributable to the owners		553,231	1,199,883

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, 2021	100	187,923	188,023
Profit for the year	-	1,199,883	1,199,883
Total comprehensive income for the year	-	1,199,883	1,199,883
Balance, December 31, 2022	100	1,387,806	1,387,906
Profit for the year	-	553,231	553,231
Total comprehensive income for the year	-	553,231	553,231
Balance, December 31, 2023	100	1,941,037	1,941,137

See accompanying notes.

DMG Solutions B.V.

Statement of cash flows

(All amounts in EUR)

	Note	2023	2022
Cash flow from operating activities			
Profit for the year		553,231	1,199,883
(Increase) / decrease in prepaid expenses		6,000	(6,000)
(Increase) / decrease in receivable from subsidiary		-	2,944,438
(Increase) / decrease in receivable from group companies		(2,935,902)	(3,433,077)
Increase / (decrease) in accounts payable		(1,808,072)	(331,510)
Increase / (decrease) in accrued expenses		3,505,005	(624,913)
Increase / (decrease) in payable to players		456,810	154,050
Net cash generated from operating activities		(222,028)	(97,129)
Cash flow from investing activities			
(Increase) / decrease in investment in subsidiary		-	1,000
Net cash generated from investing activities		-	1,000
Net increase / (decrease) in cash		(222,028)	(96,129)
Cash at the beginning of the year		720,098	816,227
Cash at the end of the year	4	498,070	720,098

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 Zuikertuintjeweg Z/N Zuikertown Tower, 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.

As of December 31, 2023, the management of the company is borne by a single statutory director:

- FO Management Ltd.

Statutory Director

2. Summary of material 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 values, 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.

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, held-to-maturity investments, available-for-sale financial assets, 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 2023 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 income earned in Curaçao is subject to 15% taxes on income up to 500,000 XCG and 22% thereafter. Foreign sourced income is subject to 0% tax.

4. Cash and cash equivalents

	2023	2022
Balances with bank	119,584	285,997
Balances with PSP	378,486	434,101
	<u>498,070</u>	<u>720,098</u>

5. Receivable from group companies

	2023	2022
C/A Damagi Marketing Solutions Ltd	6,368,979	-
C/A Cyscuti Entertainment Ltd	-	3,432,077
DMGC Holding Limited	-	1,000
	<u>6,368,979</u>	<u>3,433,077</u>

6. Amounts payable to shareholder

Amounts payable to shareholder represent expenses paid by the shareholder on behalf of the company. The payable amount does not carry any interest and is repayable on demand.

7. Issued capital

The issued capital of the company as on December 31, 2023 and December 31, 2022 consists of 100 shares with a nominal value of EUR 1 each and subscribed for EUR 100.

No dividend was declared in 2023 and 2022.

8. Revenue (Net)

	2023	2022
Bets placed	373,357,524	408,987,347
Less: Bets won	(355,224,521)	(391,284,770)
Gross gaming revenue	<u>18,133,003</u>	<u>17,702,577</u>
Less: Bonus	(1,753,683)	(2,035,427)
Others	(27,018)	(272,920)
	<u>16,352,302</u>	<u>15,394,230</u>

9. Direct cost

	2023	2022
License and server fees	5,821,914	4,012,201
Wallet charges	2,274,214	2,163,707
Software expenses	20,099	-
Agency fees	10,000	10,000
Development costs	-	2,329,010
	<u>8,126,227</u>	<u>8,514,918</u>

10. Selling and marketing expenses

	2023	2022
Sales commission	3,697,086	5,020,425
Marketing expenses	3,458,339	1,502,720
Advertising and promotional expenses	106,231	266,455
	<u>7,261,656</u>	<u>6,789,600</u>

11. Administrative expenses

	2023	2022
Professional fees	218,855	16,348
Annual compliance fees	17,320	15,000
Loss on sale of investment	1,800	-
Other expenses	-	1,275
	<u>237,975</u>	<u>32,623</u>

12. Finance cost (Net)

	2023	2022
Bank charges	171,088	56,862
Exchange loss / (gain)	2,125	(1,199,656)
	<u>173,213</u>	<u>(1,142,794)</u>

13. 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.

14. Contingencies, commitments and legal proceedings

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

15. Subsequent events

In connection with the preparation of the financial statements, the company evaluated subsequent events after the balance sheet date of December 31, 2023. Based on their evaluation there are no subsequent events that have a significant effect on the financial statements as at December 31, 2023.

16. Authorization for issue

These financial statements for the year ended December 31, 2023 were approved by the board of directors and authorized for issue on June 17, 2025.

Board of Directors:

Name

Function

Signature

FO Management Ltd.

Statutory Director

A handwritten signature in blue ink, appearing to read 'J. J. J.', is written over the 'Signature' header.