Faro Entertainment N.V.

Curaçao

Annual report 2023

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1. Report

1.1 General

Faro Entertainment N.V.(hereinafter: "the Company) is a company incorporated on December 15th, 2016. The Company is a limited liability company and domiciled in Curaçao, Dutch Caribbean.

Reporting period

These annual accounts have been prepared for the fiscal year ended on 31 December 2023.

Activities

The activities of the Company, having its legal seat at Curaçao, primarily consist of:

Organizing, marketing, promoting, managing, supporting and operating all types of remote gaming activities, comprising 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.

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To the board of directors and the shareholders of
Faro Entertainment N.V.
Curaçao

COMPILATION REPORT

The financial statements of Faro Entertainment N.V. based in Curaçao have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2023 and the profit and loss account for the year 2023 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 Curaçao law, including the Dutch Standard 4410, 'Compilation engagements', which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements in accordance with Part 9 of Book 2 of the Curaçao Civil Code. To this end we have applied our professional expertise in accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work, in accordance with the applicable regulations, on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding Faro Entertainment N.V. We have not performed any audit or review procedures which would enable us to express an opinion or a conclusion as to the fair presentation of the financial statements.

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

Willemstad, January 27, 2025
ICAS B.V.

Magdi Shaker M.Sc RA
Ref.: 23S25127/MS/FE

2. Financial statements

2.1 Balance sheet as at 31 December 2023

(After proposal result)

Assets		EUR 12/31/2023		EUR 12/31/2022	
Financial assets					
Investment	1	317,554		153,610	
			317,554		153,610
Non current assets					
Loans	2	13,717,740		13,081,918	
			13,717,740		13,081,918
Current assets					
Other receivables	3	551,586		502,544	
Current accounts	4	6,850,020		7,424,642	
Cash & cash equivalents	5	56,024		113,835	
			7,457,630		8,041,021
Total assets			**21,492,924**		**21,276,549**

Equity & Liabilities		EUR 12/31/2023		EUR 12/31/2022	
Shareholders equity	6				
Nominal capital		1,000		1,000	
Retained earnings		13,552,435		3,618,938	
Result for the year		2,669,290		10,053,599	
			16,222,725		13,673,537
Short term liabilities					
Current accounts	7	-		2,700,000	
Other liabilities and accruals	8	5,270,199		4,903,012	
			5,270,199		7,603,012
Total equity & liabilities			**21,492,924**		**21,276,549**

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2.2 Statement of income and expenses for the year 2023

		EUR 2023		EUR 2022	
Turnover	9	48,153,412		60,510,235	
Direct costs	10	45,523,843		51,264,138	
Gross margin			2,629,569		9,246,097
IT and other operating expenses	11	136,374		305,208	
Administrative & general expenses	12	954,257		723,691	
			(1,090,631)		(1,028,899)
Operating result			**1,538,938**		**8,217,198**
Financial results	13		1,255,528		1,971,614
Result before tax			**2,794,466**		**10,188,812**
Income tax expense			(125,176)		(135,213)
Net result for the period			**2,669,290**		**10,053,599**

2.3 Notes to the financial statements

General

The financial statements are prepared according to the stipulations in chapter 9 Book 2 of the Curaçao Civil Code and accounting principles generally accepted in the Netherlands.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Continuity

These financial statements have been prepared based on going concerns basis. The going concern basis of presentation assumes that the company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Management is of the opinion, that the company's shareholders or other group companies will give the necessary support in case the assumption above mentioned is not realized. Consequently the Company has applied accounting principles based on going concerns.

Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the prevailing at exchange rates balance sheet date.

Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as at balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

List of capital interests

Faro Entertainment N.V. has capital interests in the fallowing companies:

Name:	Statutory seat	Issued share capital
Faro Entertainment Europe Ltd.	Cyprus	100%

Accounting policies in respect of the valuation of assets and liabilities

General

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention, unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are valued according to the cost model.

Financial fixed assets

Where significant influence is exercised, associated companies are valued under the net asset value method, but not lower than a nil value. This net asset value is based on the same accounting principles as applied by the Company.

Associated companies with negative net equity value are valued at nil. If the Company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from associated company are taken into account.

Where no significant influence is exercised associated accompanies are valued at cost and if applicable less impairments in value.

Accounts receivable

Upon initial recognition the receivables are valued at fair value and then valued at amortized cost. The fair value and amortized cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Equity

Financial instruments are classified as equity, if they have the substance of equity instruments; the legal form is of no consequence.

Current liabilities

Upon initial recognition, current liabilities are stated at fair value and then valued at amortized cost.

Accounting policies in respect of determination

Turnover

Turnover represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts and value added taxes. Revenues from services are recognized in proportion to the services rendered. The cost price of these services is allocated to the same period.

Other operating expenses

Costs are taken into account under the historical cost convention and allocated to the period concerned.

Net financial result

Interest income and expenses consist of interest received from or paid to third parties.

Taxation

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realization is likely.

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2.4 Notes to the balance sheet

1. Investment

The Company is holder of 1,250 ordinary shares of nominal value EUR 1 each in the share capital of Faro Entertainment Europe Ltd, incorporated on February 2nd 2017. Twenty percent (20%) of the shares have been paid up. Faro Entertainment Europe Ltd. is register at Dimostheni Severi, 12, Floor 6, Flat/Office 601 1080, Nicosia, Cyprus

		EUR 12/31/2023	EUR 12/31/2022
Opening balance	100%	153,610	1
Share capital		-	1,000
Adjustment subsidiary previous years		-	11,383
Result for the year		163,944	141,226
Ending balance		**317,554**	**153,610**

	EUR 12/31/2023	EUR 12/31/2022
2. Loans		
Loans Faro Entertainment Europe Ltd	13,717,740	13,081,918
	13,717,740	**13,081,918**

This loan receivable also represents a loan to Faro Entertainment Europe Limited for the total amount of Eur 12,300,000 repayable in 3 (three) years. The loan shall bear interest ast the rate of 5% per annum. The accumulated interest receivable as per December 31, 2023 amounts to Eur 1,417,740.

	EUR 12/31/2023	EUR 12/31/2022
3. Other receivables		
Loan receivable	524,941	502,544
Prepaid expenses	26,645	-
	551,586	**502,544**

This loan receivable also represents a loan to Bastra Holding Limited for the total amount of Eur 200,000 repayable in 3 (three) years. The loan shall bear interest ast the rate of 5% per annum. The accumulated interest receivable as per December 31, 2023 amounts to Eur 26,379.

This loan receivable also represents a loan to Rednines Gaming Limited for the total amount of Eur 250,000 repayable in 3 (three) years. The loan shall bear interest ast the rate of 5% per annum. The interest receivable as per December 31, 2023 amounts to Eur 48,562.

	EUR 12/31/2023	EUR 12/31/2022
4. Current accounts		
Current account Faro Entertainment Europe Ltd	6,850,020	7,424,642
	6,850,020	**7,424,642**

The current account with Faro Entertainment Europe Ltd. consists mainly of payments made by and to the company by its shareholder according to the agency Agreement dated November 17, 2017 and the Service Provider Agreement dated March 22, 2017.

	EUR 12/31/2023	EUR 12/31/2022
5. Cash & cash equivalents		
Payment Execution GBP	425	107,123
Payment Execution EUR	31,406	-
Migom Bank EUR	4,634	1,908
Migom Bank BTC	515	-
Skrill	19,044	4,804
	56,024	**113,835**

6. Shareholders equity

The capital of the company consist of 1,000 shares with a nominal value of EUR 1 each.

	Issued Share capital	Retained earnings	Net result	Total
	EUR	EUR	EUR	EUR
Balance as at January 1st	1,000	3,618,938	10,053,599	13,673,537
Movements	-	10,053,599	(10,053,599)	-
Dividends declared		(120,000)		(120,000)
Adjustment balance		(102)		(102)
Result for the year			2,669,290	2,669,290
Balance as at December 31st	**1,000**	**13,552,435**	**2,669,290**	**16,222,725**

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	EUR 12/31/2023	EUR 12/31/2022
7. Current accounts		
Due to shareholder	-	2,700,000
	-	**2,700,000**

The current account with Faro Entertainment Europe Ltd. consists mainly of payments made by and to the company by its shareholder according to the agency Agreement dated November 17, 2017 and the Service Provider Agreement dated March 22, 2017.

	EUR 12/31/2023	EUR 12/31/2022
8. Other liabilities and accruals		
Trade accounts payable	4,889,810	4,711,990
Dividends payable	120,000	-
Profit tax payable	260,389	189,822
Accrual expenses	-	1,200
	5,270,199	**4,903,012**

2.5 Notes to the statement of income and expenses

	EUR 2023	EUR 2022
9. Turnover		
Gaming revenue	100,748,397	114,303,077
Withdrawals	(52,594,985)	(53,792,842)
	48,153,412	60,510,235

	EUR 2023	EUR 2022
10. Direct costs		
Consulting services	1,209,468	1,642,078
Agency services	120,000	120,000
Data processing fees	11,542,031	11,953,593
Software license fees	8,195,485	14,867,412
Gaming license fees	13,811	9,939
Settlements agreement	1,013,175	-
Marketing, promo & advertising expenses	23,429,873	22,671,116
	45,523,843	51,264,138

	EUR 2023	EUR 2022
11. IT and other operating expenses		
ICT maintenance & support	136,374	305,208
	136,374	305,208

	EUR 2023	EUR 2022
12. Administrative & general expenses		
Management fees	2,500	2,150
Membership & contributions	180	120
Domiciliation & compliance fees	250	250
License fees National Bank	50	50
Translation expense	188,061	191,487
Compliance expenses	-	4,011
Corporate secretarial fees	30,798	3,834
Accounting expenses	7,716	703
Tax services fees	16,166	5,560
Courier expenses	235	-
Notary fees	4,845	1,750
Professional fees	301,170	108,876
Bank charges	399,720	404,422
Other general expenses	2,566	478
	954,257	723,691

	EUR 2023	EUR 2022
13. Financial results (expenses)		
Interest income	658,322	566,815
Other operating income	412,816	1,509,121
Unrealized gain/(loss) on exchange differences	20,446	(256,931)
Adjustment subsidiary previous years	-	11,383
Result subsidiary	163,944	141,226
	1,255,528	1,971,614

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3. Other Information

3.1 Statutory provision regarding appropriation of result

In the articles of incorporation it states that the profit shall be at free disposal of the general meeting. Any distribution of the profit shall be made after approval of the annual account. Consequently the following has been presented concerning the appropriation of the result.

3.2 Appropriation of result

The management of the company proposes to appropriate the result as follows:

The positive result for the year 2023 in the amount of EUR 2,669,290 will be added in full to the other reserves. The Board of Directors proposes the distribution of dividends amounting to EUR 120,000, based on the financial results of 2022, subject to approval at the Annual General Meeting.

This proposal needs to be determined by the General Meeting and has therefore not yet been processed in the annual accounts 2023 for the company.

3.3 Subsequent events

There are no other events after the balance sheet date that have significant impact on these financial statements, that require further disclosure.

Name:	Position:	Signature:
Global Related Services B.V.	Statutory director	