

Ezugi N.V.
Willemstad

Ezugi N.V.

at Willemstad

Annual report 2022

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1. Accountants report

Ezugi N.V.
Willemstad

Ezugi N.V.
Abraham Mendez Chumaceiro Boulevard 03
Willemstad

August 31, 2023

Dear Sirs,

1.1 ACCOUNTANT'S COMPILATION REPORT

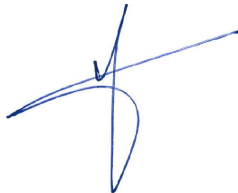
The financial statements of Ezugi N.V. have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2022 and the income statement for the year then ended with the accompanying explanatory notes. These notes include a summary of 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 Ezugi 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 July 10th, 2012.

Activities

The activities of Ezugi N.V. primarily consist of:

1. To provide off-shore games of chance and wagering through the internet, including but not limited to games of skill and internet, in compliance with the regulations of Curaçao.
This service shall be referred to for all purposes as Internet Casino/Internet Wagering/Internet Sportsbook/Internet Lottery.
2. The company 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 RESULT

Analysis of the result

	2022		2021		Movement	
	EUR	%	EUR	%	EUR	%
Revenues	52,426,910	100.0	34,299,009	100.0	18,127,901	52.9
Cost of sales	<u>(598,111)</u>	<u>(1.1)</u>	<u>(13,869,229)</u>	<u>(40.4)</u>	<u>13,271,118</u>	95.7
Gross margin	<u>51,828,799</u>	<u>98.9</u>	<u>20,429,780</u>	<u>59.6</u>	<u>31,399,019</u>	153.7
Expenses work contracted out and other external expenses	45,774,069	87.3	17,699,254	51.6	28,074,815	158.6
Other operating expenses	<u>5,792,596</u>	<u>11.1</u>	<u>2,559,031</u>	<u>7.4</u>	<u>3,233,565</u>	126.4
Total operating expenses	<u>51,566,665</u>	<u>98.4</u>	<u>20,258,285</u>	<u>59.0</u>	<u>31,308,380</u>	154.5
Operating result	262,134	0.5	171,495	0.6	90,639	52.9
Financial income and expense	<u>529</u>	<u>-</u>	<u>(143,988)</u>	<u>(0.4)</u>	<u>144,517</u>	100.4
Result before taxation	262,663	0.5	27,507	0.2	235,156	854.9
Taxation	<u>(79,269)</u>	<u>(0.2)</u>	<u>(6,051)</u>	<u>-</u>	<u>(73,218)</u>	1,210.0
	183,394	0.3	21,456	0.2	161,938	754.7
Share in result from participations	<u>144,767</u>	<u>0.3</u>	<u>146,239</u>	<u>0.4</u>	<u>(1,472)</u>	(1.0)
Result after taxation	<u>328,161</u>	<u>0.6</u>	<u>167,695</u>	<u>0.6</u>	<u>160,466</u>	95.7

1.4 FISCAL POSITION

				<u>2022</u> EUR
<i>Calculation taxable amount</i>				
Result before taxation				407,430
Partially deductible amounts	Base amount	%	EUR	
Representation expenses	92,291	20.00	18,458	
Travelling and lodging	395,977	20.00	<u>79,195</u>	
				<u>97,653</u>
				505,083
Participation exemption				<u>(144,767)</u>
Taxable amount				<u><u>360,316</u></u>
<i>Calculation corporate tax</i>				
				<u>2022</u> EUR
22.00% of EUR 360,316				<u><u>79,269</u></u>

2.1 BALANCE SHEET AS AT 31 DECEMBER 2022

		31-12-2022		31-12-2021	
		EUR	EUR	EUR	EUR
ASSETS					
Fixed assets					
<i>Intangible assets</i>	1				
Prepayments on intangible assets			16,270		-
<i>Financial assets</i>	2		663,617		554,777
Current assets					
<i>Receivables</i>					
Trade receivables	3	4,091,594		11,672,881	
Receivables from group companies	4	8,423,439		1,612,085	
Taxes and social security charges	5	13,372		-	
Other receivables and current assets	6	4,632,046		3,333,802	
			17,160,451		16,618,768
<i>Cash and cash equivalents</i>					
Other banks			7,781,158		6,001,377
Total assets			<u>25,621,496</u>		<u>23,174,922</u>
EQUITY AND LIABILITIES					
Equity	7				
Issued share capital	8	11,539		11,539	
Share premium reserve		17,554,754		17,554,754	
General reserve		(11,489,875)		(11,818,036)	
			6,076,418		5,748,257
Current liabilities					
Trade payables	9	189,143		235,865	
Liabilities to group companies	10	18,375,704		16,763,228	
Taxes and social security contributions	11	52,399		4,839	
Other payables and short term liabilities	12	927,832		422,733	
			19,545,078		17,426,665
Total equity and liabilities			<u>25,621,496</u>		<u>23,174,922</u>

2.2 INCOME STATEMENT FOR THE YEAR 2022

		2022	2021
		EUR	EUR
Revenues	13	52,426,910	34,299,009
Cost of sales	14	<u>(598,111)</u>	<u>(13,869,229)</u>
Gross margin		51,828,799	20,429,780
Expenses work contracted out and other external expenses	15	45,774,069	17,699,254
Personnel expenses	16	120,032	-
Other operating expenses	17	<u>5,672,564</u>	<u>2,559,031</u>
Total operating expenses		<u>51,566,665</u>	<u>20,258,285</u>
Operating result		262,134	171,495
Financial income and expense	18	<u>529</u>	<u>(143,988)</u>
Result before taxation		262,663	27,507
Taxation	19	<u>(79,269)</u>	<u>(6,051)</u>
		183,394	21,456
Share in result from participations	20	<u>144,767</u>	<u>146,239</u>
Result after taxes		<u><u>328,161</u></u>	<u><u>167,695</u></u>

2.3 NOTES TO THE FINANCIAL STATEMENTS

Entity information

Registered address and registration number trade register

The registered and actual address of Ezugi N.V. is Abraham Mendez Chumaceiro Boulevard 03, in Willemstad, Curaçao. Ezugi N.V. is registered at the Chamber of Commerce under number 126712.

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

Intangible assets

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset (or of the cash-generating unit to which the asset belongs) is higher than its realisable value.

With regard to the determination as to whether an intangible fixed asset is subject to an impairment, please refer to the relevant section.

Research costs are recognised in the income statement. Expenditure on development projects is capitalised as part of the production cost if it is likely from both a commercial and technical perspective that the project will be successful (i.e.: if it is likely that economic benefits will be realised) and the cost can be determined reliably. A legal reserve has been recognised within equity with regard to the recognised development costs for the capitalised amount. The amortisation of capitalised development costs commences at the time when the commercial production starts and takes place over the expected future useful life of the asset.

Goodwill resulting from acquisitions and calculated in accordance with section 'Acquisition and disposal of group companies' is capitalised and amortised on a straight-line basis over the estimated economic life.

Negative goodwill is released in the income statement to the extent that charges and losses occur, if it is taken into account in the allocation of the acquisition and these charges and losses can be measured reliably. If expected charges and losses have not been taken into account, the negative goodwill is released based on the weighted average of the remaining life of the acquired amortisable assets. Insofar as the negative goodwill exceeds the fair value of the non-monetary assets identified, the surplus is recognised directly in the income statement.

Financial assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as Ezugi N.V. can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Newly acquired participations are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognised in the income statement.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the recoverable amount; an impairment is recognised and charged to the income statement.

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.

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred tax assets are valued at their nominal value.

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.

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.

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 Ezugi 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.

Share premium

The share premium originates from overpayments on the face value of the shares.

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.

Financial income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit and loss account in the period in which they occur, unless hedge-accounting is applied.

Dividends to be received from participations and securities not carried at net asset value are recognised as soon as Ezugi N.V. has acquired the right to them.

Changes in the value of financial instruments recognised at fair value are recorded in the income statement.

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 2022

ASSETS

Fixed assets

1 Intangible assets

	Prepayments on intangible assets EUR
Book value as at 1 January 2022	-
To be allocated	16,270
Book value as at 31 December 2022	16,270

	31-12-2022 EUR	31-12-2021 EUR
2 Financial assets		
Participations in group companies	663,617	554,777
Participations in group companies		
Rommemut Ruach, Israel, 100%	663,617	554,777

Current assets

Receivables

3 Trade receivables

Trade debtors	5,246,622	11,756,186
Provision for bad debts	(1,155,028)	(83,305)
	4,091,594	11,672,881

	<u>31-12-2022</u>	<u>31-12-2021</u>
	EUR	EUR
4 Receivables from group companies		
Rommemut Ruach	-	999
Evolution Alderney Ltd.	93,615	93,615
Evolution Malta Ltd.	1,894,691	-
Ezugi NJ	4,414,972	1,467,914
Evolution Services SA Ltd	12,079	12,079
Ezugi Romania	2,002,524	-
Other	-	37,478
Evo Latam Corp SRL	5,558	-
	<u>8,423,439</u>	<u>1,612,085</u>
5 Taxes and social security charges		
Deferred tax assets	<u>13,372</u>	<u>-</u>
6 Other receivables and current assets		
Accrued income	4,463,088	3,195,369
Misc prepaid expenses	<u>168,958</u>	<u>138,433</u>
	<u>4,632,046</u>	<u>3,333,802</u>

EQUITY AND LIABILITIES

7 Equity

	Issued share capital	Share premium reserve	General reserve	Total
	EUR	EUR	EUR	EUR
Balance as at 1 January 2022	11,539	17,554,754	(11,818,036)	5,748,257
Appropriation of result	-	-	328,161	328,161
Balance as at 31 December 2022	<u>11,539</u>	<u>17,554,754</u>	<u>(11,489,875)</u>	<u>6,076,418</u>

8 Issued share capital

The share capital is USD 13,695 consisting of 13,695 shares each with a nominal value USD 1.--

Current liabilities

	<u>31-12-2022</u> EUR	<u>31-12-2021</u> EUR
9 Trade payables		
Trade creditors	<u>189,143</u>	<u>235,865</u>
10 Liabilities to group companies		
Evolution Malta Ltd.	18,370,297	16,406,016
Ezugi Romania	-	357,212
Evolution Latvia SIA	<u>5,407</u>	<u>-</u>
	<u>18,375,704</u>	<u>16,763,228</u>
11 Taxes and social security contributions		
Corporate income tax payable	<u>52,399</u>	<u>4,839</u>

	<u>31-12-2022</u>	<u>31-12-2021</u>
	EUR	EUR
12 Other payables and short term liabilities		
Net wages	11,268	4,094
Audit and consultancy costs	3,000	-
Accrued expenses	393,184	281,960
Bonuses	420,000	136,295
Deferred income	100,380	384
	<u>927,832</u>	<u>422,733</u>

2.5 NOTES TO THE INCOME STATEMENT FOR THE YEAR 2022

	<u>2022</u> EUR	<u>2021</u> EUR
13 Revenues		
Revenues (foreign sourced income)	<u>52,426,910</u>	<u>34,299,009</u>
14 Cost of sales		
Cost of sales	<u>598,111</u>	<u>13,869,229</u>
Cost of sales		
Direct revenue sharing	515,562	13,716,056
IP royalties	<u>82,549</u>	<u>153,173</u>
	<u>598,111</u>	<u>13,869,229</u>
15 Expenses work contracted out and other external expenses		
Other external expenses	<u>45,774,069</u>	<u>17,699,254</u>
Other external expenses		
Direct operation services	44,929,167	16,690,636
Studio services	821,481	983,780
Gaming licenses	<u>23,421</u>	<u>24,838</u>
	<u>45,774,069</u>	<u>17,699,254</u>
16 Personnel expenses		
Other staff expenses	<u>120,032</u>	<u>-</u>
Other staff expenses		
Recruitment expenses	<u>120,032</u>	<u>-</u>
17 Other operating expenses		
Selling expenses	1,814,969	444,471
Office expenses	191,898	178,769
General expenses	<u>3,665,697</u>	<u>1,935,791</u>
	<u>5,672,564</u>	<u>2,559,031</u>

	<u>2022</u>	<u>2021</u>
	EUR	EUR
Selling expenses		
Marketing	313,704	85,888
Representation expenses	92,291	10,831
Travelling and lodging	395,977	90,373
Addition to provision doubtful debtor	<u>1,012,997</u>	<u>257,379</u>
	<u>1,814,969</u>	<u>444,471</u>
Office expenses		
Telephone, fax and internet	2,978	-
Automation expenses	<u>188,920</u>	<u>178,769</u>
	<u>191,898</u>	<u>178,769</u>
General expenses		
Audit costs, other non-audit services	3,082	3,921
Booking differences	10	-
Legal fees	83,164	118,264
Consulting services	2,538,708	1,611,978
Bank expenses	1,031,640	200,268
Other general expenses	<u>9,093</u>	<u>1,360</u>
	<u>3,665,697</u>	<u>1,935,791</u>
18 Financial income and expense		
Interest and similar income	-	117,244
Interest and similar expenses	(30,098)	-
Currency translation differences	<u>30,627</u>	<u>(261,232)</u>
	<u>529</u>	<u>(143,988)</u>
19 Taxation		
Corporate income tax	<u>(79,269)</u>	<u>(6,051)</u>
20 Share in result from participations		
Rommemut Ruach	<u>144,767</u>	<u>146,239</u>

Willemstad, August 31, 2023
Ezugi N.V.