

WCG B.V.

Financial Statements

for the years ended December 31, 2023 and December 31, 2022

Table of Contents

Statement of financial position	3
Statement of profit or loss	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to financial statements	7

WCG B.V.

Statement of financial position

(All amounts in EUR)

		31-Dec	
	Note	2023	2022
Assets			
Current assets			
Cash and cash equivalents	4	1,262,475	340,446
Receivable from shareholders	5	1,369,371	516,269
Prepaid expenses		24,309	16,170
Receivable from related parties	6	16,596,674	8,470,598
Total current assets		19,252,829	9,343,483
Non-current assets			
Investment in subsidiary	7	1,000	1,000
Deposit		400	400
Total non-current assets		1,400	1,400
Total assets		19,254,229	9,344,883
Equity and liabilities			
Current liabilities			
Accounts payable		8,073,859	4,870,907
Accrued expenses	8	548,476	421,500
Loan payable to related party	9	11,387,136	13,251,228
Payable to related parties	10	967,939	446,598
Payable to players		1,956,294	1,450,542
Total current liabilities		22,933,704	20,440,775
Equity			
Issued capital	11	100	100
Retained earnings / (Accumulated losses)		(3,679,575)	(11,095,992)
Total equity		(3,679,475)	(11,095,892)
Total liabilities and equity		19,254,229	9,344,883

See accompanying notes.

WCG B.V.

Statement of profit or loss

(All amounts in EUR)

	Note	2023	2022
Revenue	12	73,763,959	32,065,454
Direct costs (Net)	13	(38,964,654)	(20,168,319)
Gross profit / (loss)		34,799,305	11,897,135
Marketing expenses		(326,030)	(800)
Administrative expenses	14	(26,031,718)	(18,878,557)
Profit / (loss) from operations		8,441,557	(6,982,222)
Finance costs	15	(1,025,140)	(423,118)
Profit / (loss) before tax		7,416,417	(7,405,340)
Profit tax expense	3	-	-
Profit / (loss) for the year		7,416,417	(7,405,340)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		7,416,417	(7,405,340)
Attributable to the owners		7,416,417	(7,405,340)

See accompanying notes.

WCG B.V.

Statement of changes in equity

(All amounts in EUR)

	Issued capital	Retained earnings / (Accumulated losses)	Total
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)
Profit / (loss) for the year	-	7,416,417	7,416,417
Other comprehensive income	-	-	-
Total comprehensive income / (loss) for the year	-	7,416,417	7,416,417
Balance, December 31, 2023	100	(3,679,575)	(3,679,475)

See accompanying notes.

WCG B.V.

Statement of cash flows

(All amounts in EUR)

	Note	2023	2022
Cash flow from operating activities			
Profit / (loss) for the year		7,416,417	(7,405,340)
(Increase) / decrease in receivable from shareholders		(853,102)	(516,169)
(Increase) / decrease in prepaid expenses		(8,139)	(9,883)
(Increase) / decrease in receivable from related parties		(8,126,076)	(8,446,598)
Increase / (decrease) in accounts payable		3,202,952	2,640,921
Increase / (decrease) in accrued expenses		126,976	418,800
Increase / (decrease) in payable to related parties		521,341	446,456
Increase / (decrease) in payable to players		505,752	1,450,542
Net cash generated from operating activities		2,786,121	(11,421,271)
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		(1,864,092)	11,753,625
Net cash generated from financing activities		(1,864,092)	11,753,625
Net increase / (decrease) in cash		922,029	332,354
Cash at the beginning of the year		340,446	8,092
Cash at the end of the year	4	1,262,475	340,446

See accompanying notes.

WCG B.V.

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, 2023, the management of the company is borne by a single statutory director:

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

2. Summary of material 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.

WCG B.V.

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.

WCG B.V.

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 2023 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 15% profit taxes on income up to 500,000 ANG and 22% above it and the foreign source of income is subject to 0% of profit taxes.

4. Cash and cash equivalents

	2023	2022
Payment service providers	718,710	197,614
Cash at banks	543,765	142,832
	1,262,475	340,446

5. Receivable from shareholders

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

WCG B.V.

6. Receivable from related parties

	2023	2022
C/A Kalimela Ltd	15,799,220	7,673,144
C/A CNCL B.V.	797,454	797,454
	16,596,674	8,470,598

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

7. Investment in subsidiary

As at December 31, 2023 and December 31, 2022, the company holds 100% investment in Kalimela Ltd, a company incorporated and domiciled in the Republic of Cyprus.

	2023	2022
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

	2023	2022
Gaming fees	517,976	421,500
Other professional fees	30,500	-
	548,476	421,500

9. Loan payable to related party

	2023	2022
Loan from CNCL B.V.	10,386,741	12,835,807
Interest payable on the above loan	1,000,395	415,421
	11,387,136	13,251,228

The above loan is repayable on demand.

WCG B.V.

10. Payable to related parties

	2023	2022
C/A Azure Marketing Services B.V.	632,731	361,153
C/A Nadak Ltd	300,208	85,445
C/A Dvixen Technology Limited	35,000	-
	967,939	446,598

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, 2023 and December 31, 2022 consists of 100 common shares with a nominal value of EUR 1 each and subscribed for EUR 100.

No dividends were declared in 2023 and 2022.

12. Revenue

	2023	2022
Gaming revenue	73,763,959	32,065,454
	73,763,959	32,065,454

13. Direct costs (Net)

	2023	2022
Marketing costs	19,827,869	11,994,065
Bonuses	15,059,020	5,692,930
Casino fees	4,996,563	2,295,762
Payment processing fees	905,841	59,367
Financial adjustment expenses	(1,824,639)	126,195
	38,964,654	20,168,319

WCG B.V.

14. Administrative expenses

	2023	2022
Rent expenses	5,588	5,468
Annual management fees	3,750	3,000
Annual compliance fees	2,750	2,750
Subscriptions	-	314
Other professional fees	26,019,430	18,866,675
Other expenses	200	350
	26,031,718	18,878,557

15. Finance cost

	2023	2022
Interest expense	584,974	398,625
Exchange loss	228,911	13,303
Bank charges	211,255	11,190
	1,025,140	423,118

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.

WCG B.V.

18. Related party transactions and balances

Name of the related party	Relationship	% holding	Balance as on December 31, 2023 (EUR)	Balance as on December 31, 2022 (EUR)
Kalimela Ltd	Subsidiary	100	15,799,220	7,673,144
CNCL B.V.	Group company	-	(10,589,682)	(12,453,774)
Nadak Ltd	Group company	-	(300,208)	(85,445)
Dvixen Technology Limited	Group company	-	(35,000)	-
Azure Marketing Services B.V.	Group company	-	(632,731)	(361,153)
Kevin Abela	Shareholder	100	1,369,371	516,269

Transactions during the year:

Name of the related party	Nature of transaction	2023 Amount (EUR)	2022 Amount (EUR)
Kalimela Ltd	Advances taken	8,126,076	7,649,144
CNCL B.V.	Expenses incurred by the group company on behalf of the company.	-	797,454
	Loans and interest payable	1,864,092	(11,753,625)
Nadak Ltd	Payment made net of expenses incurred by the group company on behalf of the company	(214,763)	(85,303)
Dvixen Technology Limited	Expenses incurred by the group company on behalf of the company.	(35,000)	-
Azure Marketing Services B.V.	Marketing services	(271,578)	(361,153)
Kevin Abela	Payments made on behalf of the shareholder	853,102	516,169

WCG B.V.

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, 2023. Based on their evaluation there are no subsequent events that have a significant effect on the financial statements as at December 31, 2023.

20. Authorization for issue

These financial statements for the year ended December 31, 2023 were approved by the board of directors and authorized for issue on April 29, 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...