

Favorit United N.V.
Willemstad

Favorit United N.V.

at Willemstad

Annual report 2022

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1. Accountants report

Favorit United N.V.
Willemstad

Favorit United N.V.
Abraham Mendez Chumaceiro Boulevard 03
Willemstad

July 19, 2023

1.1 ACCOUNTANT'S COMPILATION REPORT

To: Appropriate addressee

The financial statements of Favorit United N.V. have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2022 and the income statement for the year then ended with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Curacao law and general accepted accounting principles. We will assist you with the preparation and presentation of the financial statements in accordance with Book 2 of the Curaçao Civil Code and the Generally Accepted Accounting Principles. To this end we have applied our professional expertise in the fields of accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that the information you give us is correct and that you provide us with all relevant information. Therefore, we have conducted our work in accordance with the applicable regulations and on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole and are satisfied that they present a picture in line with our broad understanding of Favorit United N.V..

During this engagement we have complied with relevant ethical requirements. You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent, and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

inFocus N.V.



W. van Steijn AA

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1.2 GENERAL

Incorporation company

The Company was established on December 29th, 2010.

Activities

The activities of Favorit United N.V. primarily consist of:

1. To provide off-shore games of chance and wagering, through the internet in compliance with the regulations of the Government of Curaçao. This service shall be referred to for all purposes as Internet Casino/Internet Wagering/Internet Sportsbook.
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.



1.3 FISCAL POSITION

General

Part of the profit realized by the company is foreign profit in accordance with Article 1C, paragraph 2 of the National Ordinance on Profit Tax 1940. No profit tax is payable on this profit.

	<u>2022</u> EUR
<i>Calculation taxable amount</i>	
Result before taxation	819,151
Exempt income items	
Foreign income	<u>(818,027)</u>
	1,124
Deductible losses	<u>(1,124)</u>
Taxable amount	<u><u>-</u></u>

Loss compensation

Year	Compensable loss EUR	Compensated with previous years EUR	Available for compensation at the beginning of the financial year EUR	Compensation during the year 2022 EUR	Available for compensation at the end of the financial year EUR
2021	<u>5,011</u>	<u>-</u>	<u>5,011</u>	<u>1,124</u>	<u>3,887</u>

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	World income/expen ses EUR	Domestic income/expen ses EUR
Cost Allocation		
Revenue	15,453,248	-
Causal expenses foreign	(14,406,506)	-
Causal expenses domestic	(19,791)	-
Gross Margin	1,026,951	-
Gross Margin domestic	-	1,409
Non causal	(207,800)	(285)
Total	819,151	1,124

Real presence / permanent establishment

In accordance with art. 1C WB it is assumed that Favorit United N.V. meets the real presence and permanent establishment requirements. The actual management is located in Curaçao.

2.1 BALANCE SHEET AS AT 31 DECEMBER 2022
(After proposal appropriation of result)

		<u>31-12-2022</u>		<u>31-12-2021</u>	
		EUR	EUR	EUR	EUR
ASSETS					
Fixed assets					
<i>Financial assets</i>	1		67,801		14,779
Current assets					
<i>Receivables</i>					
Trade receivables	2	-		40,000	
Receivables from group companies	3	2,162,152		2,404,295	
Other receivables and current assets	4	<u>1,680,086</u>		<u>686,675</u>	
			3,842,238		3,130,970
<i>Cash and cash equivalents</i>					
Other banks			27,550		18,354
Total assets			<u>3,937,589</u>		<u>3,164,103</u>
EQUITY AND LIABILITIES					
Equity					
Issued share capital	5				
General reserve	6	12,725		12,725	
		<u>(2,094,823)</u>		<u>(2,913,974)</u>	
			(2,082,098)		(2,901,249)
Non-current liabilities					
Long term loans	7				
	8		1,075,197		1,464,579
Current liabilities					
Short term loans	9	1,708,930		-	
Trade payables	10	2,761,920		3,708,300	
Other payables and short term liabilities	11	<u>473,640</u>		<u>892,473</u>	
			4,944,490		4,600,773
Total equity and liabilities			<u>3,937,589</u>		<u>3,164,103</u>

2.2 INCOME STATEMENT FOR THE YEAR 2022

			2022		2021
		EUR	EUR	EUR	EUR
Revenues	12		15,453,248		11,722,655
Causal costs	13	14,457,055		11,153,632	
Other operating expenses	14	<u>207,800</u>		<u>182,914</u>	
Total operating expenses			<u>14,664,855</u>		<u>11,336,546</u>
Operating result			788,393		386,109
Financial income and expense (causal foreign)	15		<u>30,758</u>		<u>6,964</u>
Result before taxation			819,151		393,073
Taxation	16		<u>-</u>		<u>-</u>
Net result after taxation			<u><u>819,151</u></u>		<u><u>393,073</u></u>

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2.3 NOTES TO THE FINANCIAL STATEMENTS

Entity information

Registered address and registration number trade register

The registered and actual address of Favorit United N.V. is Abraham Mendez Chumaceiro Boulevard 03, in Willemstad, Curacao. Favorit United N.V. is registered at the Chamber of Commerce under number 121466.

General notes

Disclosure of going concern

Due to the size of the equity as per end Favorit United N.V. and the result over 2022 there is an uncertain element of material importance based on which there could be reasonable doubt about the continuity of the activities of Favorit United N.V. as a whole. We expect that in the next few financial years a higher turn-over will be realised, while the costs will be decreased. The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the corporation.

General accounting principles

The accounting standards used to prepare the financial statements

The financial statement is drawn up in accordance with the provisions of Book 2 of the Curaçao Civil Code and general accepted accounting principles.

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

Accounting principles

Financial assets

Participations are valued at cost.

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortised cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.

Receivables

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Equity

When Favorit United N.V. purchases treasury shares, the consideration paid is deducted from equity (other reserves or any other reserve if the articles of association allow so) until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received is included in equity (other reserves or any other reserve). The consideration received will be added to the reserve from which earlier the purchase price has been deducted.

Incremental costs directly attributable to the purchase, sale and/or issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Non-current liabilities

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. If there is no premium / discount or if there are no transaction costs, the amortised cost price is the same as the nominal value of the debt.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the income statement on the basis of the effective interest rate during the estimated term of the long-term debts.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Revenue recognition

Net turnover comprises the income from the supply of goods and services and realised income from construction contracts after deduction of discounts and such like and of taxes levied on the turnover.

Selling expenses

Selling expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods and services sold.

General and administrative expenses

General and administrative expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods and services sold.

Other interest income and related income

Interest income are recognised on a pro rata basis, taking account of the effective interest rate of the assets to which they relate.

Income tax expense

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax

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liabilities in respect of changes in the applicable tax rate.

2.4 NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2022

ASSETS

	<u>31-12-2022</u>	<u>31-12-2021</u>
	EUR	EUR
1 Financial assets		
Participations in group companies	2,000	2,000
Loans	<u>65,801</u>	<u>12,779</u>
	<u><u>67,801</u></u>	<u><u>14,779</u></u>

Financial assets

	Participations in group companies	Loans	Total
	EUR	EUR	EUR
Balance as at 1 January 2022			
Principal value	<u>2,000</u>	<u>12,779</u>	<u>14,779</u>
Balance as at 1 January 2022	<u><u>2,000</u></u>	<u><u>12,779</u></u>	<u><u>14,779</u></u>
Movements			
To be allocated	<u>-</u>	<u>53,022</u>	<u>53,022</u>
Balance movements	<u><u>-</u></u>	<u><u>53,022</u></u>	<u><u>53,022</u></u>
Balance as at 31 December 2022			
Principal value	<u>2,000</u>	<u>65,801</u>	<u>67,801</u>
Balance as at 31 December 2022	<u><u>2,000</u></u>	<u><u>65,801</u></u>	<u><u>67,801</u></u>

Participations in group companies

Bintpash Ltd., 100%, Cyprus	<u>2,000</u>	<u>2,000</u>
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	31-12-2022	31-12-2021
	EUR	EUR
Loans		
Bintpash Ltd.	65,801	12,779

This regards a long term loan to Bintpash Ltd. The principal amount of the loan is in total EUR 62,000. The loan carries an annual interest of 2%. Repayment date is March 16, 2024.

Current assets

Receivables

2 Trade receivables

Trade debtors	-	40,000
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3 Receivables from group companies

Bintpash Ltd. - Agent	2,162,152	2,282,567
Bintpash Ltd. - current account	-	121,728
	<u>2,162,152</u>	<u>2,404,295</u>

4 Other receivables and current assets

Merchant account balances	1,422,050	598,210
Merchant funds in transit	-	21,200
Prepayments	30,888	46,079
CA Attores Corporation	7,882	7,882
CA Favbet Invest LLP	13,304	13,304
CA Bet Invest Ltd.	205,962	-
	<u>1,680,086</u>	<u>686,675</u>

EQUITY AND LIABILITIES

5 Equity

	Issued share capital	General reserve	Total
	EUR	EUR	EUR
Balance as at 1 January 2022	12,725	(2,913,974)	(2,901,249)
Appropriation of result	-	819,151	819,151
Balance as at 31 December 2022	<u>12,725</u>	<u>(2,094,823)</u>	<u>(2,082,098)</u>

6 Issued share capital

The share capital is USD 17,000 consisting of 17,000 shares each with a nominal value USD 1.

Non-current liabilities

7 Non-current liabilities

	Balance as at 31 December 2022	Repayment due	Remaining pay-back time > 1 year
	EUR	EUR	EUR
Total	1,075,197	-	1,075,197

8 Long term loans

Attores Corporation	236,154	232,154
Palliatto Group Ltd.	280,060	260,202
Bet Invest Ltd.	56,535	478,315
Favbet Invest LLP	287,485	282,605
FCG Development Ltd.	214,963	211,303
	<u>1,075,197</u>	<u>1,464,579</u>

Attores Corporation

The principal amount of the loan is in total EUR 200,000. The loan carries an annual interest of 2%. Repayment date is November 18, 2024.

Palliatto Group Ltd.

The unpaid principal amount of the loan is in total EUR 236,268. The loan carries an annual interest of 2%. Repayment date is October 20, 2024.

Bet Invest Ltd.

The unpaid principal amount of the loan is in total EUR 50,000. The loan carries an annual interest of 2%. Repayment date is December 31, 2024.

Favbet Invest LLP

The unpaid principal amount of the loan is in total EUR 244,000. The loan carries an annual interest of 2%. Repayment date is December 31, 2024.

FCG Development Ltd.

The unpaid principal amount of the loan is in total EUR 183,000. The loan carries an annual interest of 2%. Repayment date is December 31, 2024.

Current liabilities

	<u>31-12-2022</u>	<u>31-12-2021</u>
	EUR	EUR
9 Short term loans		
Hotor Argo Sro	<u>1,708,930</u>	<u>-</u>
This relates to a loan in the principal amount of EUR 411,600 at 2% annual and an assignment agreement which amounts to EUR 1,266,416 as at December 31, 2022.		
10 Trade payables		
Trade creditors	<u>2,761,920</u>	<u>3,708,300</u>
11 Other payables and short term liabilities		
Current account shareholder	114,523	114,097
Player accounts	359,024	463,831
Bet Invest Ltd.	-	45,423
FavoritBet Ltd.	93	88
Accruals	<u>-</u>	<u>269,034</u>
	<u>473,640</u>	<u>892,473</u>

2.5 NOTES TO THE INCOME STATEMENT FOR THE YEAR 2022

	2022 EUR	2021 EUR
12 Revenues		
Wagering income	15,176,526	10,969,175
White label gaming revenue	241,597	753,348
Other	35,125	132
	<u>15,453,248</u>	<u>11,722,655</u>
13 Causal costs		
Domestic causal expenses	19,791	39,841
Non-domestic causal expenses	14,437,264	11,113,791
	<u>14,457,055</u>	<u>11,153,632</u>
Domestic causal expenses		
Gaming license expenses	13,508	18,478
ICT & hosting expenses	6,283	21,363
	<u>19,791</u>	<u>39,841</u>
Non-domestic causal expenses		
PSP fees	1,362,524	1,604,045
Games software and platform license fees	7,926,074	5,525,129
Live streaming licenses & services	1,643,184	1,727,724
Affiliate expenses	784,484	938,322
Software development expenses	1,297,167	399,879
Progressives/Jackpot contributions	28,000	72,000
ICT, hosting, domain and design expenses	87,647	30,076
Software license expenses	87,589	74,370
Commission expenses	268,374	178,045
Support services	258,332	198,546
	<u>13,743,375</u>	<u>10,748,136</u>
Sponsorship and Promotions	100,000	102,421
Advertising & Marketing services	593,889	263,234
	<u>14,437,264</u>	<u>11,113,791</u>
14 Other operating expenses		
Selling expenses	14,485	36,176
General expenses	193,315	146,738
	<u>207,800</u>	<u>182,914</u>

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	<u>2022</u> EUR	<u>2021</u> EUR
Selling expenses		
Travelling and lodging	<u>14,485</u>	<u>36,176</u>
General expenses		
Legal expenses	23,574	10,243
Professional fees	55,744	49,880
Bank expenses	101,571	86,614
Other general expenses	<u>12,426</u>	<u>1</u>
	<u>193,315</u>	<u>146,738</u>
15 Financial income and expense (causal foreign)		
Interest and similar expenses	(23,593)	(24,916)
Currency translation differences	<u>54,351</u>	<u>31,880</u>
	<u>30,758</u>	<u>6,964</u>

Willemstad, July 19, 2023
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