

TC Entertainment N.V.
Willemstad

TC Entertainment N.V.

at Willemstad

Annual report 2021

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1. Accountants report

TC Entertainment N.V.
Willemstad

TC Entertainment N.V.
Schout Bij Nacht Doormanweg 40
Willemstad

November 24, 2022

Dear Sirs,

1.1 ACCOUNTANT'S COMPILATION REPORT

To: Appropriate addressee

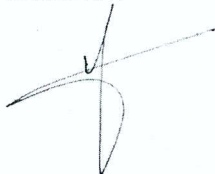
The financial statements of TC Entertainment N.V. have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2021 and the income statement for the year then ended with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including Standard 4410, Compilation engagements, which is applicable to accountants. The standard requires us to 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 in the Netherlands (Dutch Accounting Standards). 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 TC Entertainment N.V..

During this engagement we have complied with the relevant ethical requirements prescribed by the 'Verordening Gedrags- en Beroepsregels Accountants' (VGBA). 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

1.2 GENERAL

Comparative figures

The figures of the previous financial year may have been reclassified, where necessary, in order to allow comparability with the current financial year.

Incorporation company

The Company was established on September 25th, 2014.

Activities

The activities of TC Entertainment N.V. primarily consist of:

- 1a. To provide off-shore games of chance, interactive games and wagering services through the internet, including but not limited to games of skill and chance in compliance with the regulations of the Government of Curaçao; and
- b. To organize, market, promote, manage, support and operate all types of ecommerce and remote gaming activities, comprising all types of games of skill, chance, betting and other operation of betting exchange, interactive casinos, bingos, lotteries and other interactive games.

	Net income world	Net income Curacao
	EUR	EUR
Free figure summary		
Net revenue	6,831,736	4,081
Causal expenses (foreign)	(6,261,370)	-
Causal expenses local	(49,443)	-
BM	520,923	4,081
Non causal expenses	(37,574)	(294)
	483,349	3,787
Corporate profit tax 22%	(833)	(833)
Net result	482,516	2,954

2.1 BALANCE SHEET AS AT 31 DECEMBER 2021

		31-12-2021	31-12-2020
		EUR	EUR
ASSETS			
Fixed assets			
<i>Property, plant and equipment</i>	1		
Furniture, fixtures and fittings		4,368	-
Other tangible fixed assets		169,461	-
		173,829	-
Current assets			
<i>Receivables</i>			
Current account shareholders	2	-	81,134
Other receivables and current assets	3	994,097	579,537
		994,097	660,671
Total assets		1,167,926	660,671
EQUITY AND LIABILITIES			
Equity			
Issued share capital	4	780	780
General reserve	5	617,018	134,502
		617,798	135,282
Current liabilities			
Trade payables	6	289,131	348,839
Taxes and social security contributions	7	833	-
Other payables and short term liabilities	8	260,164	176,550
		550,128	525,389
Total equity and liabilities		1,167,926	660,671

eMagnus N.V.
Managing Director
[Signature]

2.2 INCOME STATEMENT FOR THE YEAR 2021

			2021		2020
		EUR	EUR	EUR	EUR
Revenues	9	11,840,250		7,154,504	
Cost of sales	10	<u>(5,008,514)</u>		<u>(2,741,556)</u>	
Gross margin			6,831,736		4,412,948
Expenses work contracted out and other external expenses	11	6,310,813		2,566,411	
Personnel expenses	12	-		842,029	
Other operating expenses	13	<u>37,574</u>		<u>567,637</u>	
Total operating expenses			<u>6,348,387</u>		<u>3,976,077</u>
Result before taxation			483,349		436,871
Taxation	14		<u>(833)</u>		-
Net result after taxation			<u><u>482,516</u></u>		<u><u>436,871</u></u>



2.3 NOTES TO THE FINANCIAL STATEMENTS

Entity information

Registered address and registration number trade register

The registered and actual address of TC Entertainment N.V. is Schout Bij Nacht Doormanweg 40, in Willemstad, Curaçao. TC Entertainment N.V. is registered at the Chamber of Commerce under number 133780.

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 the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

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

Property, plant and equipment

Land and buildings are valued at historical cost plus additional costs or production cost less straight-line depreciation based on the expected life. Land is not depreciated. Impairments expected on the balance sheet date are taken into account.

Other tangible fixed assets are valued at historical cost or production cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments.

Subsidies on investments will be deducted from the historical cost price or production cost of the assets to which the subsidies relate.

For obligations to restore the asset after use (dismantling cost) a provision is recognised for the expected amount at the time of capitalisation. This amount is recognised as part of the carrying amount of the asset against which a provision is formed for the full amount.

A provision for major maintenance has been created for the future costs of major maintenance to the buildings. The addition to the provision is determined based on the expected amount of the maintenance work and the intervals between the times when major maintenance work is carried out.

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.

Current assets

Current assets are initially valued at the fair value of the consideration to be received, including transaction costs if material. Trade receivables are subsequently valued at the amortised cost price. Provisions for bad debts are deducted from the carrying amount of the receivable.

Equity

When TC Entertainment 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.

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.

Gross operating result

The gross margin includes the net turnover, change in finished products and work-in-progress, capitalised production costs of own assets, other operating income, costs of raw materials and consumables and costs of work contracted out, and other external costs. 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.

Revenues from the goods supplied are recognised when all significant risks and rewards in respect of the goods have been transferred to the buyer.

Revenues from the services rendered are recognised in proportion to the services delivered, based on the services rendered up to the balance sheet date in proportion to the total of services to be rendered.

If the outcome of a project can be estimated reliably, contract revenue and contract costs are recognised as net revenue and expenses in the income statement by reference to the stage of completion of the contract as at the balance sheet date. The progress made on the contract is determined based on the contract costs incurred as at the balance sheet date in proportion to the total estimated contract costs. If the result of the contract cannot (yet) be estimated reliably, the revenue is recognised in the income statement for the amount of the contract costs incurred from which it is likely that they can be recovered; the contract costs are then recognised in the income statement for the period in which they were incurred. As soon as the result can be estimated reliably, revenue recognition takes place in accordance with the PoC method in proportion to the stage of completion of the contract as at the balance sheet date. The result is the difference between the contract revenue and - costs.

Contract revenue is the contractually agreed revenues and revenues from extra work and less work, claims and compensations if and insofar as it is likely that they are realised and can be estimated reliably. Contract costs are the expenditures directly related to the project, which in general can be attributed to project activities and allocated to the project, and other costs which can be attributed under the contract to the commissioner of the project. If it is probable that the total contract costs exceed the total revenue, the expected losses will be directly recognised in the income statement. This loss is taken into account in the cost price of the operating result. The provision for the loss is included in the balance sheet under Current projects.

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.

Wages

The benefits payable to personnel are recorded in the income statement on the basis of the employment conditions.

Other operating expenses

Costs are determined on a historical basis and are attributed to the reporting year 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 2021

ASSETS

Fixed assets

1 Property, plant and equipment

	Furniture, fixtures and fittings	Other tangible fixed assets	Total
	EUR	EUR	EUR
Book value as at 1 January 2021	-	-	-
Movements			
Additions	4,368	169,461	173,829
Balance movements	4,368	169,461	173,829
Balance as at 31 December 2021			
Cost or manufacturing price	4,368	169,461	173,829
Book value as at 31 December 2021	4,368	169,461	173,829

Current assets

Receivables

	31-12-2021	31-12-2020
	EUR	EUR
2 Current account shareholders		
Current account shareholder	-	81,134

	<u>31-12-2021</u>	<u>31-12-2020</u>
	EUR	EUR
3 Other receivables and current assets		
BTC accounts	345,219	80,280
Ecopayz	39,084	64,855
Payhera Papara	29,356	57,259
Easy pay	15,737	54,334
Payfix	16,705	27,473
Lions Pay Finance Provider	70,334	-
CMT	-	10,398
Golge Papara	-	7,547
Papara Yunus	6,446	782
Aydogan gaming	10	41
Other 3rd party providers	71,317	16,141
Accrued income	69,447	92,446
Miscellaneous prepaid expenses	330,442	167,981
	<u>994,097</u>	<u>579,537</u>

EQUITY AND LIABILITIES

Equity

4 Issued share capital

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

	2021	2020
	EUR	EUR
5 General reserve		
Balance as at 1 January	134,502	(302,369)
Appropriation of result	482,516	436,871
Balance as at 31 December	<u>617,018</u>	<u>134,502</u>
Current liabilities		
6 Trade payables		
Trade creditors	<u>289,131</u>	<u>348,839</u>
7 Taxes and social security contributions		
Company tax	<u>833</u>	<u>-</u>
8 Other payables and short term liabilities		
Current account shareholder	55,007	-
Customer accounts	186,535	99,552
Envoy	18,622	61,888
Affiliate accounts	-	15,109
Accruals	<u>-</u>	<u>1</u>
	<u>260,164</u>	<u>176,550</u>

2.5 NOTES TO THE INCOME STATEMENT FOR THE YEAR 2021

	2021 EUR	2020 EUR
9 Revenues		
Gaming revenues (foreign)	11,840,250	7,154,504
10 Cost of sales		
Cost of sales	5,008,514	2,741,556
Cost of sales		
Affiliate commissions	642,653	410,138
Customer bonuses	797,833	874,208
Casino bonuses	3,568,028	1,457,210
	5,008,514	2,741,556
11 Expenses work contracted out and other external expenses		
License fees local causal expenses	49,443	-
Other external foreign causal expenses	6,261,370	2,566,411
	6,310,813	2,566,411
License fees local causal expenses		
Curacao E-gaming	28,960	-
Livotech	20,483	-
	49,443	-
Other external foreign causal expenses		
Domain expenses	-	40,962
Provider expenses	1,461,370	1,245,553
Internet service provider	-	79,342
Commissions PSP's	-	1,092,173
Live tracker services	-	73,904
Affiliate service provider	-	22,018
Aydogan gaming services	4,800,000	12,000
Live streaming	-	459
	6,261,370	2,566,411
12 Personnel expenses		
Wages and salaries	-	638,987
Other staff expenses	-	203,042
	-	842,029

	2021 EUR	2020 EUR
Other staff expenses		
Rent	-	32,438
Food service	-	71,389
Utilities	-	91,757
Maintenance	-	7,458
	<u>-</u>	<u>203,042</u>
13 Other operating expenses		
Selling expenses	-	214,037
Office expenses (foreign causal expenses)	13,181	193,482
General expenses	<u>24,393</u>	<u>160,118</u>
	<u>37,574</u>	<u>567,637</u>
Selling expenses		
Advertising (causal foreign expenses)	<u>-</u>	<u>214,037</u>
Office expenses (foreign causal expenses)		
Hosting services	-	148,511
Compliance services	<u>13,181</u>	<u>44,971</u>
	<u>13,181</u>	<u>193,482</u>
General expenses		
Communication expenses (foreign non causal expenses)	-	8,828
Insurance premium (foreign non causal expenses)	-	10,026
Managementfee (local non causal expenses)	15,457	7,268
Administrative expenses (foreign non causal expenses)	-	90,175
Consultancy (foreign non causal expenses)	7,524	39,771
Other general expenses (foreign non causal expenses)	<u>1,412</u>	<u>4,050</u>
	<u>24,393</u>	<u>160,118</u>
14 Taxation		
Corporate profit tax	<u>(833)</u>	<u>-</u>

Willemstad, November 24, 2022
TC Entertainment N.V.