

Raw Entertainment B.V.

Financial Statements

for the year ended December 31, 2022 and
for the period April 22, 2021 - December 31, 2021

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Statement of financial position

(All amounts in USD)

		31-Dec	
	Note	2022	2021
Assets			
Current assets			
Cash and cash equivalents	4	-	2,396,660
Prepaid expenses		4,593,362	196,746
Receivable from related parties (Net)	5	16,615,180	3,475,065
Accounts receivable		419,844	1,665
Other assets		1,257,156	1,222,490
Total current assets		22,885,542	7,292,626
Non-current assets			
Property, plant and equipment	6	110,016	1,673
Investment in subsidiaries	7	2,966	1,227
Total non-current assets		112,982	2,900
Total assets		22,998,524	7,295,526
Equity and liabilities			
Current liabilities			
Accrued expenses and accounts payable		2,876,126	3,743,501
Payable to related parties		7,611,756	3,423,577
Loans payable		357,979	15,628
Profit tax payable		1,079	-
Other payables		132,837	22,870
Total current liabilities		10,979,777	7,205,576
Non-current liabilities			
Other payables		968,593	-
		968,593	-
Equity			
Issued capital	8	100	100
Share premium		11,900	11,900
Capital reserve		58,117	58,117
Retained earnings / (Accumulated losses)		10,980,037	19,833
Total equity		11,050,154	89,950
Total liabilities and equity		22,998,524	7,295,526

See accompanying notes.

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Statement of profit or loss

(All amounts in USD)

	Note	2022	Apr 22, 2021 - Dec 31, 2021
Revenue		51,799,211	112,413,545
Direct cost	9	-16,314,168	-19,407,248
Gross profit / (loss)		35,485,043	93,006,297
Administrative expenses	10	-20,838,917	-82,158,121
Depreciation		-9,576	-418
Other income		370,741	320,242
Profit / (loss) from operations		15,007,291	11,168,000
Finance cost	11	-847,434	-
Profit / (loss) before tax		14,159,857	11,168,000
Profit tax expense	3	-1,079	-
Profit / (loss) for the year		14,158,778	11,168,000
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		14,158,778	11,168,000
Attributable to the owners		14,158,778	11,168,000

See accompanying notes.

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Statements of changes in equity

(All amounts in USD)

	Issued capital	Share premium	Capital reserve	Retained earnings / (Accumulated losses)	Total
Capital issued on April 22, 2021	100	-	-	-	100
Profit / (loss) for the period	-	-	-	11,168,000	11,168,000
Other comprehensive income	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	11,168,000	11,168,000
Additions during the period	-	11,900	58,117	-	70,017
Dividend declared	-	-	-	-11,148,167	-11,148,167
Balance, December 31, 2021	100	11,900	58,117	19,833	89,950
Profit / (loss) for the year	-	-	-	14,158,778	14,158,778
Other comprehensive income	-	-	-	-	-
Total comprehensive income / (loss) for the year	-	-	-	14,158,778	14,158,778
Dividend declared	-	-	-	-3,198,574	-3,198,574
Balance, December 31, 2022	100	11,900	58,117	10,980,037	11,050,154

See accompanying notes.

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Statement of cash flows

(All amounts in USD)

	Note	2022	Apr 22, 2021 - Dec 31, 2021
Cash flow from operating activities			
Profit / (loss) for the year		14,158,778	11,168,000
Add: Depreciation		9,576	418
(Increase) / decrease in prepaid expenses		-4,396,616	-196,746
(Increase) / decrease in receivable from related parties		-13,140,115	-3,475,065
(Increase) / decrease in accounts receivable		-418,179	-1,665
(Increase) / decrease in other assets		-34,666	-1,222,490
Increase / (decrease) in accrued expenses and accounts payable		-867,375	3,743,501
Increase / (decrease) in payable to related parties		4,188,179	3,423,577
Increase / (decrease) in loans payable		342,351	15,628
Increase / (decrease) in profit tax payable		1,079	-
Increase / (decrease) in other payables		1,078,560	22,870
Net cash generated from operating activities		921,572	13,478,028
Cash flow from investing activities			
(Increase) / decrease in investments in subsidiaries		-1,739	-1,227
(Increase) / decrease in property, plant and equipment		-117,919	-2,091
Net cash generated from investing activities		-119,658	-3,318
Cash flow from financing activities			
Increase / (decrease) in issued capital		-	100
Increase / (decrease) in share premium		-	11,900
Increase / (decrease) in capital reserve		-	58,117
Dividend declared		-3,198,574	-11,148,167
Net cash generated from financing activities		-3,198,574	-11,078,050
Net increase / (decrease) in cash		-2,396,660	2,396,660
Cash at the beginning of the year		2,396,660	-
Cash at the end of the year	4	-	2,396,660

See accompanying notes.

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Notes to financial statements**1. General information**

Raw Entertainment B.V. (the company) was established on April 22, 2021 in Curaçao as a private limited liability company. The address of its registered office is Korporaalweg 10, Curaçao. The company was registered in the Commercial register of Curaçao Chamber of Commerce & Industry under the number 157205.

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.
3. The corporation has no authority to invoke the annulment of legal acts performed by the corporation, which exceeded the corporate objective.

The management of the company is borne by a board of directors. As of December 31, 2022, the management of the company is borne by a single statutory director:

- | | |
|---------------------------------------|--------------------|
| - Executive Corporate Management B.V. | Statutory Director |
|---------------------------------------|--------------------|

2. Summary of significant 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 the year presented, unless otherwise stated.

Basis of presentation

The 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 US Dollar (USD) and all values are presented in actual, 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.

The comparative financial statements are prepared for a period shorter than one year, from April 22, 2021, being the date of incorporation to December 31, 2021, as per the Articles of Association.

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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.

Investments

Investment in subsidiary is valued at cost, less impairment losses, if any.

Foreign currency transactions

The financial statements are presented in USD, 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 USD at the exchange rates prevailing at the end of the year.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial year in which they are incurred.

Property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation is accounted for on the straight-line method based on estimated useful lives, and rate of depreciation as follows-

Computer equipment- 25% (Residual value- 10%)

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

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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, 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, accounts receivable 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 and costs

Revenue and costs are recognized in the year in which the services have been rendered.

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.

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Concentration of credit risk and certain other risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed to perform as contracted. The company does not have significant exposure to any individual client or counterparty. Management of credit risk involves number of considerations, such as financial profile of the counterparty, specific terms and duration of the contractual agreement. There exists a risk of non-performance, however the management believes that the company's exposure to credit risk associated with non-performance of its counterparty is minimum.

New standards, amendments and interpretations issued but not effective for the financial year beginning January 01, 2022 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 the income earned in Curaçao is subject to 22% of profit taxes and the foreign source income is subject to 0% of profit taxes.

4. Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
Balances with bank	-	2,396,660
	<u>-</u>	<u>2,396,660</u>

5. Receivable from related parties (Net)

	<u>2022</u>	<u>2021</u>
Raw Entertainment Ltd	16,605,280	489,439
Hou5Game Limited	-12,000	-12,000
Other related parties	21,900	2,997,626
	<u>16,615,180</u>	<u>3,475,065</u>

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6. Property, plant and equipment

As at December 31, 2022, property, plant and equipment are comprised of the following:

	Computer equipment	Others	Total
Balance at December 31, 2021			
Original cost	2,091	-	2,091
Accumulated depreciation	-418	-	-418
Book value	1,673	-	1,673
During 2022			
Investments	85,177	32,742	1,17,919
Depreciation	-9,576	-	-9,576
Movement	75,601	32,742	1,08,343
Balance at December 31, 2022			
Original cost	87,268	32,742	120,010
Accumulated depreciation	-9,994	-	-9,994
Book value	77,274	32,742	110,016

7. Investment in subsidiaries

As at December 31, 2022 and December 31, 2021 the company owns % of shares of the following companies:

	Country	2022	2021
Feugo Y Vestas, S.A. DE C.V. (9,900 equity shares of MXN 1 each converted to USD @0.0513)	Mexico	508	-
Chaseway Limited (1,000 equity shares of EUR 1 each converted to USD @1.10)	Republic of Cyprus	1,100	-
Raw Entertainment Ltd (1,000 equity shares of EUR 1 each converted to USD @1.2270)	Republic of Cyprus	1,227	1,227
Camann Limited (100 equity shares of GBP 1 each converted to USD @1.31)	England and Wales	131	-
		2,966	1,227

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8. Issued capital

The issued capital of the company as at December 31, 2022 and December 31, 2021 consists of 100 common shares with a nominal value of EUR 1 and subscribed for USD 100.

USD 3,198,574 and USD 11,148,167 was declared as dividend in 2022 and 2021 respectively.

9. Direct cost

	2022	2021
Direct cost	16,314,168	19,407,248
	16,314,168	19,407,248

10. Administrative expenses

	2022	2021
Administrative expenses	15,718,933	82,158,121
Event expenses	2,825,475	-
Affiliate fees	1,619,264	-
Other expenses	675,245	-
	20,838,917	82,158,121

11. Finance cost

	2022	2021
Realized exchange loss	847,434	-
	847,434	-

12. 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 receivable, accounts payable, accrued expenses, other assets and other payables approximate the carrying amount largely due to the short-term maturity.

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13. Contingencies, commitments and legal proceedings

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

14. Subsequent events

In connection with the preparation of the financial statements, the company evaluated subsequent events after the balance sheet date of December 31, 2022. Based on their evaluation there are no subsequent events that have a significant effect on the financial statements as at December 31, 2022.

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15. Authorization for issue

These financial statements for the year ended December 31, 2022 were approved by the board of directors and authorized for issue on January 10, 2024.

Board of Directors:

<u>Name</u>	<u>Function</u>	<u>Signature</u>
Xecutive Corporate Management B.V.	Statutory Director	DocuSigned by:  3508179679034CB... DocuSigned by:  E9C1A4A3F74E4ED...