

Registered number: 11079110

# **WINIT365 GROUP PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**



**WINIT365 GROUP PLC**

**COMPANY INFORMATION**

**DIRECTORS**

Michael Hirschfield  
Damion Greef  
Carl Dyrendahl-Nyblin (resigned 1 May 2021)  
Martin Philip Danielsson (appointed 19 August 2022)

**COMPANY SECRETARY**

Kitwell Administration Limited

**COMPANY NUMBER**

11079110

**REGISTERED OFFICE**

16 Great Queen Street,  
London  
WC2B 5DG

**AUDITOR**

Grant Thornton UK LLP  
Chartered Accountants and Statutory Auditor  
17<sup>th</sup> Floor, 103 Colmore Row,  
Birmingham,  
B3 3AG

**BANKERS**

Lloyds Bank plc  
120 Lewisham High Street  
London  
SE13 6JG

**WINIT365 GROUP PLC**

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## **WINIT365 GROUP PLC**

### **STRATEGIC REPORT**

#### **Business model and review**

The Group's profit and account is shown on page 15. The Group made a loss on ordinary activities after tax of £900,149 (2020: £513,957). The Group had net assets of £3,237,693 as at 31 December 2021 (31 December 2020: £2,670,041). WINIT365 Group plc is the holding company of WINIT365 Limited which has developed a mobile HTML and PC based multi-player Mahjong Game and WINIT365 (Guernsey) Limited which holds the IP for that game and will market the game internationally. 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 indicated 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 the opportunity for our online Mahjong game which is playable across platforms including mobile devices 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 software 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 Mahjong Game is at the end of its product development phase and commenced the process of developing the back-office software as part of its strategic partnership with Amelco, one of the largest online betting platforms in the world. This software will facilitate the provisioning of new platforms and gaming sites and integrate with the platform's payment systems. 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.

During 2021, the Group, in the absence of gaming revenue, was heavily reliant on shareholder subscriptions to fund the software development described above and the ongoing overheads of the business. The Group incurred and capitalized £551,738 (2020: £241,426) of software development costs, as an intangible asset during the year. In addition the Group incurred administrative overheads of £794,101 (2020: £313,925) and received funding by way of proceeds received from share subscriptions of £1,361,753 (2020: £813,199). The Group ended 2021 with a net cash positive position of £445,158 (2020 £1,039). Commitments for further shareholder subscriptions of £237,500 have been received during 2022, both to fund the operations of the business and to bolster its cash position.

The Board is pleased with this progress, the performance of the group and is appreciative of the ongoing support of both existing and new shareholders by way of share subscriptions received through the year.

The Board believes that it is well positioned at the end of the year to finalise the integration 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 2023 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.

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. Subsequent to the year end, the Mahjong Game has been manually uploaded to a small number of sites to test the game software and assess player satisfaction. The Board is encouraged by the early results from this test. 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.

#### **Qualifying third party indemnity provisions**

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 £900,149 (2020: £513,958). The directors have not recommended a dividend.

#### *Financial key performance indicators*

The financial key performance indicators for the group and company are overhead costs of £794,101 (2020: £313,925), capitalised software development costs incurred in developing the Mahjong Game of £551,738 (2020: £241,426) and total assets of £3,441,097 (2020: 2,969,244).

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.

Once the Mahjong Game has been completed and the game is launched, the Company intends to seek a listing on a recognised stock exchange.

### **Section 172(1) statement**

The Directors are required by the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote success of the Group for the benefit of its shareholders as a whole and in doing so are required to have regard for the following:

- the likely long-term consequences of any decision, including the desire to list via an IPO in the future;
- the interests of the Group's employees (at this stage there are none)
- the need to foster the Group's business relationships with suppliers, customers (none at this stage) and others, such as:
  - the impact of the Group's operations on the community and the environment;
  - the desirability of the Group maintaining a reputation for high standards of business conduct; and the need to act fairly as between shareholders of the Company.

The Directors are fully committed to effective engagement with all key stakeholders.

### **Stakeholders**

The Board considers its major stakeholders to be its employees, its suppliers, partners, and shareholders. When making decisions, the interests of these stakeholders is considered both formally and informally as part of the Board's group discussions, depending on the likely impact of these decisions.

### **Employees**

At this stage the group does not have any employees other than directors.

### **Suppliers**

The Board ensures that the Group works hard to maintain good relationships with its suppliers. This is achieved by contracting on reasonable business terms and making payments on time. We consider suppliers to be partners whereby the right relationship can create growth for both companies. We meet with our significant suppliers regularly and where required audit their activities. These principles ensure that the Group's and our significant suppliers' interests are aligned.

### **Customers and Partners**

At this stage, the group does not have customers.

### **The Wider Community**

The Board recognises that the Group has a duty to be a good corporate citizen and is conscious that its business processes minimise harm to the environment, and that it contributes as far as is practicable to the local communities in which it operates.

**Shareholders**

The Company values the views of shareholders and recognises their interests in the Group's strategy and performance. The Board endeavours to maintain good relationships with its shareholders and treat them equally. The Directors ensure a consistent dialogue with shareholders through presentations, meetings and conference calls.

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

A handwritten signature in black ink, appearing to be 'D. Greef', written over a horizontal line.

**Damion Greef**  
Chairman  
28 September 2022

## **WINIT365 GROUP PLC**

### **DIRECTORS' REPORT**

The Directors present their report and the financial statements for the year ended 31 December 2021. 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 2021, the Company had two wholly owned subsidiaries, WINIT365 (Guernsey) Limited which holds the Mahjong Game IP and will market the game and WINIT365 Limited which is responsible for administration and the management of ongoing development work. 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 £900,149 (2020: £513,957) and the net assets at the year-end were £3,237,693 (2020: £2,670,041).

The Board has neither proposed nor paid any dividend in 2021.

### **DIRECTORS**

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

Michael Hirschfield  
Damion Greef  
Carl Dyrendahl-Nyblin (resigned 1 May 2021)  
Philip Martin Danielsson (appointed 18 August 2022)

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual 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 and the parent company financial statements in accordance with UK-adopted international accounting standards. 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 parent company and the 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 UK-adopted international accounting standards have been followed for the Group and 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 group and the parent 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 group and the parent company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

Qualifying third party indemnity provisions are set out in the Strategic Report.

#### **GOING CONCERN**

These financial statements have been prepared on a going concern basis.

The Board has prepared financial projections for the period to 30 September 2023, that include committed post year-end capital injections of £237,000 from existing shareholders. Whilst, the Group's first online game is nearly complete, and it is anticipated that it will start to generate initial income during Q4 2022, the projections prudently do not include any potential income generated during the review period nor any further funding from the issue of new equity capital. Furthermore, the Group's cost base to keep the Company operational is very low and the projections assume that costs would be minimised and payment of directors' fees deferred with effect from 1 April 2022 until the Group has adequate funding to make such payments.

Subject to having the resources available, the Company is preparing for a listing on a recognised exchange, at which time it is proposing to raise additional capital to accelerate the investment in the game.

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 £551,738 (2020: £241,426) on research and development costs (software development) which has been capitalised on the balance sheet as an intangible asset.

#### **FUTURE DEVELOPMENTS**

Future developments are set out in the Strategic Report.

#### **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 and Company'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 and Company'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.

A handwritten signature in black ink, appearing to be 'D. Greef', written in a cursive style.

**Damion Greef**  
Chairman  
28 September 2022

## **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 subsidiaries (the 'group') for the year ended 31 December 2021, which comprise the Group Statement of 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 UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; 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 group and the parent 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 group's and the parent 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 group's and the parent 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 group's and the parent 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 annual 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' and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' and strategic 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' and strategic 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.

## **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.**

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 (UK-adopted international accounting standards and the Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the parent company and group 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 parent company's and the group'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.
- The engagement partner's 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 parent company and the group operates
  - Understanding of the legal and regulatory requirements specific to the parent company and the group 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
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- 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 parent company's and the group'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 parent company's and the group'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 parent company's and the group's compliance with regulatory requirements and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

### 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.



**David White BA FCA**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham

Date: 28 September 2022

**WINIT365 GROUP PLC****GROUP STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2021**

|                                   |      | Year ended<br>31 December<br>2021 | Year ended<br>31 December<br>2020 |
|-----------------------------------|------|-----------------------------------|-----------------------------------|
|                                   | Note | £                                 | £                                 |
| Share based payments charge       | 12   | <b>(106,048)</b>                  | (200,032)                         |
| Administrative expenses           | 3    | <b>(794,101)</b>                  | (313,925)                         |
|                                   |      | <hr/>                             | <hr/>                             |
| <b>Loss before taxation</b>       | 3    | <b>(900,149)</b>                  | (513,957)                         |
| Income tax expense                | 6    | -                                 | -                                 |
|                                   |      | <hr/>                             | <hr/>                             |
| <b>LOSS FOR THE YEAR</b>          |      | <b>(900,149)</b>                  | (513,957)                         |
|                                   |      | <hr/>                             | <hr/>                             |
| <b>TOTAL COMPREHENSIVE INCOME</b> |      | <b>(900,149)</b>                  | (513,957)                         |
|                                   |      | <hr/>                             | <hr/>                             |
| Basic loss per share              | 7    | <b>£ (0.0323)</b>                 | £ (0.0222)                        |

All amounts relate to continuing operations.

There are no recognised movements in comprehensive income other than those posted in the Income statement, therefore no separate Statement of comprehensive income has been presented.

The notes on pages 19 to 33 form part of these financial statements.

**WINIT365 GROUP PLC****GROUP STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

|                                                                 | Note | 2021<br>£        | 2020<br>£        |
|-----------------------------------------------------------------|------|------------------|------------------|
| <b>NON-CURRENT ASSETS</b>                                       |      |                  |                  |
| Intangible assets                                               | 8    | 2,983,734        | 2,431,996        |
|                                                                 |      | <u>2,983,734</u> | <u>2,431,996</u> |
| <b>CURRENT ASSETS</b>                                           |      |                  |                  |
| Trade and other receivables                                     | 9    | 12,205           | 536,209          |
| Cash and cash equivalents                                       |      | 445,158          | 1,039            |
|                                                                 |      | <u>457,363</u>   | <u>537,248</u>   |
| <b>CURRENT LIABILITIES</b>                                      |      |                  |                  |
| Trade and other payables                                        | 10   | (203,405)        | (299,203)        |
|                                                                 |      | <u></u>          | <u></u>          |
| <b>NET CURRENT ASSETS</b>                                       |      | <u>253,958</u>   | <u>238,045</u>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES<br/>AND NET ASSETS</b> |      | <u>3,237,692</u> | <u>2,670,041</u> |
| <b>CAPITAL AND RESERVES</b>                                     |      |                  |                  |
| Called up share capital                                         | 11   | 131,685          | 114,353          |
| Share premium reserve                                           | 11   | 4,313,562        | 2,969,140        |
| Acquisition reserve                                             | 11   | 1,235,755        | 1,235,755        |
| Share based payment reserve                                     | 11   | 612,795          | 506,747          |
| Foreign exchange translation reserve                            |      | (14,277)         | (14,277)         |
| Accumulated losses                                              |      | (3,041,826)      | (2,141,677)      |
|                                                                 |      | <u></u>          | <u></u>          |
| <b>TOTAL EQUITY</b>                                             |      | <u>3,237,692</u> | <u>2,670,041</u> |

Approved and authorised for issue by the board of directors on 28 September 2022.



**Damion Greef**  
Director



**Michael Hirschfield**  
Director

The notes on pages 19 to 33 form part of these financial statements.

**WINIT365 GROUP PLC****GROUP STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2021**

|                                         | Called<br>up share<br>capital | Share<br>premium<br>reserve | Acquisition<br>reserve | Share<br>based<br>payments | Foreign<br>exchange<br>translation<br>reserve | Profit and<br>loss<br>account | Total<br>equity  |
|-----------------------------------------|-------------------------------|-----------------------------|------------------------|----------------------------|-----------------------------------------------|-------------------------------|------------------|
|                                         | £                             | £                           | £                      | £                          | £                                             | £                             | £                |
| At 31 December 2019                     | 103,567                       | 2,166,727                   | 1,235,755              | 306,715                    | (14,277)                                      | (1,627,720)                   | 2,170,767        |
| <b>Total comprehensive income:</b>      |                               |                             |                        |                            |                                               |                               |                  |
| Loss for the year                       | -                             | -                           | -                      | -                          | -                                             | (513,957)                     | (513,957)        |
| <b>Transactions with owners:</b>        |                               |                             |                        |                            |                                               |                               |                  |
| Share based payments                    | -                             | -                           | -                      | 200,032                    | -                                             | -                             | 200,032          |
| Issuance of shares – cash consideration | 10,786                        | 802,413                     | -                      | -                          | -                                             | -                             | 813,199          |
| <b>Total transactions with owners</b>   | 10,786                        | 802,413                     | -                      | 200,032                    | -                                             | -                             | 1,013,231        |
| <b>At 31 December 2020</b>              | <b>114,353</b>                | <b>2,969,140</b>            | <b>1,235,755</b>       | <b>506,747</b>             | <b>(14,277)</b>                               | <b>(2,141,677)</b>            | <b>2,670,041</b> |
| <b>Total comprehensive income:</b>      |                               |                             |                        |                            |                                               |                               |                  |
| Loss for the year                       | -                             | -                           | -                      | -                          | -                                             | (900,149)                     | (900,149)        |
| <b>Transactions with owners:</b>        |                               |                             |                        |                            |                                               |                               |                  |
| Share based payments                    | -                             | -                           | -                      | 106,048                    | -                                             | -                             | 106,048          |
| Issuance of shares – cash consideration | 17,332                        | 1,344,422                   | -                      | -                          | -                                             | -                             | 1,361,754        |
| <b>Total transactions with owners</b>   | 17,332                        | 1,344,422                   | -                      | 106,048                    | -                                             | -                             | 1,467,802        |
| <b>At 31 December 2021</b>              | <b>131,685</b>                | <b>4,313,562</b>            | <b>1,235,755</b>       | <b>612,795</b>             | <b>(14,277)</b>                               | <b>(3,041,826)</b>            | <b>3,237,692</b> |

The notes on pages 19 to 33 form part of these financial statements.

**WINIT365 GROUP PLC****GROUP STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2021**

|                                                    | 2021<br>£        | 2020<br>£        |
|----------------------------------------------------|------------------|------------------|
| <b>OPERATING ACTIVITIES</b>                        |                  |                  |
| Loss before tax                                    | (900,149)        | (513,957)        |
| Share based payment                                | 106,048          | 200,032          |
| Decrease/(Increase) in trade and other receivables | 524,004          | (508,613)        |
| (Decrease)/Increase in trade and other payables    | (95,798)         | 233,203          |
| Net cash used in operating activities              | <u>(365,895)</u> | <u>(589,335)</u> |
| <b>INVESTING ACTIVITIES</b>                        |                  |                  |
| Payment of software development costs              | (551,738)        | (241,426)        |
| Net cash used in investing activities              | <u>(551,738)</u> | <u>(241,426)</u> |
| <b>FINANCING ACTIVITIES</b>                        |                  |                  |
| Proceeds from issue of share capital               | 1,361,753        | 813,199          |
| Net cash from financing activities                 | <u>1,361,753</u> | <u>813,199</u>   |
| Net change in cash and cash equivalents            | <u>444,119</u>   | <u>(17,562)</u>  |
| Cash and cash equivalents at start of year         | 1,039            | 18,601           |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>    | <u>445,158</u>   | <u>1,039</u>     |

The notes on pages 19 to 33 form part of these financial statements.

## **WINIT365 GROUP PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **1. CORPORATE INFORMATION**

The Company is a public company incorporated in England and Wales with limited liability. The address of the registered office is 16 Great Queen Street, London WC2B 5DG.

The operations of the Company are those of a Group holding company. The Company has two wholly owned subsidiaries, WINIT365 Limited which is responsible for administration and the management of ongoing development of the Mahjong Game and WINIT365 (Guernsey) Limited which will market the game.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of preparation of financial statements**

The financial statements for the Company and its subsidiaries (together, the "Group") have been prepared in accordance with UK-adopted 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 UK-adopted 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**

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 Q4 2022. The Board has prepared financial projections covering the period to 30 September 2023 that include committed post year-end capital injections of £237,500 from existing shareholders.

The projections represent a reverse stress test as they 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. Furthermore, the projections assume 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 or 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 going concern period and beyond. 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.

### **Basis of consolidation**

The Group financial statements consolidate those of the Company and its subsidiaries 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 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.

During the year, Winit365 Limited transferred intangible assets to a newly formed subsidiary Winit365 (Guernsey) Limited at cost £2,431,996.

### **Operating income and charges**

All expenses are accounted for on an accruals basis.

### **Functional and Presentation currency**

Each company within the Group has determined its functional currency to be Euro whereas the Group's financial statements are presented in Sterling.

### **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 £523,091 (2020: £576,637) were incurred, and charged to the income statement, in Sterling which is a currency other than functional currency.

In the Group's financial statements, income and expenses have been translated into GBP at the spot rate on the date of the transaction. Exchange differences are charged or credited to profit and loss account in the year.

## **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**

### *Software licences*

Separately acquired software licences are shown at historical cost. Licences (including software) acquired in a business combination are recognised at fair value at the acquisition date. These licences have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives, which for the Mahjong gaming software is considered to be three years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years. No amortisation has been recorded during the current financial year as the Mahjong Game has yet to be launched and so the software has not yet been brought into operation.

#### *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 and other short term highly liquid investments with original maturities of three months or less.

#### **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.

##### **Intangibles assets**

Accounting policy on the estimate and judgement in intangible assets is covered below under judgements.

#### ***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 at the reporting date. The Directors have performed impairment assessment using fair value model given the uncertainty over the value in use model. The Directors have considered the carrying value of the level of capitalised software development costs and believe that the fair value, based on the fair value of shares recently issued by the group to existing and new shareholders, supports the current carrying value of the intangible asset. Despite amortisation not yet having commenced, an impairment review is nevertheless required and the recoverable value of the asset has been considered primarily based on the fair value and secondarily based on the value in use. Based on the current information and consideration of fair value of the asset, there are no indications of impairment.

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**

As at 31 December 2021, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2021:

- Property, plants and equipment - proceeds before intended use – Amendments to IAS 16
- Reference to the conceptual framework – Amendments to IFRS 3
- Onerous contracts – cost of fulfilling a contract – Amendments to IAS 37
- Annual improvements to IFRS standards 2018-20
- Classification of liabilities as current or non-current – Amendments to IAS 1

These new standards and interpretations are not expected to have a material effect on the Group financial statements.

### 3. LOSS FROM OPERATIONS BEFORE TAXATION

The loss for the year is stated after charging:

|                                    | 2021<br>£ | 2020<br>£ |
|------------------------------------|-----------|-----------|
| Administrative expenses:           |           |           |
| Commissions on share subscriptions | 453,918   | 104,399   |
| Share based payments charge        | 106,048   | 200,032   |
| Consultancy fees                   | 113,623   | 10,000    |
| Directors' Remuneration            | 72,000    | 60,000    |
| Audit fees                         | 42,400    | 42,000    |
| Tax compliance and advisory fees*  | 15,000    | 7,500     |
| Other professional fees            | 34,896    | 36,605    |

\* Tax compliance and advisory fees were payable to the auditors.

### 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, as the Chief Operating Decision Maker (CODM), 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

The Directors serving during the year received aggregate remuneration of £72,000 (2020: £60,000) for services to the Group. Each of the directors provided their services through a service company. The Group does not employ any other staff.

|                   | 2021<br>£ | 2020<br>£ |
|-------------------|-----------|-----------|
| Damion Greef*     | 48,000    | 36,000    |
| Mike Hirschfield* | 24,000    | 24,000    |

(\* Damion Greef accrued and unpaid at 31 December 2021 £Nil (2020:£27,000), Mike Hirschfield accrued and unpaid at 31 December 2021 £Nil (2020:£28,000))

For details relating to share based payment on warrants issued to Damion Greef and Michael Hirschfield, refer note 12.

All payments to Directors were made via service companies. There were no other key management personnel (KMP) in 2021.

## 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:

|                                          | 2021<br>£ | 2020<br>£ |
|------------------------------------------|-----------|-----------|
| <b>Analysis of charge in the year</b>    |           |           |
| 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% (2020: 19%). The differences are explained below:

|                                                                                                            |           |           |
|------------------------------------------------------------------------------------------------------------|-----------|-----------|
| Loss on ordinary activities before taxation                                                                | (900,149) | (513,957) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19%) | (171,028) | (97,652)  |
| Effects of:                                                                                                |           |           |
| Trading losses on which no deferred tax is recognised                                                      | 171,028   | 97,652    |
| Total tax charge for year                                                                                  | -         | -         |

### Factors that may affect future tax charges

In September 2022, the Chancellor of the Exchequer announced that he had cancelled the planned rise in UK Corporation tax from 19% to 25% with effect from 1 April 2023, on taxable profits exceeding £250,000. The aggregate unrecognised deferred tax asset of £580,659 (2020: £409,631) reflects the expectation that the 19% Corporation Tax rate will apply to the Company for the foreseeable future. Any change in the rate of corporation tax affect the size of the company's deferred tax assets and liabilities in the 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.

|                                                                             | 2021<br>£  | 2020<br>£  |
|-----------------------------------------------------------------------------|------------|------------|
| Net losses from continuing operations attributable to ordinary shareholders | (900,149)  | (513,957)  |
| Weighted average number of ordinary shares for basic earnings per share     | 27,826,876 | 23,196,859 |
| Basic (loss) per share                                                      | £(0.0323)  | £(0.0222)  |

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

During the year, WINIT365 (Guernsey) Limited was established as a wholly owned subsidiary. The company was established to market the Mahjong Game, initially in Asia and ultimately globally. Accordingly, on 15 June 2021, the Company transferred the IP relating to the Mahjong Game to WINIT365 (Guernsey) Limited at cost.

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 2020   | 2,190,570         |
| Additions                      | 241,426           |
| Balance as at 31 December 2020 | 2,431,996         |
| Additions                      | 551,738           |
| Balance as at 31 December 2021 | 2,983,734         |

As at 31 December 2021, the Company had two wholly owned subsidiaries, WINIT365 Limited, which is incorporated in England and Wales and WINIT365 (Guernsey) Limited established in Guernsey. Both of these have been included in these consolidated financial statements.

## 9. TRADE AND OTHER RECEIVABLES

|                 | 2021<br>£     | 2020<br>£      |
|-----------------|---------------|----------------|
| VAT recoverable | 12,205        | 18,196         |
| Other debtors   | -             | 518,013        |
|                 | <u>12,205</u> | <u>536,209</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. Included in other debtors amounting to £ Nil (2020: £500,000) relate to outstanding proceeds from share subscriptions.

## 10. TRADE AND OTHER PAYABLES

|                | 2021<br>£      | 2020<br>£      |
|----------------|----------------|----------------|
| Trade payables | 108,814        | 124,181        |
| Accruals       | 94,591         | 175,022        |
|                | <u>203,405</u> | <u>299,203</u> |

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

## 11. SHARE CAPITAL

|                                           |                   | Share<br>Capital<br>£ | Share<br>Premium<br>£ | Acquisition<br>Reserve<br>£ | Share based<br>Payment Reserve<br>£ |
|-------------------------------------------|-------------------|-----------------------|-----------------------|-----------------------------|-------------------------------------|
| <b>Allotted, called up and fully paid</b> |                   |                       |                       |                             |                                     |
| Ordinary shares of €0.005                 |                   |                       |                       |                             |                                     |
| At 1 January 2020                         | 23,000,286 shares | <u>103,567</u>        | <u>2,166,727</u>      | <u>1,235,755</u>            | <u>306,715</u>                      |
| At 31 December 2020                       | 25,401,413 shares | <u>114,353</u>        | <u>2,969,140</u>      | <u>1,235,755</u>            | <u>506,747</u>                      |
| At 31 December 2021                       | 29,252,682 shares | <u>131,685</u>        | <u>4,313,562</u>      | <u>1,235,755</u>            | <u>612,795</u>                      |

### *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 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.

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 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.

On 5 November 2021, the Company issued 219,697 ordinary shares of €0.005 each for £72,500 cash pursuant to subscription agreements, plus an additional 26,363 shares in settlement of commission payable in the sum of £14,500 in relation to the share subscriptions.

On 6 December 2021, the Company issued 45,455 ordinary shares of €0.005 each for £15,000 cash pursuant to subscription agreements, plus an additional 5,454 shares in settlement of commission payable in the sum of £3,000 in relation to the 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 (2020: £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 £nil (2020: £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%. As the warrants vested immediately the full charge was recognised in the year.

On 15 September 2021, the Company granted warrants over 250,000 ordinary shares of €0.005 each at an exercise price of £0.20 to David Coles. These warrants vested immediately and will expire, if not previously exercised, on the third anniversary of admission to trading on a Recognised Investment Exchange.

The Company has calculated a share-based payment charge of £45,750 (2020: £nil) based on the Black Scholes method using a risk-free rate of return of 0.914% and a share price volatility of 50%. As the warrants vested immediately the full charge was recognised in the year.

### 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:

|                                               | 2021<br>£      | 2020<br>£      |
|-----------------------------------------------|----------------|----------------|
| Financial assets                              |                |                |
| Trade and other receivables at amortised cost | -              | 518,013        |
| Cash and cash equivalents                     | 445,158        | 1,039          |
|                                               | <u>445,158</u> | <u>519,052</u> |

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

|                                         | 2021<br>£      | 2020<br>£      |
|-----------------------------------------|----------------|----------------|
| Financial liabilities at amortised cost |                |                |
| Trade and other payables                | 203,405        | 299,203        |
|                                         | <u>203,405</u> | <u>299,203</u> |

Financial liabilities are all short-term in nature and comprise trade creditors and accruals. Accruals are booked to reflect budgeted expenses, prior to the receipt of invoices. Invoices from trade creditors are settled in accordance with standard terms of trade, which are normally 30 days or less.

#### 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 |
| <b>As at 31 December 2021</b> |                |           |                    |           |
| Sterling (10% movement)       | 19,280         | (23,564)  | 8,564              | (10,467)  |
| <b>As at 31 December 2020</b> |                |           |                    |           |
| Sterling (10% movement)       | 15,353         | (18,764)  | 10,412             | (12,726)  |

#### **14. POST BALANCE SHEET EVENTS**

Subsequent to the year end, on 2 February 2022 WINIT365 Limited made a short term loan available to Mr Hirschfield (director) amounting to £235,000. The loan was repaid on 16 March 2022 together with accrued interest of £1,352.05 representing an annual rate of interest of 5%.

On 30 June 2022, the Company issued 303,030 ordinary shares of €0.005 each for £100,000 cash pursuant to subscription agreements.

During September 2022, the Company issued 415,152 ordinary shares of €0.005 each for £137,000, cash pursuant to subscription agreements, plus an additional 83,030 shares in settlement of commission payable in the sum of £27,400 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 (2020: £60,000) for its services during the year. Of this sum, £24,000 (2020: £24,000) represents directors fees (see note 5) and £36,000 (2020: £36,000) represents Company Secretarial, accounting and business administration. The balance at the year-end was £nil (2020: £28,000).

Subsequent to the year end, on 2 February 2022 WINIT365 Limited made a short term loan available to Mr Hirschfield amounting to £235,000. The loan was repaid on 16 March 2022 together with £1,352.05 of accrued interest representing an annual rate of interest of 5%.

During the year director's fees amounting to £48,000 (2020: £36,000) were paid to Savile Capital, a company controlled by Damion Greef. The balance at the year-end was £nil (2020: £27,000).

During the year consultancy fees amounting to £42,000 (2020: £10,000) were paid to Philip Danielsson, a major shareholder. The balance at the year-end was £nil (2020: £nil). In addition, fees amounting to £98,740 (2020: £Nil) were paid to Trodon IT, a company controlled by Philip Danielsson for software development services. The balance at the year-end was £Nil (2020: £Nil).

During the year fees amounting to £20,000 (2020: £nil) were paid to Haverford Advisors Limited, a company controlled by David Coles, for general accounting services to the Company. The balance at the year-end was £nil (2020: £nil).

On 15 September 2021, 250,000 warrants were issued to David Coles with an exercise price of £0.20, reflecting the Directors' valuation of the Company at that time.

#### **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 15 to 33 were approved and authorised for issue by the board of directors on 28 September 2022.

Registered number: 11079110

# **WINIT365 GROUP PLC**

**COMPANY STATUTORY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

## **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 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 Q4 2022. The Board has prepared financial projections covering the period to 30 September 2023 that include committed post year-end capital injections of £207,500 from existing shareholders.

The projections represent a reverse stress test as they 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. Furthermore, the projections assume 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 or 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 going concern period and beyond. 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.

## **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.

Income and expenses have been translated into GBP at the spot rate on the date of transaction. Exchange differences are charged or credited to the profit and loss account in the year.

## **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.

#### **Amounts owed by group undertakings**

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Balances mainly relate to the proceeds from share subscriptions, held by WINIT365 Limited on behalf of WINIT365 Group plc, used to fund software development and working capital. The value of amounts owed by group undertakings is not individually determined as the carrying value is a reasonable approximation of fair value.

### **Cash and cash equivalents**

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

### **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 subsidiaries (Note 1)**

The investment in WINIT365 Limited is held at cost which is more than the subsidiary's net assets. On 15 June 2021, the Company transferred the IP relating to the Mahjong Game to fellow group subsidiary, WINIT365 (Guernsey) Limited at cost (£2,606,082). Hence the net asset value of the company is limited to the recoverable value of the balance due from WINIT365 (Guernsey) Limited on account of the transfer of this asset. The intercompany receivable and bank balance are the only significant balances present on the balance sheet of the company at the year-end, as there are no significant transaction going through in that entity after the transfer of this asset. Accordingly, the Directors have made a provision against the carrying value of the investment in subsidiary i.e. WINIT365 Limited to reduce it to its recoverable amount.

### **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 2021**

|                                                                 | Note | 2021<br>£        | 2020<br>£        |
|-----------------------------------------------------------------|------|------------------|------------------|
| <b>FIXED ASSETS</b>                                             |      |                  |                  |
| Investment in subsidiaries                                      | 1    | 1,876,065        | 2,440,933        |
|                                                                 |      | <u>1,876,065</u> | <u>2,440,933</u> |
| <b>CURRENT ASSETS</b>                                           |      |                  |                  |
| Trade and other receivables                                     | 2    | 1,390,667        | 518,832          |
| Cash and cash equivalents                                       |      | 1                | 1                |
|                                                                 |      | <u>1,390,668</u> | <u>518,833</u>   |
| <b>CURRENT LIABILITIES</b>                                      |      |                  |                  |
| Trade and other payables                                        | 3    | (22,500)         | (25,000)         |
|                                                                 |      | <u></u>          | <u></u>          |
| <b>NET CURRENT ASSETS</b>                                       |      | <u>1,368,168</u> | <u>493,833</u>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES<br/>AND NET ASSETS</b> |      | <u>3,244,233</u> | <u>2,934,766</u> |
| <b>CAPITAL AND RESERVES</b>                                     |      |                  |                  |
| Called up share capital                                         | 4    | 131,684          | 114,353          |
| Share premium reserve                                           | 4    | 4,313,562        | 2,969,140        |
| Share based payment reserve                                     | 4    | 612,795          | 506,747          |
| Accumulated losses                                              |      | (1,813,808)      | (655,474)        |
|                                                                 |      | <u></u>          | <u></u>          |
| <b>TOTAL EQUITY</b>                                             |      | <u>3,244,233</u> | <u>2,934,766</u> |

As permitted by S408 Companies Act 2006, the Company has not presented its own statement of comprehensive income and related notes. During the year the Company recorded a loss before taxation of £1,158,335 (2020: £116,900). The notes on pages 41 to 45 form part of these financial statements. Approved and authorised for issue by the board of directors on 28 September 2022.



**Damion Greef**  
Director



**Michael Hirschfield**  
Director

Company Registration No. 11079110

**WINIT365 GROUP PLC****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2021**

|                                            | Called<br>up share<br>capital<br>£ | Share<br>premium<br>reserve<br>£ | Share<br>based<br>payments<br>£ | Profit and<br>loss<br>account<br>£ | Total<br>equity<br>£ |
|--------------------------------------------|------------------------------------|----------------------------------|---------------------------------|------------------------------------|----------------------|
| At 1 January 2020                          | 103,567                            | 2,166,727                        | 306,715                         | (538,574)                          | 2,038,435            |
| <b>Total comprehensive income:</b>         |                                    |                                  |                                 |                                    |                      |
| Result for the period                      | -                                  | -                                | -                               | (116,900)                          | (116,900)            |
| <b>Transactions with owners:</b>           |                                    |                                  |                                 |                                    |                      |
| Share based payments                       | -                                  | -                                | 200,032                         | -                                  | 200,032              |
| Issuance of shares – cash<br>consideration | 10,786                             | 802,413                          | -                               | -                                  | 813,199              |
| <b>Total transactions with owners</b>      | <b>10,786</b>                      | <b>802,413</b>                   | <b>200,032</b>                  | <b>-</b>                           | <b>1,013,231</b>     |
| At 31 December 2020                        | <b>114,353</b>                     | <b>2,969,140</b>                 | <b>506,747</b>                  | <b>(655,474)</b>                   | <b>2,934,766</b>     |
| <b>Total comprehensive income:</b>         |                                    |                                  |                                 |                                    |                      |
| Result for the year                        | -                                  | -                                | -                               | (1,158,335)                        | (1,158,335)          |
| <b>Transactions with owners:</b>           |                                    |                                  |                                 |                                    |                      |
| Share based payments                       | -                                  | -                                | 106,048                         | -                                  | 106,048              |
| Issuance of shares – cash<br>consideration | 17,331                             | 1,344,422                        | -                               | -                                  | 1,361,753            |
| <b>Total transactions with owners</b>      | <b>17,331</b>                      | <b>1,344,422</b>                 | <b>106,048</b>                  | <b>-</b>                           | <b>1,467,801</b>     |
| At 31 December 2021                        | <b>131,684</b>                     | <b>4,313,562</b>                 | <b>612,795</b>                  | <b>(1,813,808)</b>                 | <b>3,244,233</b>     |

The notes on pages 41 to 45 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 2020                       | 1,515,901        |
| Share Based Payments                       | 200,032          |
| Additional shares acquired during the year | 725,000          |
| As at 31 December 2020                     | <u>2,440,933</u> |
| Impairment of investment in subsidiary     | (670,917)        |
| Share based payment                        | 106,048          |
| Additional shares acquired during the year | -                |
| As at 31 December 2021                     | <u>1,876,065</u> |

An impairment loss of £670,917 (2020: £Nil) in relation to investment in subsidiary i.e. Winit365 Limited has been recognised during the year, the basis for which is set out on page 38.

During the year a share based payment charge of £106,048 (2020: £200,032) arose on warrants issued during 2021.

**2. TRADE AND OTHER RECEIVABLES**

|                                    | 2021<br>£        | 2020<br>£      |
|------------------------------------|------------------|----------------|
| Amounts owed by Group undertakings | 1,390,667        | 18,832         |
| Other debtors                      | -                | 500,000        |
|                                    | <u>1,390,667</u> | <u>518,832</u> |

Trade and other receivables are all current and there are no provisions 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.

Included in other debtors amounting to £ Nil (2020: £500,000) relate to outstanding proceeds from share subscriptions.

**3. TRADE AND OTHER PAYABLES**

|                 | 2021<br>£     | 2020<br>£     |
|-----------------|---------------|---------------|
| Trade creditors | 6,000         | -             |
| Accruals        | 16,500        | 25,000        |
|                 | <u>22,500</u> | <u>25,000</u> |

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

**4. SHARE CAPITAL**

|                                           |                   | Share<br>Capital<br>£ | Share<br>Premium<br>£ | Share based<br>Payment Reserve<br>£ |
|-------------------------------------------|-------------------|-----------------------|-----------------------|-------------------------------------|
| <b>Allotted, called up and fully paid</b> |                   |                       |                       |                                     |
| Ordinary shares of €0.005                 |                   |                       |                       |                                     |
| At 1 January 2020                         | 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                             |
| At 31 December 2021                       | 29,252,682 shares | 131,684               | 4,313,562             | 612,795                             |

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.

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 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.

On 5 November 2021, the Company issued 219,697 ordinary shares of €0.005 each for £72,500 cash pursuant to subscription agreements, plus an additional 26,363 shares in settlement of commission payable in the sum of £14,500 in relation to the share subscriptions.

On 6 December 2021, the Company issued 45,455 ordinary shares of €0.005 each for £15,000 cash pursuant to subscription agreements, plus an additional 5,454 shares in settlement of commission payable in the sum of £3,000 in relation to the 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 subsidiaries 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 (2020: £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 £nil (2020: £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%. As the warrants vested immediately the full charge was recognised in the year.

On 15 September 2021, the Company granted warrants over 250,000 ordinary shares of €0.005 each at an exercise price of £0.20 to David Coles. These warrants vested immediately and will expire, if not previously exercised, on the fifth anniversary of grant.

The Company has calculated a share-based payment charge of £45,750 (2020: £nil) based on the Black Scholes method using a risk-free rate of return of 0.914% and a share price volatility of 50%. As the warrants vested immediately the full charge was recognised in the year.

## **6. DIRECTORS REMUNERATION**

The Directors serving during the year received aggregate remuneration of £72,000 (2020: £60,000) for services to the Group. Each of the directors provided their services and are remunerated through a service company.

The Company does not employ any other staff.

## **7. POST BALANCE SHEET EVENTS**

On 30 June 2022, the Company issued 303,030 ordinary shares of €0.005 each for £100,000 cash pursuant to subscription agreements. Subsequent to the year end, on 2 February 2022 WINIT365 Limited made a short term loan available to Mr Hirschfield (director) amounting to £235,000. The loan was repaid on 16 March 2022 together with the accrued interest of £1,352.05 representing an annual rate of interest of 5%.

On 30 June 2022, the Company issued 303,030 ordinary shares of €0.005 each for £100,000 cash pursuant to subscription agreements.

During September 2022, the Company issued 415,152 ordinary shares of €0.005 each for £137,000, cash pursuant to subscription agreements, plus an additional 83,030 shares in settlement of commission payable in the sum of £27,400 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 (2020: £60,000) for its services during the year. Of this sum, £24,000 (2020: £24,000) represents directors fees (see note 5) and £36,000 (2020: £36,000) represents Company Secretarial, accounting and business administration. The balance at the year-end was £nil (2020: £28,000).

Subsequent to the year end, on 2 February 2022 WINIT365 Limited made a short term loan available to Mr Hirschfield amounting to £235,000. The loan was repaid on 16 March 2022 together with £1,352.05 of accrued interest representing an annual rate of interest of 5%.

During the year director's fees amounting to £48,000 (2020: £36,000) were paid to Savile Capital, a company controlled by Damion Greef. The balance at the year-end was £nil (2020: £27,000).

During the year consultancy fees amounting to £42,000 (2020: £10,000) were paid to Philip Danielsson, a major shareholder. The balance at the year-end was £nil (2020: £nil). In addition, fees amounting to £98,740 (2020: £Nil) were paid to Trodon IT, a company controlled by Philip Danielsson for software development services. The balance at the year-end was £nil (2020: £nil).

During the year fees amounting to £20,000 (2020: £nil) were paid to Haverford Advisors Limited, a company controlled by David Coles, for general accounting services to the Company. The balance at the year-end was £nil (2020: £nil).

On 15 September 2021, 250,000 warrants were issued to David Coles with an exercise price of £0.20, reflecting the Directors' valuation of the Company at that time.