

PLAYSIMPLE GAMES PTE. LTD.

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	Note	2024 US\$	2023 US\$
Revenue	3	221,087,636	218,429,376
Cost of sales	4	(215,309,610)	(213,284,919)
Gross profit		<hr/> 5,778,026	<hr/> 5,144,457
Other (expenses)/ income - net	5	(391,115)	210,631
Administrative expenses	6	(250,835)	(229,797)
Profit before income tax		<hr/> 5,136,076	<hr/> 5,125,291
Income tax expense	8	(1,939,396)	(1,273,449)
Profit after tax		<hr/> 3,196,680	<hr/> 3,851,842
Profit for the year, representing total comprehensive income for the year		<hr/> <hr/> 3,196,680	<hr/> <hr/> 3,851,842

The accompanying notes form an integral part of these financial statements.

PLAYSIMPLE GAMES PTE. LTD.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	Note	2024 US\$	2023 US\$
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	9	39,797,432	46,920,191
Trade receivables	10a	26,814,418	32,014,736
Contract assets	3c	2,325,907	127,662
Other assets	10b	358,930	439,679
Total current assets		69,296,687	79,502,268
Non-current assets			
Other assets	11	15,884	15,884
Total non-current assets		15,884	15,884
Total assets		69,312,571	79,518,152
<u>LIABILITIES</u>			
Current liabilities			
Trade and other payables	12	51,348,375	64,722,203
Contract liabilities	3b	2,062,543	2,092,776
Current tax liabilities	8b	860,109	858,309
Total current liabilities		54,271,027	67,673,288
Total liabilities		54,271,027	67,673,288
NET ASSETS		15,041,544	11,844,864
<u>EQUITY</u>			
Capital and reserves attributable to equity holder of the Company			
Share capital	13	50,000	50,000
Retained earnings		14,991,544	11,794,864
Total equity		15,041,544	11,844,864

The accompanying notes form an integral part of these financial statements.

PLAYSIMPLE GAMES PTE. LTD.

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	Share capital US\$	Retained earnings US\$	Total equity US\$
Balance at 1 January 2023	50,000	7,943,022	7,993,022
Profit for the year, representing total comprehensive income for the year	–	3,851,842	3,851,842
Balance at 31 December 2023	50,000	11,794,864	11,844,864
Balance at 1 January 2024	50,000	11,794,864	11,844,864
Profit for the year, representing total comprehensive income for the year	–	3,196,680	3,196,680
Balance at 31 December 2024	50,000	14,991,544	15,041,544

The accompanying notes form an integral part of these financial statements.

PLAYSIMPLE GAMES PTE. LTD.

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	2024	2023
	US\$	US\$
Cash flows from operating activities		
Profit before income tax	5,136,076	5,125,291
Change in working capital:		
– Trade receivables	5,200,318	(7,997,778)
– Other assets	80,749	5,217
– Trade and other payables	(13,373,828)	31,445,289
– Contract assets and liabilities	(2,228,478)	872,310
Cash (used in)/ generated from operations	<u>(5,185,163)</u>	<u>29,450,329</u>
Income tax paid	(858,309)	(1,200,345)
Withholding tax deducted	(1,079,287)	(369,160)
Net cash (used in)/ generated from operating activities	<u>(7,122,759)</u>	<u>27,880,824</u>
Net (decrease)/ increase in cash and cash equivalents	(7,122,759)	27,880,824
Cash and cash equivalents at beginning of the year	<u>46,920,191</u>	<u>19,039,367</u>
Cash and cash equivalents at end of the year	<u>39,797,432</u>	<u>46,920,191</u>

The accompanying notes form an integral part of these financial statements.

PLAYSIMPLE GAMES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate information

Playsimple Games Pte. Ltd. (the "Company") is a private limited company incorporated and domiciled in Singapore. The address of its registered office is 30, Cecil Street #19-08 Prudential Tower, Singapore 049712. The Company is the wholly owned subsidiary of PlaySimple Games Private Limited, incorporated and domiciled in India and the ultimate holding company is MTGx Gaming Holding AB, incorporated in Sweden.

The principal activities of the Company are development of software and programming activities in relation to online games and hosting these games on online platforms.

2. Material accounting policy information

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (SFRSs") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRSs requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Use of significant accounting estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Expected credit losses on financial assets

The expected credit losses on financial assets are based on assumptions about the risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

PLAYSIMPLE GAMES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.1 Basis of preparation (continued)

a) Key sources of estimation uncertainty (continued)

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates and reflects the uncertainty related to income taxes, if any. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile. A tax assessment could involve complex issues, which can only be resolved over extended time periods.

Deferred tax assets are recognised for all recognised tax losses and other tax benefits to the extent that it is probable that taxable profit will be available against which the losses and tax benefits can be recognised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

b) Judgment made in applying the Company's accounting policies

Management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

Interpretations and amendments to published standards effective in 2024

On 1 January 2024, the Company has adopted the new or amended SFRS and Interpretations of SFRS ("INT SFRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS and INT SFRS.

The adoption of these new or amended SFRS and INT SFRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

PLAYSIMPLE GAMES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.2 FRSs issued but not yet effective

At the date of authorisation of these financial statements, the following FRSs that are relevant to the Company were issued but not yet effective:

	Effective date (annual periods beginning on or after)
Amendments to FRS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
Amendments to FRS 109 Financial Instruments and 107 Financial Instruments: Disclosures: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvement to FRSs Volume 11	1 January 2026
FRS 118 Presentation and Disclosure in Financial Statements	1 January 2027
FRS 119 Subsidiaries without Public Accountability: Disclosures	1 January 2027

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Company does not intend to early adopt any of the above new/revised standards, interpretations, and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Company in the period of their initial adoption.

2.3 Revenue from contracts with customers

a) Advertisement income

Revenue from advertisement is recognised on an accrual basis as impression, clicks occur over the period during which the related advertisements are displayed, as per defined terms. The revenue is recognised at a point in time.

b) Application income

The games hosted by the Company allow the players to play for free. The players can purchase virtual currencies/coins to enhance their game playing experience. Players pay for the virtual currencies using the service providers/distributors of the game. The revenue is recorded as the gross amount paid by the customers. The related expenses towards mobile platform usage are recorded as expenses.

PLAYSIMPLE GAMES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.3 Revenue from contracts with customers (continued)

b) Application income (continued)

The players are able to subscribe yearly, monthly or weekly membership within the games to enhance the user experience. Receipts are recorded as the gross amount paid by the players as contract liabilities and the related revenue is recorded in the profit or loss over the subscription period (i.e. over time). The revenue is recognised over time.

c) Software development revenue

This involves developing software for third parties or related companies.

Revenue from software development is recognised when control of the software is transferred to the customer. Control is considered to be transferred when the customers direct the use of, and obtain substantially all of the remaining benefits from, the software. Revenue is either recognised over time or at a point in time depending on the satisfaction of performance obligations during the term of the contract.

d) Other operating revenue

Other operating revenue consists of income other than subscriptions and sale of virtual coins, and the same is recognised when the Company has performed its obligations under the relevant contract and has either received or is reasonably certain to receive the price under the contract.

e) Interest income

Interest income is recognised using the effective interest method.

2.4 Employee compensation

Employee benefits are recognised as an expense.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees.

PLAYSIMPLE GAMES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.5 Government grant

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.6 Financial assets

(a) *Classification and measurement*

The Company classifies its financial assets as financial assets at amortised cost.

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

Financial assets and financial liabilities are recognised on the statement of financial position when, and only when the Company becomes a party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

At subsequent measurement

(i) Debt instruments

Debt instruments of the Company mainly comprise of cash and cash equivalents, trade and other receivables, and deposits.

There are three prescribed subsequent measurements categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets.

PLAYSIMPLE GAMES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.6 Financial assets (continued)

(a) *Classification and measurement (continued)*

At subsequent measurement (continued)

(i) Debt instruments (continued)

The Company managed these groups of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these groups of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

(b) *Impairment*

For trade receivable and contract assets, the Company applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and cash equivalents, other receivables, and deposits, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

(c) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2.7 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

PLAYSIMPLE GAMES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.8 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

2.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a realisable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

PLAYSIMPLE GAMES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.10 Foreign currency translation

Transactions and balances

The financial statements are presented in United States Dollar (US\$), which is the functional currency of the Company. Transactions in a currency other than US\$ ("foreign currency") are translated into US\$ using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

All other foreign exchange gains and losses impacting profit or loss are recognised in profit or loss.

2.11 Related party

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.

- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company.

The effect of the Company's transactions and arrangements with related parties is reflected in these financial statements.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that company.

PLAYSIMPLE GAMES PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

2. Material accounting policy information (continued)

2.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3. Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

The Company hosts the games on online platforms from where the players download the games and play for free.

The players subscribe to the games and/ or purchase virtual coins while playing the games both of which are revenue for the Company and it is recognised as application income.

The Company also derives advertisement income within the games.

(a) Disaggregation of revenue from contracts with customers:

	2024 US\$	2023 US\$
Advertisement income	173,108,272	172,912,088
Application income	40,618,553	45,175,766
Software development revenue	4,038,030	341,522
Other operating income	3,322,781	–
	<u>221,087,636</u>	<u>218,429,376</u>

The Company derives the advertising income at a point in time. The Company derives application income over time. Software development revenue is either recognised over time or at a point in time depending on the satisfaction of performance obligations based on the term of the contract. As of 31 December 2024, the Company recognises the following:

	2024 US\$	2023 US\$
Revenue recognition:		
- At a point in time	176,431,053	173,182,016
- Over time	44,656,583	45,247,360
	<u>221,087,636</u>	<u>218,429,376</u>

PLAYSIMPLE GAMES PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

3. Revenue from contracts with customers (continued)

Disaggregation of revenue from contracts with customers (continued)

(b)	Contract liabilities		
		2024	2023
		US\$	US\$
	<u>Contract liabilities</u>		
	Deferred income	2,062,543	2,092,776
		<u>2,062,543</u>	<u>2,092,776</u>
(c)	Contract assets		
		2024	2023
		US\$	US\$
	<u>Contract assets</u>		
	Accrued revenue	2,325,907	127,663
		<u>2,325,907</u>	<u>127,663</u>
(d)	Revenue recognised in relation to contract liabilities		
		2024	2023
		US\$	US\$
	Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period	2,092,776	1,052,482
		<u>2,092,776</u>	<u>1,052,482</u>
	Contract liabilities relate to consideration received from customers for the unsatisfied performance obligation on (a) subscriptions which are yearly, monthly, or weekly (b) sale of coins. Revenue is recognised over the period of the subscription or expected duration of consumption of coins.		
(e)	Trade receivables from contracts with customers		
		2024	2023
		US\$	US\$
	<u>Current assets</u>		
	Trade receivables from contracts with customers (Note 10a)	26,814,418	32,014,736
		<u>26,814,418</u>	<u>32,014,736</u>

4. Cost of sales

		2024	2023
		US\$	US\$
	Advertising and marketing	107,145,919	127,801,484
	Purchase of software and licenses	95,710,758	71,125,874
	Platform transaction fees	10,807,168	13,020,388
	Server and software expenses	1,645,765	1,337,173
		<u>215,309,610</u>	<u>213,284,919</u>

PLAYSIMPLE GAMES PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

5. Other (expenses) / income - net

	2024 US\$	2023 US\$
Net foreign exchange (loss)/gain	(428,575)	210,325
Others	37,460	306
	<u>(391,115)</u>	<u>210,631</u>

6. Administrative and other expenses

	2024 US\$	2023 US\$
Employee compensation (Note 7)	207,709	189,107
Professional fees	35,648	34,255
Bank charges	6,639	5,732
Rental expenses	483	459
Telecommunication expenses	253	169
Office expenses	103	75
	<u>250,835</u>	<u>229,797</u>

7. Employee compensation

	2024 US\$	2023 US\$
Wages and salaries	184,244	168,487
Employer's contribution to defined contribution plans	23,465	20,620
	<u>207,709</u>	<u>189,107</u>

8. Income taxes

(a) Income tax expense

	2024 US\$	2023 US\$
Tax expense attributable to profit is made up of:		
- Current income tax	860,109	858,309
- Withholding tax	1,079,287	369,160
- Under provision in prior financial years	-	45,980
	<u>1,939,396</u>	<u>1,273,449</u>

PLAYSIMPLE GAMES PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

8. Income taxes (continued)

(a) Income tax expense (continued)

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2024 US\$	2023 US\$
Profit before tax	5,136,076	5,125,291
Tax calculated at tax rate of 17% (2023: 17%)	873,133	871,299
Effects of:		
- Statutory stepped income exemption	(13,024)	(12,990)
- Under provision in prior years	-	45,980
- Withholding tax	1,079,287	369,160
Total income tax expense	1,939,396	1,273,449

(b) Movements in current tax liabilities

	2024 US\$	2023 US\$
Beginning of financial year	858,309	1,154,365
Income tax paid	(858,309)	(1,200,345)
Withholding tax deducted	(1,079,287)	(369,160)
Tax expense	1,939,396	1,273,449
End of financial year	860,109	858,309

9. Cash and cash equivalents

	2024 US\$	2023 US\$
Cash at bank and on hand	39,797,432	46,920,191
	39,797,432	46,920,191

At the reporting date, the carrying amounts of cash and cash equivalents approximated their fair values.

PLAYSIMPLE GAMES PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

10. Trade receivables and other assets

	2024	2023
	US\$	US\$
(a) Trade receivables:		
- Related company	-	31,901
- Third parties	26,814,418	31,982,835
	<u>26,814,418</u>	<u>32,014,736</u>
(b) Other assets:		
- Prepayments	343,993	436,229
- Other receivables	14,937	3,450
	<u>358,930</u>	<u>439,679</u>

At the reporting date, the carrying amounts of trade receivables are non-interest bearing and are generally on 30 to 60 days (2023: 30 to 60 days) term.

11. Other non-current assets

	2024	2023
	US\$	US\$
Deposits	15,884	15,884
	<u>15,884</u>	<u>15,884</u>

The above deposit pertains to a security deposit with Citibank against the SBLC credit card.

12. Trade and other payables

	2024	2023
	US\$	US\$
Trade payables to:		
- Related companies	25,435,300	41,013,951
- Third parties	20,168,670	16,912,732
	<u>45,603,970</u>	<u>57,926,683</u>
Accrual for other operating expenses	5,744,405	6,795,520
	<u>51,348,375</u>	<u>64,722,203</u>

At the reporting date, the carrying amounts of trade payables are non-interest bearing and normally settled within 90 days (2023: 90 days) term.

13. Share capital

The Company's share capital comprises fully paid-up 50,000 ordinary shares (2023: 50,000) that do not have a par value.

PLAYSIMPLE GAMES PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

14. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Risk management policies are laid down by the ultimate holding company and management practices are made in close collaboration and consultation with the ultimate holding company on its overall business strategies. Financial risk management is carried out by the finance department.

The information presented below is based on information received from the management.

(a) Market risk

(i) *Currency risk*

The Company's business is exposed to Singapore Dollar ("S\$"). The management monitors the foreign exchange rates closely.

The Company's currency exposure to the S\$ is as follows:

	<u>US\$</u> <u>US\$</u>	<u>SG\$</u> <u>US\$</u>	<u>Total</u> <u>US\$</u>
2024			
Financial assets			
Cash and cash equivalents	24,933,110	14,864,322	39,797,432
Trade receivables	25,495,426	1,318,992	26,814,418
Contract assets	2,325,907	–	2,325,907
Other assets	358,930	15,884	374,814
	<u>53,113,373</u>	<u>16,199,198</u>	<u>69,312,571</u>
Financial liabilities			
Trade and other payables	50,991,356	357,019	51,348,375
Contract liabilities	2,062,543	–	2,062,543
Current tax liabilities	–	860,109	860,109
	<u>53,053,899</u>	<u>1,217,128</u>	<u>54,271,027</u>
Net financial assets	59,474	14,982,070	15,041,544
Less: Net financial assets denominated in the Company's functional currency	<u>(59,474)</u>	–	<u>(,9,474)</u>
Currency exposure of financial assets - net	<u>–</u>	<u>14,982,070</u>	<u>14,982,070</u>

PLAYSIMPLE GAMES PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

14. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

	<u>US\$</u> US\$	<u>SG\$</u> US\$	<u>Total</u> US\$
2023			
Financial assets			
Cash and cash equivalents	41,820,220	5,099,971	46,920,191
Trade and other receivables	30,983,988	1,030,748	32,014,736
Contract assets	127,662	–	127,662
Other assets	439,679	15,884	455,563
	<u>73,371,549</u>	<u>6,146,603</u>	<u>79,518,152</u>
Financial liabilities			
Trade and other payables	63,376,227	1,345,976	64,722,203
Contract liabilities	2,092,776	–	2,092,776
Current tax liabilities	–	858,309	858,309
	<u>65,469,003</u>	<u>2,204,285</u>	<u>67,673,288</u>
Net financial assets	7,902,546	3,942,318	11,844,864
Less: Net financial assets denominated in the Company's functional currency	(7,902,546)	–	(7,902,546)
Currency exposure of financial assets - net	<u>–</u>	<u>3,942,318</u>	<u>3,942,318</u>

At 31 December 2024, if the S\$ had weakened/strengthened by 5% against the US\$ with all other variables including tax rate being held constant, the Company's profit after tax for the financial period/year would have been \$748,693 lower/higher (2023: \$ 279,749 lower/higher) as a result of currency translation losses/gains on the S\$-denominated financial instruments.

(ii) *Interest rate risk*

The Company has no financial assets or liabilities that are exposed to interest rate risk.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligation, resulting in financial loss to the Company.

(i) *Risk management*

The Company adopts the following policy to mitigate the credit risk.

For banks and financial institutions, the Company mitigates its credit risks by transacting only with counterparties who are rated "A" and above by independent rating agencies.

The Company manages the credit risk by monitoring creditworthiness and collection from its customers and has no significant concentration of credit risk, with exposure spread over a large number of counter parties and customers.

PLAYSIMPLE GAMES PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

14. Financial risk management (continued)

(b) Credit risk (continued)

(i) *Risk management (continued)*

For trade receivables, the customers are globally recognised platforms with good collection records. The risk involved in collection is very low. Sales to customers are required to be settled within the credit period, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial asset presented on the balance sheet. The Company's major classes of financial assets are cash and cash equivalents, trade and other receivables and contract assets.

(ii) *Credit rating*

The Company uses the following categories of internal credit risk rating for financial assets which are subject to expected credit losses under the 3-stage general approach. These four categories reflect the respective credit risk and how the loss provision is determined for each of those categories.

Category of internal credit rating	Definition of category	Basis for recognition of expected credit losses
Performing	Borrowers have a low risk of default and a strong capacity to meet contractual cash flows	12-month expected credit losses
Underperforming	Borrowers for which there is a significant increase in credit risk; as significant in credit risk is presumed if interest and/or principal repayment are 30 days past due	Lifetime expected credit losses
Non-performing	Interest and/or principal payment are 90 days past due	Lifetime expected credit losses
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Asset is written off

(iii) *Impairment of financial assets*

The Company applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, the Company considers historical payment patterns and credit characteristics of each customer and adjusts for forward looking information such as future prospects of the customer's core operating industries, political and economic environment in which the customer operates in and other information and factors on the customer's financial condition.

PLAYSIMPLE GAMES PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

14. Financial risk management (continued)

(b) Credit risk (continued)

(iii) *Impairment of financial assets (continued)*

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Company does not have any history of credit defaults hence there is no expected credit loss.

Cash and cash equivalents

The Company held cash and cash equivalents of \$ 39,797,432 (31 December 2023: \$ 46,920,191) with banks which are rated A+ based on Standard & Poor and having low credit risk. The cash balances are measured on 12-months expected credit losses and subject to immaterial credit loss.

(c) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash balance to meet its working capital requirements and operational needs, and where necessary, from funds provided by the immediate holding corporation.

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows.

	Less than <u>1 year</u> \$
At 31 December 2024	
Trade and other payables	<u>51,348,375</u>
At 31 December 2023	
Trade and other payables	<u>64,722,203</u>

15. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares, and sell assets to reduce debt, or adjust the amount of dividends paid to shareholders.

Management monitors its capital based on equity. Total equity as at the reporting date is \$15,041,544 (2023: \$11,844,864).

The Company is not subject to any externally imposed capital requirements.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Related party transactions

- (a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and its related parties at terms agreed between the parties:

	2024 US\$	2023 US\$
Software development service income from a related company	-	259,446
Purchase of software from immediate holding company (Note 4)	(95,710,758)	(71,125,874)
Software and license expenses charged by a related company	(166,930)	-

- (b) Key management personnel compensation

	2024 US\$	2023 US\$
Wages and salaries	-	-
Employer's contribution to defined contribution plans, including Central Provident Fund (CPF)	-	-
	<hr/> <hr/>	<hr/> <hr/>

17. Events after the reporting date

In January 2025, the Company has made an internal deposit of US\$ 19,730,731 which bears interest of 4.38% plus the margin of 30 basis points with its ultimate holding company, MTGx Gaming Holding AB.

18. Authorisation of financial statements

These financial statements for the financial year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 30 June 2025.