

Favorit United N.V.
Willemstad

Favorit United N.V.

at Willemstad

Annual report 2023

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1. Accountants report

Favorit United N.V.
Willemstad

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

June 4, 2024

1.1 ACCOUNTANT'S COMPILATION REPORT

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 2023 and the income statement for the year 2023 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 International Standard on Related Services 4410, "Compilation engagements", which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements in accordance with the accounting policies as described in the notes. To this end we have applied our professional expertise in 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>2023</u> EUR
<i>Calculation taxable amount</i>	
Result before taxation	565,903
Exempt income items	
Foreign income	<u>(567,160)</u>
Taxable amount	<u><u>(1,257)</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 2023 EUR	Available for compensation at the end of the financial year EUR
2021	5,011	-	5,011	-	5,011
2022	640	-	640	-	640
2023	<u>1,257</u>				<u>1,257</u>
	<u><u>6,908</u></u>	<u><u>-</u></u>	<u><u>5,651</u></u>	<u><u>-</u></u>	<u><u>6,908</u></u>

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	World income/expenses EUR	Domestic income/expenses EUR
Cost Allocation		
Revenue	20,415,561	-
Causal expenses foreign	(19,607,902)	-
Causal expenses domestic	(21,834)	-
Gross Margin	785,825	-
Gross Margin domestic	-	943
Non causal	(219,922)	(2,200)
Total	565,903	(1,257)

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 2023

		31-12-2023		31-12-2022	
		EUR	EUR	EUR	EUR
ASSETS					
Fixed assets					
<i>Financial assets</i>	1		69,041		67,801
Current assets					
<i>Receivables</i>					
Receivables from group companies	2	2,052,093		2,162,152	
Other receivables and current assets	3	<u>1,743,066</u>		<u>1,680,086</u>	
			3,795,159		3,842,238
<i>Cash and cash equivalents</i>					
Other banks			11,903		27,550
Total assets			<u>3,876,103</u>		<u>3,937,589</u>
EQUITY AND LIABILITIES					
Equity					
Issued share capital	4				
General reserve	5	12,725		12,725	
		<u>(1,528,920)</u>		<u>(2,094,823)</u>	
			(1,516,195)		(2,082,098)
Non-current liabilities					
Long term loans	6		-		451,117
Current liabilities					
Short term loans	7	2,801,694		2,333,010	
Trade payables	8	2,332,593		2,761,920	
Other payables and short term liabilities	9	<u>258,011</u>		<u>473,640</u>	
			5,392,298		5,568,570
Total equity and liabilities			<u>3,876,103</u>		<u>3,937,589</u>

2.2 INCOME STATEMENT FOR THE YEAR 2023

		2023		2022	
		EUR	EUR	EUR	EUR
Net turnover	10		20,415,561		15,453,248
Causal costs	11	19,780,589		14,457,055	
Other operating expenses	12	<u>219,922</u>		<u>207,800</u>	
Total operating expenses			<u>20,000,511</u>		<u>14,664,855</u>
Operating result			415,050		788,393
Financial income and expense (causal foreign)	13		<u>150,853</u>		<u>30,758</u>
Result before taxation			565,903		819,151
Taxation			<u>-</u>		<u>-</u>
Net result after taxation			<u><u>565,903</u></u>		<u><u>819,151</u></u>

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 2023 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 statements have been prepared in accordance with the accounting policies selected and disclosed by the company, and as set out in the notes to the financial statements. 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 periods presented, unless otherwise stated.

Basis of preparation

Valuation of assets and liabilities and determination of the result take place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are valued according to the cost model.

Income and expenses are accounted for on an accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial period are taken into account if they have become known before preparation of the financial statements.

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

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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.

Other reserves

Other reserves are all reserves, except the legal and statutory reserves. Other reserves can freely be distributed to the shareholders.

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

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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 liabilities in respect of changes in the applicable tax rate.

2.4 NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2023

ASSETS

	31-12-2023	31-12-2022
	EUR	EUR
1 Financial assets		
Participations in group companies	2,000	2,000
Loans	67,041	65,801
	<u>69,041</u>	<u>67,801</u>

Financial assets

	Participations in group companies	Loans	Total
	EUR	EUR	EUR
Balance as at 1 January 2023			
Principal value	<u>2,000</u>	<u>65,801</u>	<u>67,801</u>
Balance as at 1 January 2023	<u>2,000</u>	<u>65,801</u>	<u>67,801</u>
Movements			
Interest	<u>-</u>	<u>1,240</u>	<u>1,240</u>
Balance movements	<u>-</u>	<u>1,240</u>	<u>1,240</u>
Balance as at 31 December 2023			
Principal value	<u>2,000</u>	<u>67,041</u>	<u>69,041</u>
Balance as at 31 December 2023	<u>2,000</u>	<u>67,041</u>	<u>69,041</u>

Participations in group companies

Bintpash Ltd., 100%, Cyprus	<u>2,000</u>	<u>2,000</u>
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The net equity of the company as at December 31, 2023 amounts to EUR 396,343.

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	<u>31-12-2023</u>	<u>31-12-2022</u>
	EUR	EUR
Loans		
Bintpash Ltd.	<u>67,041</u>	<u>65,801</u>

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 Receivables from group companies

Bintpash Ltd. - Agent	<u>2,052,093</u>	<u>2,162,152</u>
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3 Other receivables and current assets

Merchant account balances	1,484,321	1,422,050
Prepayments	27,497	30,888
CA Attiores Corporation	7,882	7,882
CA Favbet Invest LLP	13,304	13,304
CA Bet Invest Ltd.	<u>210,062</u>	<u>205,962</u>
	<u>1,743,066</u>	<u>1,680,086</u>

EQUITY AND LIABILITIES

4 Equity

	Issued share capital	General reser- ve	Total
	EUR	EUR	EUR
Balance as at 1 January 2023	12,725	(2,094,823)	(2,082,098)
Appropriation of result	-	565,903	565,903
Balance as at 31 December 2023	<u>12,725</u>	<u>(1,528,920)</u>	<u>(1,516,195)</u>

5 Issued share capital

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

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Non-current liabilities

	31-12-2023	31-12-2022
	EUR	EUR
6 Long term loans		
Attores Corporation	-	236,154
FCG Development Ltd.	-	214,963
	-	451,117

Attores Corporation

The principal amount of the loan is in total EUR 200,000. The loan carries an annual interest of 2%. The loan was assigned in previous years.

FCG Development Ltd.

The unpaid principal amount of the loan is in total EUR 183,000. The loan carries an annual interest of 2%. The loan was assigned in previous years.

Current liabilities

7 Short term loans

Hotor Argo Sro	1,717,162	1,708,930
Palliatto Group Ltd.	-	280,060
Bet Invest Ltd.	57,535	56,535
Favbet Invest LLP	292,365	287,485
Transform Biz Corp Ltd.	734,632	-
	2,801,694	2,333,010

Hotor Argo Sro 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.

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.

Transform Biz Corp Ltd. This amount regards loans assigned from Attores Corporation, FCG Development Ltd. and Palliatto Group Ltd in 2019.

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8 Trade payables

Trade creditors	<u>2,332,593</u>	<u>2,761,920</u>
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<u>31-12-2023</u>	<u>31-12-2022</u>
EUR	EUR

9 Other payables and short term liabilities

Current account shareholder	120,397	114,523
Player accounts	137,523	359,024
FavoritBet Ltd.	<u>91</u>	<u>93</u>
	<u>258,011</u>	<u>473,640</u>

2.5 NOTES TO THE INCOME STATEMENT FOR THE YEAR 2023

	2023 EUR	2022 EUR
10 Net turnover		
Wagering income	19,881,161	15,176,526
White label gaming revenue	534,400	241,597
Other	-	35,125
	<u>20,415,561</u>	<u>15,453,248</u>
11 Causal costs		
Domestic causal expenses	21,834	19,791
Non-domestic causal expenses	19,758,755	14,437,264
	<u>19,780,589</u>	<u>14,457,055</u>
Domestic causal expenses		
Gaming license expenses	16,764	13,508
ICT & hosting expenses	5,070	6,283
	<u>21,834</u>	<u>19,791</u>
Non-domestic causal expenses		
PSP fees	1,488,860	1,362,524
Games software and platform license fees	9,898,387	7,926,074
Live streaming licenses & services	2,615,328	1,643,184
Affiliate expenses	607,506	784,484
Software development expenses	1,755,410	1,297,167
Progressives/Jackpot contributions	-	28,000
ICT, hosting, domain and design expenses	255,507	87,647
Software license expenses	18,156	87,589
Commission expenses	182,269	268,374
Support services	267,838	258,332
	17,089,261	13,743,375
Sponsorship and Promotions	-	100,000
Advertising & Marketing services	2,669,494	593,889
	<u>19,758,755</u>	<u>14,437,264</u>
12 Other operating expenses		
Selling expenses	-	14,485
General expenses	219,922	193,315
	<u>219,922</u>	<u>207,800</u>

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Selling expenses

Travelling and lodging

-	14,485
2023	2022
EUR	EUR

General expenses

Legal expenses
Professional fees
Bank expenses
Other general expenses

63,060	23,574
44,260	55,744
76,083	101,571
36,519	12,426
219,922	193,315

13 Financial income and expense (causal foreign)

Interest and similar expenses
Currency translation differences

(21,228)	(23,593)
172,081	54,351
150,853	30,758

Willemstad, June 4, 2024

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