

Company Registration No. 159643 (Curaçao)



F12 GAMING N.V.

ANNUAL REPORT AND ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023 AND THE PERIOD 14
JANUARY 2022 TO 31 DECEMBER 2022

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DIRECTORS'S REPORT

Executive Summary:

After 20+ successful years in indoor football, Falcão embarked on a new challenge in 2018 venturing into content and social media. As a natural step in his career evolution, Falcão joined a team of experienced entrepreneurs from the Entertainment industry leading to the announcement in 2022 of F12 Entertainment, a digital entertainment company, targeting the Brazilian iGaming market.

In 2022, F12 GAMING NV, was incorporated and licensed in Curaçao, marking its entry into the gaming industry with exciting prospects. This foundational year was characterized by the establishment of strategic, financial, and operational performance metrics. Alongside our revenue growth, the company remains committed to evolving as an industry-recognized local player, driving growth, innovation, capability, player protection, and customer centricity.

Our strategy is clear: leveraging and embracing the powerful advantages of our unique local content and marketing networks to deliver on our core pillars of growth and sustainability. Brazil, remains our strategic market, currently driving 100% of the Group Revenue. F12 Gaming N.V. aims to be a top 10 brand and has been investing heavily to become a leading brand in the soon-to-be-regulated local market.

Despite reporting a net loss of (€2,275,389) for the year, the company remains optimistic about its financial performance. The net loss was primarily due to initial marketing investments, strategic player acquisition efforts, and one-off costs associated with establishing a strong foundation. These factors reflect the company's commitment to growth and its proactive approach to capturing market share. As F12 Gaming NV continues to refine its strategies and capitalize on emerging opportunities, it remains poised for future success.

Financial Highlights for the Year Ended December 31, 2023:

1. Revenue:

- The company generated total revenues of €46,180,928 during the year.
- The revenue performance was marked by a strong revenue acceleration, with constant growth month after month.
- Affiliate traction and CRM synergies decreased the average CPA while increase player value.

2. Net Loss:

- The company reported a net loss of (€2,275,389) for the year.
- The net profit was heavily marked by the company investment in player acquisition and brand awareness. Competitors are operating in the market with high budgets and investments diluted over years of operational growth. F12 Gaming N.V. intends to use the latecomer advantage and

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will require substantial capital and potential period of net losses to consolidate the long term (post regulation) growth plan.

3. Assets:

- The total assets of the company as of December 31, 2023, amounted to €6,527,166.

4. Liabilities:

- The total liabilities of the company as of December 31, 2023, amounted to €10,442,962.

5. Equity:

- The company's total capital, including share capital and retained earnings, was negative by €-3,915,796.

6. Outlook:

Despite the net loss in 2023, F12 Gaming NV is poised for a promising future. The company has laid a strong foundation during its initial year of trading, which included significant investments in marketing, player acquisition, and one-off costs. Looking ahead, the company is strategically positioned to capitalize on emerging opportunities and drive financial growth.

Market Expansion:

F12 GAMING NV aims to expand its market reach by targeting new geographic regions of Brazil and diversifying its product offerings.

By identifying untapped markets and analyzing consumer trends, the company plans to leverage its competitive advantage and increase its customer base.

Cost Optimization:

The company recognizes the need to optimize costs and streamline operations to improve profitability. By implementing efficient processes, negotiating favorable supplier contracts, and leveraging economies of scale, F12 GAMING NV aims to enhance its cost structure and achieve better financial results.

Product Innovation and Development:

F12 GAMING NV remains committed to continuous product innovation and development. By staying abreast of technological advancements and consumer preferences, the company aims to offer cutting-edge gaming experiences and stay ahead of the competition.

Customer Retention and Engagement:

Customer retention and engagement will be a key focus for F12 GAMING NV. The company aims to build strong relationships with its existing customer base through personalized experiences, loyalty programs, and exceptional customer service. By fostering customer loyalty, the company expects to drive recurring revenue and long-term success.

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Financial Sustainability:

The company is dedicated to achieving financial sustainability in the long run. F12 GAMING NV plans to implement rigorous financial management practices, including stringent budgeting, cost control measures, and prudent risk management. These efforts will contribute to improving profitability and ensuring the company's financial stability.

Ongoing Evaluation and Adaptation:

F12 GAMING NV recognizes the dynamic nature of the gaming industry and the importance of adaptability. The company will continuously monitor market trends, consumer preferences, and regulatory changes to make informed strategic decisions. By proactively adjusting its strategies and offerings, the company aims to stay relevant and seize new growth opportunities.

Conclusion:

In conclusion, despite the net loss in 2023, F12 Gaming NV is positioned for future success. Through market expansion, cost optimization, product innovation, customer engagement, financial sustainability, and ongoing evaluation, the company is confident in its ability to overcome challenges and achieve profitability. With a forward-looking mindset and a commitment to excellence, F12 Gaming NV is poised to capitalize on emerging opportunities and create long-term value for its stakeholders.

The director is pleased to present to the shareholder, the unaudited financial statement of F12 Gaming N.V. (the "Company") for the financial period ended 31 December 2023.

The underlying administration of these financial statements was provided by an external accounting office.

In the director's opinion, the Company's financial statements are prepared based on the documents and information provided to the accounting office. The financial statements, based on these documents and information, give a true and fair view of the financial position of the Company as at December 31, 2023 and the financial performance, changes in equity and cash flows of the Company for the financial period ended on that date.

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Downtown E-Commerce Company N.V.

Director

Approved by the board on: 30 December 2024

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STATEMENT OF FINANCIAL POSITION

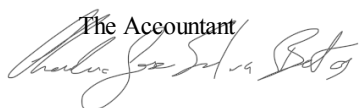
F12 Gaming N.V.

Balance Sheet as of 31 December 2023 and 2022

(Values in euros)

	Notes	31.Dec.23	31.Dec.22
Assets			
Intangible Assets	4	1 370 643,80	-
Other Receivables MLT	6	2 400 000,00	-
Total of Non-Current Assets		3 770 643,80	-
Cash and cash equivalents	5	2 716 190,77	293 213,53
Other Receivables	6	40 331,28	1 347 085,52
Total of Current Assets		2 756 522,05	1 640 299,05
		6 527 165,85	1 640 299,05
Capital			
Share Capital	7	87,36	87,36
Results from previous periods	7	(1 640 494,37)	-
Net Result of period	7	(2 275 389,06)	(1 640 494,37)
Total Capital		(3 915 796,07)	(1 640 407,01)
Liabilities			
Other Payables MLT	9	668 009,61	-
Total of Non-Current Liabilities		668 009,61	-
Trade Payables	8	8 199 077,94	191 273,49
Other Payables	9	1 575 874,37	2 789 432,57
Provisions	10	-	300 000,00
Total of Current Liabilities		9 774 952,31	3 280 706,06
Total Liabilities		10 442 961,92	3 280 706,06
Total Liabilities and Capital		6 527 165,85	1 640 299,05

Curaçao, 30 December, 2024

The Accountant


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INCOME STATEMENT

F12 Gaming N.V.

Profit and Loss Accounts
Period ended on 31 December 2023 and 2022

(Values in euros)

	Notes	31.Dec.23	31.Dec.22
Revenues	11	46 180 927,70	16 630 030,12
Cost of Sales	12	(12 255 743,73)	(4 973 993,68)
Administration Expenses	13	(36 188 458,71)	(10 629 038,21)
Provisions (increases/reductions)	14	300 000,00	(300 000,00)
Other income	15	422 052,54	39 892,10
Other expenses	16	(325 883,42)	(2 407 384,70)
EBITDA		(1 867 105,62)	(1 640 494,37)
Amortizations	4	(414 726,51)	-
EBIT		(2 281 832,13)	(1 640 494,37)
Finance Income/Costs	17	6 443,07	-
Result before taxes		(2 275 389,06)	(1 640 494,37)
Net Result	7	(2 275 389,06)	(1 640 494,37)

Curaçao, 30 December, 2024

The Accountant


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STATEMENT OF CHANGES IN EQUITY

F12 Gaming N.V.

Statement of changes in equity for the period ended on 31 December 2023 and 2022

(Values in euros)

	Capital Paid	Retained Earnings	Total Equity
Balance at 1 January 2023	87,36	(1 640 494,37)	(1 640 407,01)
Profit/Loss of the year	-	(2 275 389,06)	(2 275 389,06)
Balance at 31 December 2023	87,36	(3 915 883,43)	(3 915 796,07)

	Capital Paid	Retained Earnings	Total Equity
Balance at 14 January 2022	87,36	-	87,36
Profit/Loss of the year	-	(1 640 494,37)	(1 640 494,37)
Balance at 31 December 2022	87,36	(1 640 494,37)	(1 640 407,01)

Curaçao, 30 December, 2024

The Accountant


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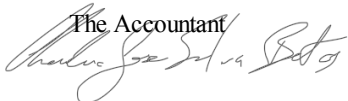
CASH FLOW STATEMENT

F12 Gaming N.V.

Cash Flow Statement
Period ended on 31 December 2023 and 2022
(Values in euros)

	Note	31.Dec.23	31.Dec.22
<i>Cash Flow from operating activities</i>			
Payments from customers		47 714 799,24	34 252 304,32
Payments to suppliers		-44 672 970,01	-33 959 090,79
Other payments/Receipts		-13 620,84	0,00
Cash Flow from operating activities (1)		<u>3 028 208,39</u>	<u>293 213,53</u>
<i>Cash Flow from investing activities</i>			
		<u>0,00</u>	<u>0,00</u>
Cash Flow from investing activities (2)		<u>0,00</u>	<u>0,00</u>
<i>Cash Flow from financing activities</i>			
		<u>0,00</u>	<u>0,00</u>
Cash Flow from financing activities (3)		<u>0,00</u>	<u>0,00</u>
Variation of cash and cash equivalents (1+2+3)		<u>3 028 208,39</u>	<u>293 213,53</u>
Effect of exchange rates		<u>-605 231,15</u>	
Cash and cash equivalents at the beginning of the year/period		<u>293 213,53</u>	<u>0,00</u>
Cash and cash equivalents at the end of the year/period		<u><u>2 716 190,77</u></u>	<u><u>293 213,53</u></u>

Curaçao, 30 December, 2024

The Accountant


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NOTES TO THE ACCOUNTS

Selected notes to annual accounts as of and for the period ending 31 December 2023.

1. General Information

F12 Gaming N.V. is a limited liability company and is incorporated in Curaçao since 14 January 2022, with registration number 159643, registered address on Zuikertuintjeweg Z/N (Zuikertuin Tower), Curaçao and director Downtown E-Commerce Company B.V.

The Company is focused in sports entertainment online and online betting, whether for casino, poker and other games, whether to be operated through internet, mobile or interactive media.

The revenue is made up of income from the betting and sports activities.

2. Basis of preparation

The annual accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS). The annual accounts for the period ended 31 December 2023 have not been audited.

These annual accounts have been prepared based on a going concern basis. This going concern basis of preparation assumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company's annual accounts are presented in Euros (EUR), which is the presentation and functional currency of the Company.

3. Summary of material accounting policies

3.1. Revenue Recognition Policy

Revenue comprises the fair value of the consideration received or receivable for the supply of services in the ordinary course of the Company's activities. The Company recognizes revenue, including other operating revenue, when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met as described below.

Costs that are not reported as part of the net gain or loss within revenue include inter alia bank charges, fees paid to platform and payment providers and certain gaming taxes.

In contracting with own license operators, the Company generates revenue by entering into a revenue share deal or a fixed deal where such revenue is apportioned on an accrual basis over the whole term of the contract. The consideration for such services is generally split between an initial setup to configure the software as per the customer's requirements and on-going charge invoiced monthly.

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The uncertainty on the amount of revenue to be received is resolved at each calendar month end since the contracts are such that the amounts reset to zero on a monthly basis. Accordingly, it is appropriate for the Company to recognize the monthly amounts invoiced in the P&L.

The only difference between accounting for such arrangements under the previous revenue standard and IFRS 15 pertains to the set-up fees. Under IAS 18, the set-up fees were deferred over a period of (generally) six months until the go-live date. In accordance with IFRS 15, the set-up is not seen as a distinct PO as the customer cannot benefit from the set-up itself but for the agreement as a whole. Accordingly, the set-up fee is simply seen as being part of the consideration receivable for the software as a service (SAAS) agreement and should therefore be deferred over the period of the agreement.

Accounting Department performed a detailed analysis of such impact and concluded that this has an immaterial effect for the Company.

3.2. Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, and other cash applications that can be immediately mobilized with insignificant risk of loss of value.

3.3. Accounts receivable and accounts payable

Accounts receivable and accounts payable are principally short-term amounts relating to the settlement of transactions. They are recognized on a trade date basis and subsequently accounted for at amortized cost until their settlement.

Accounts payable are recognized initially at fair value, being subsequently recognized at amortized cost, discounted by any interest calculated and recognized in accordance with the effective interest rate method.

3.4. Provisions

Provisions are recognized when the Company has a present obligation as a result of events arising before the balance sheet date and it is probable that economic resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Best estimates and assumptions are used when determining the amount to be recognized as a provision.

3.5. Accrual accounting

Expenses and income are recognized in the year they relate to, in accordance with the principle of accrual accounting, irrespective of when the transactions are invoiced. Expenses and income for which the real value is not known are estimated.

Expenses and income imputable to the current year where the expense and income on which will only take place in future periods, together with the expenses and income that have already occurred, but which relate to future periods and which will be imputed to the results of each of these periods, for the value corresponding to them, are stated in the deferrals captions.

Financial interest and income are recognized in accordance with the principle of accrual accounting and in accordance with the effective interest rate applicable.

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3.6. Income tax

Income tax corresponds to the sum of current taxation and deferred taxation. Current tax and deferred tax are recorded in the Income Statement except when the deferred tax is related with items entered directly in equity. In these cases the deferred tax is also stated in equity.

Current tax on income is calculated based on the taxable profit of the year. The taxable profit differs from the accounting result as it excludes diverse expenses and income that will only be deductible or taxable in subsequent years, as well as expenses and income that will never be deductible or taxable in accordance with the tax rules in force.

The company is subject to a territorial tax system, wherein the income earned in Curaçao is subject to 15% taxes on income up to 500,000 ANG and 22% above it and the foreign source of income is subject to 0% of profit taxes.

3.7. Events after the balance sheet date

Events that occur after the of balance sheet date and which provide additional information regarding conditions that existed on the of balance sheet date are reflected in the annual accounts. Events which occur after the Balance Sheet date which provide information on conditions that may occur after the Balance Sheet date, that do not result in adjustments, are disclosed in the annual accounts, if they are considered material.

4. Intangible assets

Rights to use are recognized as intangible assets on the balance sheet, and the corresponding obligation is recognized as a liability. The right to use is amortized over the expected period of use.

	Balance on 31/Dec/2022	Aquisitions	Balance on 31/Dec/2023
Right-of-use assets	-	1 785 370,31	1 785 370,31
	-	1 785 370,31	1 785 370,31
Amortizations			
	Balance on 31/Dec/2022	Amortizations	Balance on 31/Dec/2023
Right-of-use assets	-	414 726,51	414 726,51
	-	414 726,51	414 726,51
Intangible Net Assets	-	1 370 643,80	1 370 643,80

The company acquired the right of use of the image of Falcão for a period until Jan/2026.

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5. Cash and cash equivalents

The cash and cash equivalents detailed in the Balance Sheet are available and ready for use and are decomposed in the way:

	<u>31/Dec/2023</u>	<u>31/Dec/2022</u>
Balances at banks and PSPs'	2 716 190,77	293 213,53
	<u>2 716 190,77</u>	<u>293 213,53</u>

6. Accounts receivable

The accounts receivable is decomposed in the following way:

	<u>31/Dec/2023</u>		<u>31/Dec/2022</u>	
	<u>Current</u>	<u>Non Current</u>	<u>Current</u>	<u>Non Current</u>
Other Receivables MLT	-	2 400 000,00		-
Other Receivables	0,80	-	1 117 085,52	-
Income Accrual	6 123,40	-	230 000,00	-
Deferred Expenses	34 207,08	-	-	-
	<u>40 331,28</u>	<u>2 400 000,00</u>	<u>1 347 085,52</u>	<u>-</u>
Impairment losses	-	-	-	-
	<u>40 331,28</u>	<u>2 400 000,00</u>	<u>1 347 085,52</u>	<u>-</u>

The amount of 2.400.000€, in rubric other receivables MLT, is referent a loan to F12 Entertainment, Ltd, for a period of 5 years and is subject to an interest rate of 4%.

7. Share Capital

The Company capital is constituted of 100 ordinary shares, with a nominal value of 1,00 USD (United States Dollar) and was fully paid as at 31 December 2023.

8. Trade Payables

The accounts payable is decomposed in the following way:

	<u>31/Dec/2023</u>		<u>31/Dec/2022</u>	
	<u>Current</u>	<u>Non Current</u>	<u>Current</u>	<u>Non Current</u>
Suppliers	8 199 077,94	-	191 273,49	-
	<u>8 199 077,94</u>	<u>-</u>	<u>191 273,49</u>	<u>-</u>
Impairment losses	-	-	-	-
	<u>8 199 077,94</u>	<u>-</u>	<u>191 273,49</u>	<u>-</u>

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9. Other Payables

The other payable is decomposed in the following way:

	31/Dec/2023		31/Dec/2022	
	Current	Non Current	Current	Non Current
Other payables	686 852,81	668 009,61	638 495,82	-
Customers deposits	881 713,92	-	402 496,53	-
Accruals	7 307,64	-	1 748 440,22	-
	1 575 874,37	668 009,61	2 789 432,57	-
Impairment losses	-	-	-	-
	1 575 874,37	668 009,61	2 789 432,57	-

The non-current amount corresponds to the contract made for the right-of-use of the image of Falcão.

10. Provisions

The provisions for the period evolved in the following way:

	31/Dec/2023		31/Dec/2022	
	Current	Non Current	Current	Non Current
Balance at the beginning of period	300 000,00	-	-	-
Increases	-	-	300 000,00	-
Reductions	(300 000,00)	-	-	-
Balance at the end of period	-	-	300 000,00	-

11. Income

The revenues registered by F12 Gaming N.V. were all obtained from the sports, casino and game online betting, in the Brazilian market.

2023			
	Internal Market	External Market	Total
Revenues	-	46 180 927,70	46 180 927,70
	-	46 180 927,70	46 180 927,70
2022			
	Internal Market	External Market	Total
Revenues	-	16 630 030,12	16 630 030,12
	-	16 630 030,12	16 630 030,12

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12. Cost of Sales

The costs of sales are referent to the costs with the platform, games and PSP's.

2023			
	Internal Market	External Market	Total
Cost of sales	-	12 255 743,73	12 255 743,73
	-	12 255 743,73	12 255 743,73

2022			
	Internal Market	External Market	Total
Cost of sales	-	4 973 993,68	4 973 993,68
	-	4 973 993,68	4 973 993,68

13. Administration Expenses

The administration expenses are related to the online betting operational activities and reflect the investment made to develop the brand.

2023			
	Internal Market	External Market	Total
Advertising & Marketing	-	17 466 963,80	17 466 963,80
Professional Fees	-	7 682 836,36	7 682 836,36
Exchange rate fluctuations	-	1 218 096,77	1 218 096,77
Other Expenses	24 389,64	9 796 172,14	9 820 561,78
	24 389,64	36 164 069,07	36 188 458,71

2022			
	Internal Market	External Market	Total
Advertising & Marketing	-	8 350 539,56	8 350 539,56
Professional Fees	-	284 815,92	284 815,92
Other Expenses	-	1 993 682,73	1 993 682,73
	-	10 629 038,21	10 629 038,21

The other expenses are mainly referent to managed brands expenses.

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14. Provisions

	2023	2022
Other risks and charges	(300 000,00)	300 000,00
	(300 000,00)	300 000,00

In November 2022, the Company filed a legal complaint against undetermined persons, for taking illegal possession of a payment in the total amount of €300.000 . The provision was reversed and debt paid to supplier.

15. Other income

	2023	2022
Exchange rates (Gains)	352 292,42	39 892,10
Other income	69 760,12	-
	422 052,54	39 892,10

16. Other Expenses

	2023	2022
Other expenses	325 883,42	2 407 384,70
	325 883,42	2 407 384,70

The expenses registered under other expenses mainly refer to the board remuneration.

17. Financial Income

The financial income resulted from the remuneration of bank deposits and loan granted.

	2023	2022
Interest from bank deposits	2 309,74	-
Interests from loans granted	4 133,33	-
	6 443,07	-

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18. Related parties

On the 6th of November 2023, F12 Gaming N.V. was sold to a new shareholder and is no longer part of any economic group.

	31 December 2023	31 December 2022
	Payables	Payables
	Other Payables	Other Payables
	Euros	Euros
F12 Entertainment Ltd	7 443 903,14	332 433,92
F12 Entertainment Ltd - PT Branch	127 058,07	10 197,14
	7 570 961,21	342 631,06

	2023	2022
	Purchases	Purchases
	Euros	Euros
F12 Entertainment Ltd	11 213 221,61	1 031 271,06
F12 Entertainment Ltd - PT Branch	1 022 995,90	63 237,14
	12 236 217,51	1 094 508,20

19. Others

19.1. Litigation

There is no knowledge of existing litigations against the Company.

30 December 2024

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Downtown E-Commerce Company B.V.

The Director