

WCG B.V.

Financial Statements

for the years ended December 31, 2022 and December 31, 2021

 

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Statement of financial position

(All amounts in EUR)

		31-Dec	
	Note	2022	2021
Assets			
Current assets			
Cash and cash equivalents	4	340,446	8,092
Receivable from shareholders	5	516,269	100
Prepaid expenses		16,170	6,287
Receivable from related parties	6	8,470,598	24,000
Total current assets		9,343,483	38,479
Non-current assets			
Investment in subsidiary	7	1,000	1,000
Deposit		400	400
Total non-current assets		1,400	1,400
Total assets		9,344,883	39,879
Equity and liabilities			
Current liabilities			
Accounts payable		4,955,907	2,229,986
Accrued expenses	8	421,500	2,700
Loan payable to related party	9	13,251,228	1,497,603
Payable to related parties	10	361,598	142
Payable to players		1,450,542	-
Total current liabilities		20,440,775	3,730,431
Equity			
Issued capital	11	100	100
Retained earnings / (Accumulated losses)		(11,095,992)	(3,690,652)
Total equity		(11,095,892)	(3,690,552)
Total liabilities and equity		9,344,883	39,879

See accompanying notes.

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Statement of profit or loss

(All amounts in EUR)

	Note	2022	2021
Revenue	12	32,065,454	-
Direct costs	13	(20,168,319)	(25,583)
Gross profit / (loss)		11,897,135	(25,583)
Marketing expenses		(800)	-
Administrative expenses	14	(18,878,557)	(3,614,158)
Profit / (loss) from operations		(6,982,222)	(3,639,741)
Finance costs	15	(423,118)	(16,888)
Profit / (loss) before tax		(7,405,340)	(3,656,629)
Profit tax expense	3	-	-
Profit / (loss) for the year		(7,405,340)	(3,656,629)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		(7,405,340)	(3,656,629)
Attributable to the owners		(7,405,340)	(3,656,629)

See accompanying notes.

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Statement of changes in equity

(All amounts in EUR)

	Issued capital	Retained earnings / (Accumulated losses)	Total
Balance, December 31, 2020	100	(34,023)	(33,923)
Profit / (loss) for the year	-	(3,656,629)	(3,656,629)
Other comprehensive income	-	-	-
Total comprehensive income / (loss) for the year	-	(3,656,629)	(3,656,629)
Balance, December 31, 2021	100	(3,690,652)	(3,690,552)
Profit / (loss) for the year	-	(7,405,340)	(7,405,340)
Other comprehensive income	-	-	-
Total comprehensive income / (loss) for the year	-	(7,405,340)	(7,405,340)
Balance, December 31, 2022	100	(11,095,992)	(11,095,892)

See accompanying notes.

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Statement of cash flows

(All amounts in EUR)

	Note	2022	2021
Cash flow from operating activities			
Profit / (loss) for the year		(7,405,340)	(3,656,629)
(Increase) / decrease in receivable from shareholders		(516,169)	-
(Increase) / decrease in prepaid expenses		(9,883)	(6,287)
(Increase) / decrease in receivable from related parties		(8,446,598)	(24,000)
(Increase) / decrease in deposit		-	(400)
Increase / (decrease) in accounts payable		2,725,921	2,228,896
Increase / (decrease) in accrued expenses		418,800	-
Increase / (decrease) in payable to related parties		361,456	(31,091)
Increase / (decrease) in payable to players		1,450,542	-
Net cash generated from operating activities		(11,421,271)	(1,489,511)
Cash flow from investing activities			
(Increase) / decrease in investment in subsidiary		-	-
Net cash generated from investing activities		-	-
Cash flow from financing activities			
Increase / (decrease) in loan payable to related party		11,753,625	1,497,603
Net cash generated from financing activities		11,753,625	1,497,603
Net increase / (decrease) in cash		332,354	8,092
Cash at the beginning of the year		8,092	-
Cash at the end of the year	4	340,446	8,092

See accompanying notes.

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

WCG B.V. (the company) was established on December 23, 2019 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 the Curaçao Chamber of Commerce & Industry under number 152285.

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:

- | | |
|--------------------------------------|--------------------|
| - Xecutive 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 all the years 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 EUR 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.

Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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Investment

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

Foreign currency transactions

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

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 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, loan payable and other payables.

Subsequent measurement

The subsequent measurement of financial assets and liabilities depends on their classification.

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Revenue recognition

Gaming revenue is represented by the difference between the amounts of bets placed by customers less amounts won, net of bonuses and loyalty points, if any. The revenue is recognized at the fair value of the consideration.

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.

Concentration of credit risk and certain other risk

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

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 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

	2022	2021
Payment service providers	197,614	-
Cash at banks	142,832	8,092
	340,446	8,092

5. Receivable from shareholders

The receivable does not carry any interest and is repayable on demand.

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6. Receivable from related parties

	2022	2021
C/A Kalimela Ltd	7,673,144	24,000
C/A CNCL B.V.	797,454	-
	8,470,598	24,000

The receivable does not carry any interest and is repayable on demand.

7. Investment in subsidiary

As at December 31, 2022 and December 31, 2021, the company holds 100% investment in Kalimela Ltd, a company incorporated and domiciled in the Republic of Cyprus.

	2022	2021
Kalimela Ltd	1,000	1,000
(1,000 Equity shares of EUR 1.00 each)		
	1,000	1,000

The company has elected not to present consolidated financial statements. Its owners have been informed and do not object to presenting separate financial statements.

8. Accrued expenses

	2022	2021
Gaming fees	421,500	-
Annual compliance fees	-	2,700
	421,500	2,700

9. Loan payable to related party

	2022	2021
Loan from CNCL B.V.	12,835,807	1,480,807
Interest payable on the above loan	415,421	16,796
	13,251,228	1,497,603

The above loan is repayable on demand.

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10. Payable to related parties

	2022	2021
C/A Azure Marketing Services B.V.	361,153	-
C/A Nadak Ltd	445	142
	361,598	142

The above payables do not carry any interest and are repayable on demand.

11. Issued capital

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

No dividends were declared in 2022 and 2021.

12. Revenue

	2022	2021
Gaming revenue	32,065,454	-
	32,065,454	-

13. Direct costs

	2022	2021
Marketing costs	11,994,065	-
Bonuses	5,692,930	-
Casino fees	2,295,762	-
Financial adjustment expenses	126,195	-
Processing support fees	54,509	-
License and server fees	4,858	25,583
	20,168,319	25,583

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14. Administrative expenses

	2022	2021
Professional fees	18,866,675	3,604,512
Rent expenses	5,468	3,468
Annual management fees	3,000	3,000
Annual compliance fees	2,750	2,700
Subscriptions	314	128
Other expenses	350	350
	18,878,557	3,614,158

15. Finance costs

	2022	2021
Interest expense	398,625	16,796
Exchange loss	13,303	-
Bank charges	11,190	92
	423,118	16,888

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

Loan payable and interest payable have been disclosed at a value which fairly approximates the value which is expected to be repaid.

17. Contingencies, commitments and legal proceedings

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

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18. Related party transactions and balances

Name of the related party	Relationship	% holding	Balance as on December 31, 2022 (EUR)	Balance as on December 31, 2021 (EUR)
Kalimela Ltd	Subsidiary	100	7,673,144	24,000
CNCL B.V.	Group company	-	(12,453,774)	(1,497,603)
Nadak Ltd	Group company	-	(445)	(142)
Azure Marketing Services B.V.	Group company	-	(361,153)	-
Kevin Abela	Shareholder	100	516,269	100

Transactions during the year:

Name of the related party	Nature of transaction	2022 Amount (EUR)	2021 Amount (EUR)
Kalimela Ltd	Advances taken	7,649,144	25,000
CNCL B.V.	Expenses incurred by the group company on behalf of the company.	797,454	2,450
	Loans and interest payable	(11,753,625)	(1,497,603)
Annitak Limited	Expenses incurred by the group company on behalf of the company.	-	27,783
Nadak Ltd	Expenses incurred by the group company on behalf of the company	(303)	(142)
Azure Marketing Services B.V.	Marketing services	(361,153)	-
Kevin Abela	Payments made on behalf of the shareholder	516,169	-

19. 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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20. 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 July 27, 2023.

Board of Directors:NameFunctionSignature

Executive Corporate Management B.V.

Statutory Director

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