

Registered number: 11079110

WINIT365 GROUP PLC

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



WINIT365 GROUP PLC

COMPANY INFORMATION

DIRECTORS

Michael Hirschfield
Damion Greef
Carl Dyrendahl-Nyblin (resigned 1 May 2021)

COMPANY SECRETARY

Kitwell Administration Limited

COMPANY NUMBER

11079110

REGISTERED OFFICE

Suite 13,
91 Mayflower Street
Plymouth
PL1 1SB

AUDITOR

Grant Thornton UK LLP
Chartered Accountants and Statutory Auditor
The Colmore Building
20 Colmore Circus
Birmingham
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BANKERS

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120 Lewisham High Street
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WINIT365 GROUP PLC**STRATEGIC REPORT****Business model and review**

WINIT365 Group plc is the holding company of WINIT365 Limited which has developed a mobile HTML and PC based multi-player Mahjong Game. Mahjong is one of the oldest and most popular games in the world with Jiang Xuanqi, secretary-general of the World Mahjong Organisation, stating that there are more than 600 million people that play Mahjong on a regular basis.

Research carried out by the Board indicates that there are few proper Mahjong games playable online. The vast majority of online games that profess to be Mahjong are essentially solitaire games which use mahjong-like tiles as playing pieces. Those games which do follow the proper Mahjong format are almost exclusively PC based. Previous attempts by other companies have failed to incorporate dynamic gaming and the authentic Mahjong experience that the Board believes players seek.

The Board believes that there is an opportunity for an online Mahjong game which is playable across platforms including mobile devices which is similar to that of Poker some 20 years ago. Like Poker, Mahjong operates with players depositing stake money on the table out of which a table rake is deducted leaving a "winner's pot". This means that the "table" i.e. the platform on which the game is played, does not take any gambling risk. This provides a very simple business model where revenues are driven by player numbers and net income for the group is simply WINIT365's revenue share of the aggregate table rake.

In time, the Group intends to establish a network similar to chess.com and Minecraft, an interactive community approach that contains player statistics, commentary videos, player profiles and high-profile matches and championship tables.

During the year further development work was undertaken to refine the gameplay coding to enhance the player experience. The Board is satisfied that the progress made during the year will provide a more rounded gaming experience which will drive repeated game play. The Board identified that the Mahjong Game is nearing the end of its product development and decided that the time was right to commence the process of developing relationships with potential partners who will host the Mahjong Game on their platforms across the globe. The Board is pleased to announce that WINIT365 has entered into a strategic partnership with Amelco, one of the largest online betting platforms in the world. Through the numerous high profile affiliates of Amelco, WINIT365 aims to place its Mahjong Game on some of the most popular website gaming platforms with an initial focus on the Asian market.

The Board is pleased with this progress and the performance of the group through the year and believes that it is well positioned at the end of the year to finalise the Mahjong Game coding and to prepare for initial launch.

Principal risks and uncertainties

The principal risk of the business is the ability to fund operations through to positive cash flow operations. The Board has been successful in securing backing from a number of high net worth individuals and it is intended that the Group will commence the process of seeking a listing during 2022 at which time it is intended that additional funding will be secured through institutional investors.

The Group's fixed overhead base is very small with the vast majority of expenditure being discretionary and targeted at the development of the Mahjong Game. General overhead costs are tightly controlled and certain costs are capable of settlement being deferred until the Group becomes cash flow positive or, if earlier, securing a listing. This provides a further level of comfort regarding the commercial viability of the Group.

In addition, there is uncertainty regarding the estimation of the valuation of the intangible asset. The Company has engaged with Amelco, a major gaming platform provider, to discuss the future launch of the product and has received strongly positive feedback about the game and its likely audience. On the basis of feedback from Amelco including their experience of other similar games, the Board is confident that no impairment of the carrying value of the intangible is required. The group has also held meetings with a number of London City institutions to discuss its business model and has received positive feedback that certain of those institutions would be willing to invest in the Company on an Initial Public Offering at a valuation above that of the carrying value of the intangible.

Other than finance, the key uncertainties facing the business relate to the ability to finalise the development of the Mahjong Game and to secure a listing on appropriate gaming platforms. As the development work is performed on a distributed basis, the impact of governmental restrictions on working such as those experienced throughout the world relating to the Covid-19 pandemic have not proved to be detrimental to the Company. In addition, the strategic alliance with Amelco which has established connections to a number of high-profile gaming platforms provides comfort that the Group will have the opportunity to place its game on a number of top quality platforms across Asia and the wider market.

Financial risk management objectives and policies

The Group's principal financial instrument comprised of its cash balance which is principally obtained through share subscriptions. The main purpose of share subscriptions is to raise finance for the Group's operations prior to the launch of the Mahjong Game and the move to positive cash flows from gaming revenues. The Group has various other financial instruments such as other receivables and trade payables, which arise directly from its operations. The Group does not enter into derivative transactions.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risk currently arising from the Group's financial instruments is liquidity risk. The Board reviews and agrees policies for managing this and other risks and these are summarised below.

Liquidity risk

The Group's cash flow has historically been constrained as the Group has developed its business proposition. As a consequence, the Board of Directors continually review the cash available to the Group and seek to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs.

Interest rate risk

The Group has not been exposed to significant interest rate risk. As the Group evolves, this exposure may increase, and the Directors will monitor the situation and introduce appropriate policies to deal with this risk at that point in time.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group reviews the credit risk of the entities with whom it enters into contractual arrangements.

There are currently no third-party indemnity provisions in place for the benefit of the Directors. However, on listing the Company's shares on a UK Stock Exchange, it is intended that, in accordance with section 236 of the Companies Act 2006, qualifying third-party indemnity provisions will be put in place for the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law.

Results and dividends

The loss for the period, before tax, amounted to £513,958 (2019: £841,233). The directors have not recommended a dividend.

Financial key performance indicators

The financial key performance indicators for the group and company are overhead costs and the costs incurred on developing the Mahjong Game. These can be found in the financial statements of the Group and its subsidiaries. Ultimately, the key financial performance indicator will be gaming revenues.

Non-financial key performance indicators

The non-financial key performance indicators for the group relate to the progress on the development of the Mahjong Game software.

Future developments

The Group's immediate future target is the launch of the Mahjong Game on selected gaming platforms in Asia via its newly incorporated subsidiary in Guernsey, formed on 21 May 2021. Once the initial feedback from this launch has been received the game may be refined but will be placed on increasing numbers of gaming platforms across new regions and countries.

Once a network of regular players has been established the Group will seek to create its Mahjong Community website and to develop competitions and community events..



Damion Greef
Chairman
15 December 2021

WINIT365 GROUP PLC**DIRECTORS' REPORT**

The Directors present their report and the financial statements for the year ended 31 December 2020. There are no qualifying indemnity provisions in force for the benefit of any of the directors.

PRINCIPAL ACTIVITIES

The principal activity of the Group Company is that of a holding company. At 31 December 2020, the Company had one wholly owned subsidiary, WINIT365 Limited and its activities consist of the development and exploitation of online multi-player games, the first of which is the skill-based game of Mahjong which is currently in development. On 21 May 2021, the Company established a new subsidiary, WINIT365 (Guernsey) Limited in Guernsey to which the IP for the Mahjong Game was transferred on 18 June 2021. It is this new subsidiary that will market the Mahjong Game on behalf of the group. Further information on the Group's activities, risks and key performance indicators are given in the Strategic Report.

RESULTS AND DIVIDENDS

The loss after tax for the year was £513,957 (2019: £800,764) and the net assets at the year-end were £2,670,041 (2019: £2,170,767).

The Board has neither proposed nor paid any dividend in 2020.

DIRECTORS

The Directors who served during the year and subsequently were as follows:

Michael Hirschfield
Damion Greef
Carl Dyrendahl-Nyblin (resigned 1 May 2021)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and the profit or loss of the company and group for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed for the Group financial statements and whether applicable UK accounting standards have been followed for the parent company financial statements, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

These financial statements have also been prepared on a going concern basis. The Company is preparing for a listing on a recognised exchange, at which time it is proposing to raise additional capital. The Company's first online game is nearly complete, and it is anticipated that it will start to generate initial income during 2022. The Board has prepared financial projections covering the period to 31 December 2023. These projections include post year end capital injections from existing shareholders but do not include an anticipated injection of cash from an issue of new equity capital on an Initial Public Offering (IPO) nor any potential income generated during the review period.

The Board has prepared a scenario of the projections intended as a reverse stress test to cover the situation where no revenues are received for the forecast period with an additional assumption that costs would be minimised and payment of directors' fees deferred with effect from 1 April 2022 unless and until the company proceeds with the IPO in the second quarter of 2022 and otherwise until the company has adequate funding to make such payments. On this basis the model continues to show that the Company will have sufficient funds for the foreseeable future. The cost base to keep the Company operational is very low. On the basis of their assessment set out above, the directors believe it is appropriate to prepare the financial statements on a going concern basis.

RESEARCH AND DEVELOPMENT EXPENDITURE

During the year the group incurred £241,426 (2019: £377,020) on research and development costs (software development) which has been capitalised on the balance sheet as an intangible asset.

FUTURE DEVELOPMENTS

The Board are in the process of completing the development of the Mahjong Game and will promote the game in its target markets. Once the Mahjong Game has been completed and the game launched, the Company intends to seek a listing on a recognised stock exchange.

FINANCIAL RISK MANAGEMENT

The Group's financial risk policies are set out in the Strategic Report and note 13.

POST BALANCE SHEET EVENTS

Post balance sheet events are disclosed in note 14.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware, and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

AUDITOR

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Damion Greef
Chairman
15 December 2021

WINIT365 GROUP PLC**Independent auditor's report to the members of WINIT365 Group Plc****Opinion**

We have audited the financial statements of WINIT365 Group Plc (the 'parent company') and its subsidiary (the 'group') for the year ended 31 December 2020, which comprise the Group Statement of Total Comprehensive Income, the Group and parent company Statement of Financial Position, the Group and the parent company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

WINIT365 GROUP PLC**Independent auditor's report to the members of WINIT365 Group Plc**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

The directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

WINIT365 GROUP PLC**Independent auditor's report to the members of WINIT365 Group Plc****Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities is available on the Financial Reporting Council's website at: [https:// www.frc.org.uk/auditorsresponsibilities](https://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud Irregularities, including fraud, are instances of non-compliance with laws and regulations.

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We understood how the Company is complying with legal and regulatory frameworks by making enquiries of management.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting frameworks (FRS 102 and Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the Company operates.
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management from different parts of the business to understand where it is considered there was a susceptibility of fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered the programs and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.

WINIT365 GROUP PLC**Independent auditor's report to the members of WINIT365 Group Plc**

- Our audit procedures involved: journal entry testing, with a focus on specific areas considered to be high risk based on our understanding of the business and enquiries of management. In addition, we completed audit procedures to conclude on the compliance of disclosures in the Annual Report and accounts with applicable financial reporting requirements. These audit procedures were designed to provide reasonable assurance that the financial statements were free of fraud or error
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - Knowledge of the industry in which the client operates
 - Understanding of the legal and regulatory requirements specific to the Company including:
 - The provisions of the applicable legislation
 - The regulators' rules and related guidance, including guidance issued by relevant authorities that interprets those rules
 - The applicable statutory provisions
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - The Company's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - The applicable statutory provisions

The Company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the Company's compliance with regulatory requirements and procedures to ensure that possible breaches of requirements are appropriately investigated and reported. A further description of our responsibilities is available on the Financial Reporting Council's website at: [https:// www.frc.org.uk/auditorsresponsibilities](https://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

David White BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
Date: 15/12/21

WINIT365 GROUP PLC

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

		Year ended 31 December 2020	Period ended 31 December 2019
	Note	£	£
Share based payments charge	12	(200,032)	(60,298)
Administrative expenses	3	(313,925)	(780,935)
TOTAL ADMINISTRATION CHARGES AND LOSS FROM OPERATIONS BEFORE TAXATION	3	(513,957)	(841,233)
Income tax expense	6	-	-
LOSS FOR THE YEAR		(513,957)	(841,233)
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified subsequently to profit or loss:			
Foreign exchange translation loss		-	-
TOTAL COMPREHENSIVE INCOME		(513,957)	(841,233)
Basic loss per share	7	£ (0.0222)	£ (0.0388)

All amounts relate to continuing operations.

The notes on pages 17 to 29 form part of these financial statements.

WINIT365 GROUP PLC**GROUP STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
NON CURRENT ASSETS			
Intangible assets	8	2,431,996	2,190,570
		<u>2,431,996</u>	<u>2,190,570</u>
CURRENT ASSETS			
Trade and other receivables	9	536,209	27,596
Cash and cash equivalents		1,039	18,601
		<u>537,248</u>	<u>46,197</u>
CURRENT LIABILITIES			
Trade and other payables	10	(299,203)	(66,000)
		<u>(299,203)</u>	<u>(66,000)</u>
NET CURRENT ASSETS / (LIABILITIES)		<u>238,045</u>	<u>(19,803)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS		<u>2,670,041</u>	<u>2,170,767</u>
CAPITAL AND RESERVES			
Called up share capital	11	114,353	103,567
Share premium reserve	11	2,969,140	2,166,727
Acquisition reserve		1,235,755	1,235,755
Share based payment reserve	12	506,747	306,715
Foreign exchange translation reserve		(14,277)	(14,277)
Accumulated losses		(2,141,677)	(1,627,720)
		<u>(2,141,677)</u>	<u>(1,627,720)</u>
TOTAL EQUITY		<u>2,670,041</u>	<u>2,170,767</u>

Approved and authorised for issue by the board of directors on 15 December 2021.



Damion Greef
Director



Michael Hirschfield
Director

The notes on pages 17 to 29 form part of these financial statements.

WINIT365 GROUP PLC**GROUP STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium reserve	Acquisition reserve	Share based payments	Foreign exchange translation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 31 December 2018	90,067	1,128,127	1,235,755	246,417	(14,277)	(786,487)	1,899,602
Total comprehensive income:							
Loss for the year	-	-	-	-	-	(841,233)	(841,233)
Transactions with owners:							
Share based payments	-	-	-	60,298	-	-	60,298
Issuance of shares – cash consideration	13,500	1,038,600	-	-	-	-	1,038,600
Total transactions with owners	13,500	1,030,600	-	60,298	-	-	1,098,898
At 31 December 2019	103,567	2,166,727	1,235,755	306,715	(14,277)	(1,627,720)	2,170,767
Total comprehensive income:							
Loss for the year	-	-	-	-	-	(513,957)	(513,957)
Transactions with owners:							
Share based payments	-	-	-	200,032	-	-	200,032
Issuance of shares – cash consideration	10,786	802,413	-	-	-	-	813,199
Total transactions with owners	10,786	802,413	-	200,032	-	-	1,013,231
At 31 December 2020	114,353	2,969,140	1,235,755	506,747	(14,277)	(2,141,677)	2,670,041

The notes on pages 17 to 29 form part of these financial statements.

WINIT365 GROUP PLC**GROUP STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
OPERATING ACTIVITIES		
Loss before tax	(513,957)	(841,233)
Share based payment	200,032	60,298
Increase in trade and other receivables	(508,613)	(1,342)
Increase in trade and other payables	233,203	21,738
Net cash used in operating activities	(589,335)	(760,539)
INVESTING ACTIVITIES		
Payment of software development costs	(241,426)	(377,020)
Net cash used in investing activities	(241,426)	(377,020)
FINANCING ACTIVITIES		
Proceeds from issue of share capital	813,199	1,052,100
Net cash from financing activities	813,199	1,052,100
Net change in cash and cash equivalents	(17,562)	(85,459)
Cash and cash equivalents at start of year	18,601	104,060
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,039	18,601

The notes on pages 17 to 29 form part of these financial statements.

The foreign exchange exposure on cash and cash equivalents is not material.

WINIT365 GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****1. CORPORATE INFORMATION**

The Company is a public company incorporated in England and Wales with limited liability. The address of the registered office and principal place of business of the Company is Suite 13, 91 Mayflower Street, Plymouth PL1 1SB.

The operations of the Company are those of a Group holding company. The Company has one wholly owned subsidiary, WINIT365 Limited and its activities consist of the development and exploitation of online multi-player games, the first of which is the skill-based game of Mahjong.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation of financial statements**

The financial statements for the Company and its subsidiary (together, the "Group") have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and on the historical cost basis. Historical cost is generally based on the fair value of consideration given in exchange for assets. Separate financial statements of the Company have been prepared on pages 30 to 40 under the historic cost convention and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

The financial information is presented in Sterling except where otherwise indicated.

The preparation of financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of revision and future years if the revision affects both current and future years.

Going concern

The Board has prepared financial projections covering the period to 31 December 2023 on the basis and under the assumptions set out in the Director's report. Accordingly, the directors believe it is appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary undertaking drawn up to the statement of financial position date. Subsidiaries are entities which

are controlled by the Group. Control is achieved when the Group has power over the investee, has the right to variable returns from the investee and has the power to affect its returns. The Group obtains and exercises control through voting rights and control is reassessed if there are indications that the status of any of the three elements have changed.

Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The consolidated financial statements are presented as a continuation of the financial statements of the private operating entity WINIT365 Limited. The assets and liabilities of WINIT365 Group plc have been recognised at fair value at the acquisition date.

The share capital and share premium represent the equity structure of the legal parent including the equity instruments issued by the legal parent to effect the transaction. This has been effected by the creation of another reserve to reflect the reverse acquisition.

Operating income and charges

All expenses are accounted for on an accruals basis.

Functional and Presentation currency

The Group has determined functional currency to be Euro whereas the Group's financial statements are presented in Sterling.

The Board prepared accounts for the year from incorporation to 31 December 2018 using Euros as its functional and presentation currency on the basis that it expected its initial target market to be in Europe, its cost base to be mainly Euro based and that the Group would ultimately seek a listing on a European based Exchange. Subsequently, the Board has identified a partner who can provide a platform for the Mahjong Game in the Asian market which is likely to provide a much greater customer base. It is likely that income will be in Sterling or US dollars, the future cost base will be more Sterling focussed and the Group will seek a listing on a UK Exchange. For these reasons, the Board decided to adopt Sterling as its presentational currency with effect from 1 January 2019.

Foreign currency transactions

The Group is predominantly exposed to currency risk on the transactions denominated in other than functional currency. During the year expenses with a value of £576,637 (2019: £272,329) were incurred, and charged to the income statement, in Sterling which is a currency other than functional currency.

In the Group's financial statements, assets and liabilities have been translated into GBP at the closing rate at the reporting date. Income and expenses have been translated into GBP at the rate on the date of the transaction. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity.

Taxation

The current tax charge or credit represents the expected tax payable or recoverable on the taxable result for the year. Taxable profit differs from profit or loss as reported in the consolidated statement of profits or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that are enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the calculation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

No deferred tax asset has been recognised in respect of the accumulated tax losses at the end of the year as the directors consider that the Company was at a stage of development which is too early to determine the future profitability of the project.

Share based payments

The Company has issued equity-settled share warrants as disclosed in Note 12, which are measured at fair value and recognised as an expense in the income statement with a corresponding increase in reserves. The fair values of the warrants are measured at the dates of grant, taking into account the terms and conditions upon which the awards are granted using the Black Scholes Method, an industry accepted valuation model. The fair value is recognised over the year during which warrant holders become conditionally entitled to the awards, subject to the Company's estimate of the number of awards which will lapse, either due to employees leaving the Company prior to vesting or due to non-market based performance conditions not being met.

Intangible assets

Research and development costs

Costs directly relating to the development of software products are capitalised and disclosed as an intangible asset once the Company has determined that:

- the product is technically and commercially feasible. For products developed via proven game engine technology and Random Number Generation software, this may occur at an early stage of the development cycle;
- the project is clearly defined and associated costs are separately identifiable;
- future revenues are expected to exceed current and future costs of the project; and
- the Company has the intention, ability and resources to complete development of the product.

Capitalised development expenditure for each product is reviewed at the end of each accounting year and where circumstances which have justified the initial capitalisation of the expenditure, as described above, are considered doubtful or no longer apply, the previously capitalised development expenditure is immediately impaired to the extent necessary.

All other research and development costs are recognised as an expense.

Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are measured at amortised cost. A loss provision is recognised based on the lifetime expected loss of trade and other receivables, being the expected shortfalls in contractual cash flows, taking into account the potential for default at any point during the life of the receivable.

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.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Significant judgments and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may be different from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Estimates

Share warrants (note 12)

The fair value of services received in return for warrants granted is measured by reference to the fair value of warrants granted. The estimate of fair value is measured using the Black-Scholes model. The use of a valuation model such as this involves making certain assumptions around the inputs into the model. There is also uncertainty around the number of shares likely to vest and the model therefore takes into account management's best estimate of this.

Judgments**Deferred tax (note 6)**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. The Group has significant tax losses but does not anticipate sufficient taxable profits to arise in the foreseeable future in order to utilise these losses, and as a result the directors' judgment is that no deferred tax asset should be recognised.

Capitalised intangible assets (note 8)

Software development costs are capitalised as intangible assets. Judgement is applied in assessing the flow of future economic benefit, and in identifying which costs are capitalised and which are written off as an expense. Alternative judgement could result in certain costs being expensed or capitalised. Software development costs are reviewed for impairment, and value-in-use calculations are prepared using management's assumptions and estimates. The Directors have considered the carrying value of the level of capitalised software development costs and believe that both the projected future cash generation and also the fair value, based on the initial valuations given by the broker for the proposed IPO, support the current carrying value. Based on current information there are no indications of impairment. Despite amortisation not yet having commenced, an impairment review is nevertheless required and has been considered on both a value in use basis and fair value (considered to be potential disposal value).

There are no other significant judgments or estimates considered to have an impact on the financial statements in the current year.

Standards and amendments to IFRS not yet effective and not adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods on foreseeable future transactions.

3. LOSS FROM OPERATIONS BEFORE TAXATION

The loss for the year is stated after charging:

	2020 £	2019 £
Administrative expenses:		
Share based payments charge	200,032	60,298
Consultancy fees – Philip Danielsson	10,000	528,168
Audit fees	42,000	42,000
Tax compliance fees (payable to the auditors)	7,500	7,500

4. SEGMENTAL INFORMATION

The Group is managed as a single division, providing development of online multi-player games. The financial information reviewed by the board is the same as that reported under IFRS in the current year. The company only operates in the United Kingdom.

The Group is not currently generating revenue and as such there is no one customer contributing greater than 10% of the company's revenues.

5. DIRECTORS' REMUNERATION AND STAFF COSTS

The Directors serving during the year received aggregate remuneration of £60,000 (2019: £96,754) for services to the Group. Each of the directors provided their services through a service company. The Group does not employ any other staff.

	2020 £	2019 £
Carl Dyrendahl	-	36,754
Damion Greef (£27,000 accrued but unpaid at 31 December 2020*)	36,000	36,000
Mike Hirschfield (£28,000 accrued but unpaid at 31 December 2020*)	24,000	24,000

* D Greef 2019 accrual £6,000, M Hirschfield 2019 accrual £4,000)

6. TAXATION

No provision for taxation has been made as the Group did not generate any assessable profits during the year. No deferred tax asset has been recognised in respect of the losses and temporary differences due to the unpredictability of future revenue streams. Such losses may be carried forward indefinitely.

The current tax charge for the year can be reconciled to the loss per the statement of comprehensive income as follows:

	2020 £	2019 £
Analysis of charge in the year		
Current tax:		
UK corporation tax on profits of year	-	-
Adjustments in respect of previous years	-	-
Total tax charge	-	-

Factors affecting tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19.00% (2019: 19%). The differences are explained below:

Loss on ordinary activities before taxation	(513,957)	(841,233)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19%)	(97,652)	(159,834)
Effects of:		
Trading losses on which no deferred tax is recognised	97,652	159,834
Total tax charge for year	-	-

Factors that may affect future tax charges

A reduction in the corporation tax rate to 17% from 1 April 2019, announced in 2016 but cancelled in the March 2020 Budget in order to preserve tax revenues to enhance expenditure on "National priorities" including the NHS. In March 2021, the Chancellor of the Exchequer announced that the UK rate of Corporation tax will increase to 25% with effect from 1 April 2023 on taxable profits exceeding £250,000, with the 19% rate continuing to apply to companies with profits of £50,000 or less. Marginal relief will operate for profits between £50,000 and £250,000. The aggregate unrecognised deferred tax asset of £409,631 (2019: £311,979) reflects the expectation that the 19% Corporation Tax rate will apply to the Company for the foreseeable future.

7. LOSS PER SHARE

Basic earnings per share are calculated by dividing the net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used to calculate the basic earnings per share. Given the net loss incurred during the year no diluted earnings per share is calculated.

	2020 £	2019 £
Net losses from continuing operations attributable to ordinary shareholders	(513,957)	(841,233)
Weighted average number of ordinary shares for basic earnings per share	23,196,856	21,679,053
Basic (loss) per share	£(0.0222)	£(0.0388)

No diluted loss per share disclosure is made as the impact of losses on share warrants is anti-dilutive. The Company has issued warrants (see notes 12 and 15) which are potentially dilutive under profitable conditions.

8. INTANGIBLE ASSETS

The impairment of the intangible asset has been tested at that level using value-in-use calculations covering an extended forecast period. A discount rate of 36.25% was used which was judged to be appropriate for the asset. The directors have further considered the sensitivity of key assumptions including reduced growth rates, lower anticipated income streams and increased discount rates, and do not consider it probable that any reasonable change in the key assumptions would result in impairment, given the available headroom.

In addition, the Directors considered the fair value, based on the initial valuations given by the broker for the proposed IPO and believe that this also supports the carrying value of the intangible asset.

The directors do not consider that the value of the IP has deteriorated and so no provision has been made for impairment and since the asset is not currently ready for use no amortisation has been charged in the year.

Cost and Net Book Value:	Intangible Assets
Balance as at 1 January 2019	1,813,550
Development costs	377,020
Balance as at 31 December 2019	<u>2,190,570</u>
Development costs	241,426
Balance as at 31 December 2020	<u>2,431,996</u>

At 31 December 2020, the Company had one wholly owned subsidiary, WINIT365 Limited, which is incorporated in England and Wales and has been included in these consolidated financial statements. Subsequent to the year end, the Company established an additional subsidiary in Guernsey, details of which are provided in note 14.

9. TRADE AND OTHER RECEIVABLES

	2020	2019
	£	£
VAT recoverable	18,196	1,000
Other debtors	518,013	26,596
	<u>536,209</u>	<u>27,596</u>

Trade and other receivables are all current and there are no provisions for impairment against any of the balances. Trade and other receivables other than VAT recoverable are classified as financial assets measured at amortised cost.

10. TRADE AND OTHER PAYABLES

	2020	2019
	£	£
Trade payables	124,181	-
Accruals	175,022	66,000
	<u>299,203</u>	<u>66,000</u>

Trade and other payables are all current and there are no provisions for impairment against any of the balances. Trade and other payables are classified as financial liabilities measured at amortised cost.

11. SHARE CAPITAL

		Share Capital £	Share Premium £	Acquisition Reserve £	Share based Payment Reserve £
Allotted, called up and fully paid					
Ordinary shares of €0.005					
At 1 January 2019	20,000,286 shares	90,067	1,128,127	1,235,755	246,417
At 31 December 2019	23,000,286 shares	103,567	2,166,727	1,235,755	306,715
At 31 December 2020	25,401,413 shares	114,353	2,969,140	1,235,755	506,747

Ordinary shares

Holders of ordinary shares are entitled to one vote per share at general meetings of the Company and are entitled to dividends as declared from time to time

On 2 April 2019 the Company issued 1,500,000 ordinary shares of €0.005 each for £526,050 cash pursuant to a subscription agreement.

On 26 July 2019, the Company issued 750,000 ordinary shares of €0.005 each for £263,025 cash pursuant to a subscription agreement.

On 9 September 2019, the Company issued 750,000 ordinary shares of €0.005 each for £263,025 cash pursuant to a subscription agreement.

On 22 October 2020, the Company issued 715,150 ordinary shares of €0.005 each for £236,000 cash pursuant to a subscription agreement, plus an additional 85,903 shares in settlement of commission payable in the sum of £47,200 in relation to the share subscriptions.

On 7 December 2020, the Company issued 75,757 ordinary shares of €0.005 each for £25,000 cash pursuant to a subscription agreement, plus an additional 9,166 shares in settlement of commission payable in the sum of £5,000 in relation to the share subscriptions.

On 22 December 2020, the Company issued 1,515,151 ordinary shares of €0.005 each for £500,000 cash pursuant to a subscription agreement. No commission were payable on these share subscriptions.

Nature and purpose of reserves

Acquisition reserve

The acquisition reserve reflects the balance arising on the acquisition of WINIT365 Limited as described in note 2.

Share based payment reserve

The share based payment reserve reflects the share based payments charge on warrants granted by the Company (see note 12).

Foreign exchange translation reserve

The foreign exchange translation reserve includes all differences arising on the restatement of comparative figures due to the change in presentation currency at the end of 2018.

12. SHARE WARRANTS

On 25 April 2018, the Company granted warrants over 420,000 ordinary shares of €0,005 each at an exercise price of €0.84 to each of Damion Greef and Michael Hirschfield. These warrants will vest on the date the Company's shares are admitted to trading on a Recognised Investment Exchange and will expire, if not previously exercised, on the third anniversary of admission to trading on that Exchange.

The Company has calculated a share based payment charge of £60,298 (2019: £60,298) in respect of the warrants granted to Mr Greef and Mr Hirschfield, based on the Black Scholes method using a risk-free rate of return of 0.914% and a share price volatility of 50%. The expectation at the time of grant was that these warrants will be exercised in May 2022.

On 25 March 2020, the Company granted warrants over 630,000 ordinary shares of €0,005 each at an exercise price of £0.20 to each of Damion Greef and Michael Hirschfield. The warrants vested with immediate effect and will expire on the fifth anniversary of grant.

The Company has calculated a share based payment charge of £200,032 based on the Black Scholes method using a risk-free rate of return of 0.914% and a share price volatility of 50%.

13. CAPITAL MANAGEMENT

The capital structure of the Group currently comprises of cash and equity attributable to equity holders of the Group, comprising issued capital as disclosed in the statement of financial position.

The Group's objective when managing capital is to provide sufficient resources to allow the continued investment in its Mahjong game and in new products in the future and to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Group is not subject to externally imposed capital requirements.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Trade and other payables

The Group held the following financial assets at the year-end:

	2020 £	2019 £
Financial assets		
Trade and other receivables at amortised cost	536,209	27,596
Cash and cash equivalents	1,039	18,601
	<u>537,248</u>	<u>46,197</u>

The Group held the following financial liabilities at the year-end:

	2020 £	2019 £
Financial liabilities at amortised cost		
Trade and other payables	299,203	66,000
	<u>299,203</u>	<u>66,000</u>

Fair value of financial instruments

The fair value of the financial instruments set out above is not materially different to the book value.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All financial instruments are level 2.

Financial risk management

The Group is exposed through its operations to the following financial risks:

- Liquidity risk
- Foreign currency risk

The Company's policy for financial risk management are outlined below

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring both forecast as well as actual cash flows to enable matching of the maturity profiles of financial assets and liabilities. Sufficient cash is retained to service short-term financing needs. Liquidity risk is managed through regular senior review of performance versus an integrated profit and loss, balance sheet and cash flow model. Sensitivities are applied to this model to ensure the

Group has early warning of any manifestation of liquidity risk and communicate any such risk to investors in a timely and accurate manner so as to manage liquidity risk comprehensively and effectively. Contractual undiscounted cash flows payable under financial liabilities includes principal only cash flows in respect of trade and other payables.

Foreign currency risk management

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases and bank balances are denominated and the presentation currency. The presentation currency of the Company is Sterling. The Company did not take out any forward exchange contracts during the year.

Sensitivity analysis

A 10% strengthening or weakening of the exchange rate between Euros and Sterling would have significantly affected profit or loss and equity by the amounts shown below. The analysis assumes that all other variables, including interest rates, remain constant.

	Impact on loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
As at 31 December 2020				
Sterling (10% movement)	15,353	(18,764)	10,412	(12,726)
As at 31 December 2019				
Sterling (10% movement)	37,049	(45,316)	(92)	113

14. POST BALANCE SHEET EVENTS

On 10 March 2021, the Company issued 439,393 ordinary shares of €0.005 each for £145,000 cash pursuant to subscription agreements, plus an additional 52,802 shares in settlement of commission payable in the sum of £29,000 in relation to the share subscriptions.

On 12 March 2021, the Company issued 75,757 ordinary shares of €0.005 each for £25,000 cash pursuant to a subscription agreement, plus an additional 9,166 shares in settlement of commission payable in the sum of £5,000 in relation to the share subscription.

On 23 April 2021, the Company issued 121,212 ordinary shares of €0.005 each for £40,000 cash pursuant to a subscription agreement, plus an additional 14,545 shares in settlement of commission payable in the sum of £8,000 in relation to the share subscription.

On 10 May 2021, the Company issued 30,303 ordinary shares of €0.005 each for £10,000 cash pursuant to a subscription agreement, plus an additional 3,333 shares in settlement of commission payable in the sum of £2,000 in relation to the share subscription.

On 21 May 2021, the Company issued 212,121 ordinary shares of €0.005 each for £70,000 cash pursuant to subscription agreements, plus an additional 25,455 shares in settlement of commission payable in the sum of £14,000 in relation to the share subscriptions.

On 21 May 2021 Carl Dyrendahl resigned as a director to focus on his other business interests.

On 25 May 2021, the Company issued 60,606 ordinary shares of €0.005 each for £20,000 cash pursuant to a subscription agreement, plus an additional 7,273 shares in settlement of commission payable in the sum of £4,000 in relation to the share subscription.

On 28 May 2021, the Company issued 303,030 ordinary shares of €0.005 each for £100,000 cash pursuant to a subscription agreement, plus an additional 36,364 shares in settlement of commission payable in the sum of £20,000 in relation to the share subscription.

On 18 August 2021, the Company issued 151,515 ordinary shares of €0.005 each for £50,000 cash pursuant to a subscription agreement, plus an additional 18,182 shares in settlement of commission payable in the sum of £10,000 in relation to the share subscription.

On 26 August 2021, the Company issued 674,227 ordinary shares of €0.005 each for £222,485 cash pursuant to subscription agreements, plus an additional 80,907 shares in settlement of commission payable in the sum of £44,499 in relation to the share subscriptions.

On 14 September 2021, the Company issued 1,150,908 ordinary shares of €0.005 each for £379,799 cash pursuant to subscription agreements, plus an additional 138,110 shares in settlement of commission payable in the sum of £75,960 in relation to the share subscriptions.

15. RELATED PARTY TRANSACTIONS

Michael Hirschfield, a director of the company, is the beneficial owner of Kitwell Administration Limited which provides Company Secretarial, accounting and general business administration services to the Group and through which Mr Hirschfield's director's fees are paid. Kitwell Administration Limited charged £60,000 (2019: £60,000) for its services during the year. Of this sum, £24,000 (2019: £24,000) represents directors fees (see note 5) and £36,000 (2019: £36,000) represents Company Secretarial, accounting and business administration. Of the above, £49,000 was accrued but not invoiced as at 31 December 2020, there is no balance outstanding on invoiced amounts as at 31 December 2020 (2019: £10,000).

As noted in note 12, on 25 March 2020 a further 630,000 warrants were issued to each of Damion Greef and Mike Hirschfield with an exercise price of £0.20 each reflecting the Directors' valuation of the Company at that time and in recognition that both had agreed to postpone drawing salary and fees until such time as the Company had free cash resources.

During the year consultancy fees amounting to £10,000 (2019: £Nil) were paid to Philip Danielsson, a major shareholder. In addition, fees amounting to £Nil (2019: £27,612) were paid to Trodon IT, a company controlled by Philip Danielsson for software development services. The balance at the year-end was £Nil (2019: £Nil).

16. ULTIMATE CONTROLLING PARTY

The directors consider that there is no ultimate controlling party by virtue of the fact that no shareholder holds a majority shareholding.

17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements set out on pages 13 to 29 were approved and authorised for issue by the board of directors on 15 December 2021.

Registered number: 11079110

WINIT365 GROUP PLC

**COMPANY STATUTORY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure framework' (FRS 101) and on the historical cost basis. Historical cost is generally based on the fair value of consideration given in exchange for assets. The financial information is presented in Sterling (£) except where otherwise indicated.

The preparation of financial statements in conformity with FRS 101 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of revision and future years if the revision affects both current and future years.

Financial Reporting Standard 101 – reduced disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cashflow statements);
 - 38B–D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a Group.

Going concern

These financial statements have also been prepared on a going concern basis. The Company is preparing for a listing on a recognised exchange, at which time it is proposing to raise additional capital. The Company's first online game is nearly complete, and it is anticipated that it will start to generate initial income during 2022. The Board has prepared financial projections covering the period to 31 December 2023. These projections include post year end capital injections from existing shareholders but do not include an anticipated injection of cash from an issue of new equity capital on an Initial Public Offering (IPO) nor any potential income generated during the review period.

The Board has prepared a scenario of the projections intended as a reverse stress test to cover the situation where no revenues are received for the forecast period with an additional assumption that costs would be minimised and payment of directors' fees deferred with effect from 1 April 2022 unless and until the company proceeds with the IPO in the second quarter of 2022 and otherwise until the company has adequate funding to make such payments. On this basis the model continues to show that the Company will have sufficient funds for the foreseeable future. The cost base to keep the Company operational is very low. On the basis of their assessment set out above, the directors believe it is appropriate to prepare the financial statements on a going concern basis.

The principal accounting policies adopted are set out below.

Operating income and charges

All expenses are accounted for on an accruals basis.

Functional and Presentation currency

The Company has determined functional currency to be Euro whereas these financial statements are presented in Sterling.

The Board prepared accounts for the year from incorporation to 31 December 2018 using Euros as its functional and presentation currency on the basis that it expected its initial target market to be in Europe, its cost base to be mainly Euro based and that the Company would ultimately seek a listing on a European based Exchange. Subsequently, the Board has identified a partner who can provide a platform for the Mahjong Game in the Asian market which is likely to provide a much greater customer base. It is likely that income will be in Sterling or US dollars, the future cost base will be more Sterling focussed and the Group will seek a listing on a UK Exchange. For these reasons the Board decided to adopt Sterling as its presentation currency with effect from 1 January 2019.

Foreign currency transactions

The Company is predominantly exposed to currency risk on the transactions denominated in other than functional currency. During the year all expenses incurred, which had a value of £116,900 (2019: £284,537) were incurred in Sterling which is currency other than functional currency.

The assets and liabilities have been translated into GBP at the closing rate at the reporting date. Income and expenses have been translated into GBP at the rate on the date of transaction. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity.

Taxation

The current tax charge or credit represents the expected tax payable or recoverable on the taxable result for the year. Taxable profit differs from profit or loss as reported in the consolidated statement of profits or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that are enacted or substantively enacted by the end of the reporting year.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the calculation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying value of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

No deferred tax asset has been recognised in respect of the accumulated tax losses at the end of the year as the directors consider that the Company was at a stage of development which is too early to determine the future profitability of the project.

Share based payments

The Company has issued equity-settled share warrants as disclosed in Note 12, which are measured at fair value and recognised as an expense in the income statement with a corresponding increase in reserves. The fair values of the warrants are measured at the dates of grant, taking into account the terms and conditions upon which the awards are granted using the Black Scholes Method, an industry accepted simulation model. The fair value is recognised over the year during which warrant holders become conditionally entitled to the awards, subject to the Company's estimate of the number of awards which will lapse, either due to employees leaving the Company prior to vesting or due to non-market based performance conditions not being met. The total amount recognised in the income statement as an expense is adjusted to reflect the actual number of awards that vest.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business or are balances due from subsidiary undertakings. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are measured at amortised cost. A loss provision is recognised based on the lifetime expected loss of trade receivables, being the expected shortfalls in contractual cash flows, taking into account the potential for default at any point during the life of the receivable.

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.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Significant judgments and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may be different from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Estimates**Investment in subsidiary (Note 1)**

The investment is held at cost which is more than the subsidiary's net assets. The Directors have formed a view that the value of the investment is underpinned by the value of that company's intangible asset, which is considered to be more than amortised cost as has been considered in note 8 of the consolidated financial statements.

Share warrants (note 5)

The fair value of services received in return for warrants granted is measured by reference to the fair value of warrants granted. The estimate of fair value is measured using the Black-Scholes model. The use of a valuation model such as this involves making certain assumptions around the inputs into the model. There is also uncertainty around the number of shares likely to vest and the model therefore takes into account management's best estimate of this.

WINIT365 GROUP PLC**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
FIXED ASSETS			
Investment in subsidiaries	1	2,440,933	1,515,901
		<u>2,440,933</u>	<u>1,515,901</u>
CURRENT ASSETS			
Trade and other receivables	2	518,832	535,033
Cash and cash equivalents		1	1
		<u>518,833</u>	<u>535,034</u>
CURRENT LIABILITIES			
Trade and other payables	3	(25,000)	(12,500)
		<u></u>	<u></u>
NET CURRENT ASSETS		<u>493,833</u>	<u>522,534</u>
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS		<u>2,934,766</u>	<u>2,038,435</u>
CAPITAL AND RESERVES			
Called up share capital	4	114,353	103,567
Share premium reserve	4	2,969,140	2,166,727
Share based payment reserve	4	506,747	306,715
Accumulated losses		(655,474)	(538,574)
		<u></u>	<u></u>
TOTAL EQUITY		<u>2,934,766</u>	<u>2,038,435</u>

During the year the Company recorded a loss before taxation of £116,900 (2019: £528,216)

Approved and authorised for issue by the board of directors on 15 December 2021.



Damion Greef
Director



Michael Hirschfield
Director

The notes on pages 37 to 40 form part of these financial statements

WINIT365 GROUP PLC**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Share premium reserve £	Share based payments £	Profit and loss account £	Total equity £
At 1 January 2019	90,067	1,128,127	246,417	(10,358)	1,454,253
Total comprehensive income:					
Result for the period	-	-	-	(528,216)	(528,216)
Transactions with owners:					
Share based payments	-	-	60,298	-	60,298
Issuance of shares – cash consideration	13,500	1,038,600	-	-	1,052,100
Total transactions with owners	13,500	1,038,600	60,298	-	1,112,398
At 31 December 2019	103,567	2,166,727	306,715	(538,574)	2,038,435
Total comprehensive income:					
Result for the year	-	-	-	(116,900)	(116,900)
Transactions with owners:					
Share based payments	-	-	200,032	-	200,032
Issuance of shares – cash consideration	10,786	802,413	-	-	813,199
Total transactions with owners	10,786	802,413	200,032	-	1,013,231
At 31 December 2020	114,353	2,969,140	506,747	(655,474)	2,934,766

The notes on pages 37 to 40 form part of these financial statements

WINIT365 GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****1. INVESTMENT IN SUBSIDIARY**

	£
Investment in subsidiary:	
As at 1 January 2019	1,455,603
Share Based Payments	60,298
As at 31 December 2019	1,515,901
Share based payment	200,032
Additional shares acquired during the year	725,000
As at 31 December 2020	2,440,933

During the year a share based payment charge of £200,032 (2019: £60,298) arose on warrants issued during 2019.

2. TRADE AND OTHER RECEIVABLES

	2020 £	2019 £
Amounts owed by Group undertakings	18,832	535,033
Other debtors	500,000	-
	518,832	535,033

Trade and other receivables are all current and the provision for impairment against any of the balances. Trade and other receivables are classified as financial assets measured at amortised cost. Amounts owed by group undertakings are repayable on demand and interest free.

3. TRADE AND OTHER PAYABLES

	2020 £	2019 £
Accruals	25,000	12,500
	25,000	12,500

Trade and other payables are classified as financial liabilities measured at amortised cost.

4. SHARE CAPITAL

		Share Capital £	Share Premium £	Share based Payment Reserve £
Allotted, called up and fully paid				
Ordinary shares of €0.005				
At 1 January 2019	20,000,286 shares	90,067	1,128,127	246,417
At 31 December 2019	23,000,286 shares	103,567	2,166,727	306,715
At 31 December 2020	25,401,413 shares	114,353	2,969,140	506,747

On 2 April 2019 the Company issued 1,500,000 ordinary shares of €0.005 each for £526,050 cash pursuant to a subscription agreement.

On 26 July 2019, the Company issued 750,000 ordinary shares of €0.005 each for £263,025 cash pursuant to a subscription agreement.

On 9 September 2019, the Company issued 750,000 ordinary shares of €0.005 each for £263,025 cash pursuant to a subscription agreement.

On 22 October 2020, the Company issued 715,150 ordinary shares of €0.005 each for £236,000 cash pursuant to a subscription agreement, plus an additional 85,903 shares in settlement of commission payable in the sum of £47,200 in relation to the share subscriptions.

On 7 December 2020, the Company issued 75,757 ordinary shares of €0.005 each for £25,000 cash pursuant to a subscription agreement, plus an additional 9,166 shares in settlement of commission payable in the sum of £5,000 in relation to the share subscriptions.

On 22 December 2020, the Company issued 1,515,151 ordinary shares of €0.005 each for £500,000 cash pursuant to a subscription agreement. No commissions were payable on these share subscriptions.

Share premium reserve represents the excess subscription funds over the par value of shares issued for cash. The share based payments reserve represents amounts charged to investment in subsidiary in respect of warrants issued, calculated in accordance with the Black Scholes method.

5. SHARE WARRANTS

On 25 April 2018, the Company granted warrants over 420,000 ordinary shares of €0.005 each at an exercise price of €0.84 to each of Damion Greef and Michael Hirschfield. These warrants will vest on the date the Company's shares are admitted to trading on a Recognised Investment Exchange and will expire, if not previously exercised, on the third anniversary of admission to trading on that Exchange.

The Company has calculated a share based payment charge of £60,298 (2019: £60,298) in respect of the warrants granted to Mr Greef and Mr Hirschfield, based on the Black Scholes method using a risk-free rate of return of 0.914% and a share price volatility of 50%. The expectation at the time of grant was that these warrants will be exercised in May 2022.

On 25 March 2020, the Company granted warrants over 630,000 ordinary shares of €0.005 each at an exercise price of £0.20 to each of Damion Greef and Michael Hirschfield. The warrants vested with immediate effect and will expire on the fifth anniversary of grant.

The Company has calculated a share based payment charge of £139,734 based on the Black Scholes method using a risk-free rate of return of 0.914% and a share price volatility of 50%.

6. DIRECTORS REMUNERATION AND STAFF COSTS

The Directors serving during the year received aggregate remuneration of £60,000 (2019: £96,754) for services to the Group. Each of the directors provided their services through a service company.

The Company does not employ any other staff.

7. POST BALANCE SHEET EVENTS

On 10 March 2021, the Company issued 439,393 ordinary shares of €0.005 each for £145,000 cash pursuant to subscription agreements, plus an additional 52,802 shares in settlement of commission payable in the sum of £29,000 in relation to the share subscriptions.

On 12 March 2021, the Company issued 75,757 ordinary shares of €0.005 each for £25,000 cash pursuant to a subscription agreement, plus an additional 9,166 shares in settlement of commission payable in the sum of £5,000 in relation to the share subscription.

On 23 April 2021, the Company issued 121,212 ordinary shares of €0.005 each for £40,000 cash pursuant to a subscription agreement, plus an additional 14,545 shares in settlement of commission payable in the sum of £8,000 in relation to the share subscription.

On 10 May 2021, the Company issued 30,303 ordinary shares of €0.005 each for £10,000 cash pursuant to a subscription agreement, plus an additional 3,333 shares in settlement of commission payable in the sum of £2,000 in relation to the share subscription.

On 21 May 2021, the Company issued 212,121 ordinary shares of €0.005 each for £70,000 cash pursuant to subscription agreements, plus an additional 25,455 shares in settlement of commission payable in the sum of £14,000 in relation to the share subscriptions.

On 21 May 2021 Carl Dyrendahl resigned as a director to focus on his other business interests.

On 25 May 2021, the Company issued 60,606 ordinary shares of €0.005 each for £20,000 cash pursuant to a subscription agreement, plus an additional 7,273 shares in settlement of commission payable in the sum of £4,000 in relation to the share subscription.

On 28 May 2021, the Company issued 303,030 ordinary shares of €0.005 each for £100,000 cash pursuant to a subscription agreement, plus an additional 36,364 shares in settlement of commission payable in the sum of £20,000 in relation to the share subscription.

On 18 August 2021, the Company issued 151,515 ordinary shares of €0.005 each for £50,000 cash pursuant to a subscription agreement, plus an additional 18,182 shares in settlement of commission payable in the sum of £10,000 in relation to the share subscription.

On 26 August 2021, the Company issued 674,227 ordinary shares of €0.005 each for £222,485 cash pursuant to subscription agreements, plus an additional 80,907 shares in settlement of commission payable in the sum of £44,499 in relation to the share subscriptions.

On 14 September 2021, the Company issued 1,150,908 ordinary shares of €0.005 each for £379,799 cash pursuant to subscription agreements, plus an additional 138,110 shares in settlement of commission payable in the sum of £75,960 in relation to the share subscriptions.

8. RELATED PARTY TRANSACTIONS

Michael Hirschfield, a director of the company, is the beneficial owner of Kitwell Administration Limited which provides Company Secretarial, accounting and general business administration services to the Group and through which Mr Hirschfield's director's fees are paid. Kitwell Administration Limited charged £60,000 (2019: £60,000) for its services during the year. Of this sum, £24,000 (2019: £24,000) represents directors fees (see note 5) and £36,000 (2019: £36,000) represents Company Secretarial, accounting and business administration. Of the above, £49,000 was accrued but un-invoiced as at 31 December 2020, there is no balance outstanding on invoiced amounts as at 31 December 2020 (2019: £10,000).

As noted in note 12, on 25 March 2020 a further 630,000 warrants were issued to each of Damion Greef and Mike Hirschfield with an exercise price of £0.20 each reflecting the Directors' valuation of the Company at that time and in recognition that both had agreed to postpone drawing salary and fees until such time as the Company had free cash resources.

During the year consultancy fees amounting to £10,000 (2019: £Nil) were paid to Philip Danielsson, a major shareholder. In addition, fees amounting to £Nil (2019: £27,612) were paid to Trodon IT, a company controlled by Philip Danielsson for software development services. The balance at the year-end was £nil (2019: £nil).