

**PROVISIONAL LICENSE TO OPERATE  
NLA 5/90 USSD, MOBILE & WEB ONLINE LOTTERY  
&  
LOTTO MARKETING COMPANY (LMC)**

**Issued by**

**NATIONAL LOTTERY AUTHORITY**

**to**

**KGL TECHNOLOGIES GHANA LIMITED**

**REFERENCE NO CS0532399**

**LICENSE NO. NLA RB17V120**





**PROVISIONAL LICENSE**

**IN EXERCISE OF POWERS** conferred on the Governing Board by the National Lotto Act, 2006 (ACT 722) and the Lottery Regulations, 2008 (L.I. 1948), the National Lottery Authority hereby grants this Provisional License to:

**KGL TECHNOLOGIES GHANA LIMITED** (the LICENSEE) to operate NLA 5/90 Online / Lottery (USSD, Web and Mobile applications)

which is registered under the laws of Republic of Ghana to conduct business in Ghana in accordance with the Companies Act, 2019 (ACT 992) under Certificate of Incorporation No. CS05323888 and Certificate of Commencement of Business No. CS05323888

*The Licensee having complied with the provisions of National Lotto Act, 2006 (ACT 722) and Lottery Regulations, 2008 (L.I. 1948) and having satisfied the Governing Board of the National Lottery Authority of its financial, operational, technical and marketing/sales capabilities is authorized by this provisional license to operate the NLA 5/90 USSD, Web and Mobile Online Lottery (NLA 5/90 USSD Online Lottery) and conduct the duties of a Lotto Marketing Company (LMC) under the strict supervision of National Lottery Authority subject to the following Terms and Conditions:*

**1.0 WHEREAS**

- 1.1 National Lottery Authority (NLA) is established by ACT 722 to regulate, supervise, conduct and manage National Lotto and to provide for related matters including the contracting and selection for the operation of Online Lottery and licensing of Lotto Marketing Companies (LMCs).
- 1.2 The LICENSEE has sent correspondence and made a presentation to the Governing Board (Board) of NLA on 26 May 2020.
- 1.3 The Board imposed a penalty on LICENSEE following its unauthorized roll-out of the NLA USSD Online 5/90 Lottery game without authorization by the Board, on its Information Technology (I.T.) Infrastructure in contravention of the provisions of ACT 722 and L.I. 1948.
- 1.4 LICENSEE acknowledged that it breached ACT 722 and L.I. 1948 and in order for the Board to regularize its activities, has applied for the grant of a provisional license subject to the payment of penalties imposed by the Board.
- 1.5 LICENSEE has paid the sum of Ten Million Ghana Cedis (GHS10,000,000.00) representing the penalty imposed by the Board for the unauthorized operation of the NLA 5/90 USSD Online Lottery by LICENSEE.
- 1.6 The Board established after the presentation that the I.T Infrastructure (Front End and Back End Online Lottery Platform) of LICENSEE is resilient and robust thereby making it compatible with the NLA digital online lottery platform set up for the Implementation of the NLA USSD 5/90 Online Lottery Game.

**2.0 GRANT OF PROVISIONAL LICENSE**

- 2.1 The NLA Board hereby grants this Provisional License to the LICENSEE to carry out the NLA 5/90 USSD Online Lottery on behalf of NLA in accordance with the



with the mandate of NLA to contract, select for operation on its behalf the NLA 5/90 USSD Online Lottery and as an Online Lotto Marketing Company (LMC) pursuant to ACT 722 and L.I. 1948, on provisional (pilot) basis, subject to Clause 6.0 herein.

- 2.2 A Certificate of Provisional License is issued to LICENSEE in accordance with the mandate of the NLA Board.

### 3.0 SCOPE OF PROVISIONAL LICENSE

- 4.1 Operate, Retail, sell, distribute NLA 5/90 USSD Online Lottery Games namely:

- i) Monday Special;
- ii) Lucky Tuesday;
- iii) Mid-Week;
- iv) Fortune Thursday;
- v) Friday Bonanza;
- vi) National Weekly (Saturday).

- 4.2 The Online Lottery Games shall at all material times be implemented via USSD, mobile applications and Web for and on behalf of NLA.

### 4.0 VALIDITY OF PROVISIONAL LICENSE

i) This provisional license for piloting is deemed to be effective 1<sup>st</sup> November 2019 and shall terminate on 31<sup>st</sup> December 2021.

ii) Three (3) months prior to the date of expiry of this Provisional License, the LICENSEE shall by written notification to NLA request a review of its performance (financial, technical, operational and sales) to determine the viability of the piloting of the NLA Online public game. NLA may upon satisfactory performance of LICENSEE following the review, grant a substantive license to LICENSEE to operate the NLA 5/90 USSD Online Lottery and as an LMC.

### 5.0 VALIDITY OF SUBSTANTIVE LICENSE

- 5.1 Subject to Clause 4.0 herein, this Provisional License may be converted into a substantive license for a period of ten (10) years effective from 1<sup>st</sup> January 2022 subject to review on the 5<sup>th</sup> and penultimate years.

### 6.0 INTEGRATION OF I.T. INFRASTRUCTURE

LICENSEE shall integrate and interface its Online Lottery Platform with the NLA-owned Online Lottery Monitoring Platform for real-time monitoring of lottery sales, prize payment, pre and post draw transactions through the NLA Application Programme Interface (API) to ensure transparency and accountability.

### 7.0 REVENUE DUE NLA

i) LICENSEE shall during the provisional (piloting) license validity period, make the following payments into the NLA Lotto Account:

- 1<sup>st</sup> November 2019 to 31<sup>st</sup> December 2020 - Twenty Million Ghana Cedis (GHS20,000,000.00) on or before 31<sup>st</sup> December 2020;
- 1<sup>st</sup> January 2021 to 31<sup>st</sup> December 2021 - Twenty Five Million Ghana Cedis (GHS25,000,000.00) payable in four equal quarterly instalments of

N.N. 2  
29/07/2020



**Six Million Two Hundred and Fifty Thousand Ghana Cedis (GHS6,250,000.00) per quarter.**

- ii) LICENSEE shall pay **one-half (0.5%) percent** of Gross revenue per month to NLA for interfacing the LICENSEE's Online USSD Platform with the NLA-owned Online USSD Platform which is already in commercial operation.
- iii) LICENSEE shall make the following payments into the NLA Lotto Account on monthly basis, in advance:
- **Twenty percent (20%)** of Gross Lottery sales on the USSD, mobile applications and Web platforms as provided herein, for the period 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2026; and
  - **Twenty Five percent (25%)** of Gross Lottery sales on the USSD, mobile applications and Web platforms as provided herein, for the period 1<sup>st</sup> January 2027 to 31<sup>st</sup> December 2031.
- iv) LICENSEE shall pay the amount in the sum of **One Million Ghana Cedis (GHS1,000,000.00)** as provisional license fees for the piloting period 1<sup>st</sup> November 2019 to 31<sup>st</sup> December 2020. Thereafter, the renewable provisional license fee for the period 1<sup>st</sup> January 2021 to 31<sup>st</sup> December 2021 shall increase by ten percent (10%).
- v) The substantive license fee for the period 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022 shall be **One Million Two Hundred and Ten Thousand Ghana Cedis (GHS1,210,000.00)** which shall be subject to a ten percent (10%) increment on annual basis during the term of the substantive License.

#### **8.0 INDEMNITY**

LICENSEE shall indemnify and keep NLA indemnified against any liability including non-payment of wins, arising out of:

- i) LICENSEE's operation of the NLA 5/90 USSD Online Lottery and as an LMC by issuing an irrevocable Insurance Bond or Fidelity Bank Guarantee in the sum of **Thirty Million Ghana Cedis (GHS30,000,000.00)** to the NLA renewable on yearly basis, on or before execution of the substantive License, provided that the revenue share due NLA as stated in Clause 8.0 shall at all material times be paid in advance into the NLA Lotto Account.
- ii) LICENSEE shall indemnify and keep NLA indemnified against any and all claims and charges by third parties pursuant to this provisional License.

#### **9.0 INSURANCE**

LICENSEE shall provide NLA with an Insurance Bond in the sum of **Twenty Million Ghana Cedis (GHS20,000,000.00)**, renewable on yearly basis, to secure the payment of NLA's revenue share stated in this provisional License.

#### **10.0 CORPORATE SOCIAL RESPONSIBILITY**

LICENSEE shall during the validity period of this Provisional License, make a financial contribution by way of support to the Annual Corporate Social Responsibility (CSR) programme of the NLA. The CSR programme shall be administered by a Committee chaired by NLA, with the membership as follows, to determine and implement the CSR Projects of the NLA:

- NLA – Two (2) members; and

N.N.  
29/07/2020





- REF NO L3003-3000
- LICENSEE – One (1) members.

### 11.0 TRAINING

LICENSEE shall carry out technology transfer by training employees of NLA on the requisite technical know-how of its USSD Online Lottery Platform, mobile applications and Web, to ensure business continuity during the term of this provisional licence.

### 12.0 DUTIES AND OBLIGATIONS OF LICENSEE

LICENSEE shall:

- i) Comply strictly with the duties and obligations of the provisional licensee contracted to operate the NLA 5/90 USSD Online Lottery Game and an LMC as prescribed in ACT 722 and L.I. 1948.
- ii) Operate, retail, sell /distribute only NLA authorised 5/90 Online Lottery Games and any other Lottery Games approved by the Board pursuant to Act 722 and L.I. 1948.
- iii) Not to retail, sell or distribute the Lottery Games to any person under the age of eighteen (18) years. LICENSEE shall establish such safeguards as are necessary to ensure that no sales or prizes are paid to persons under the age of eighteen (18) years.
- iv) Retail, sell or distribute the NLA 5/90 USSD Online Lottery Games at NLA approved prices.
- v) Conspicuously display the Certificate of Provisional License in its registered offices and publish the NLA logo in its advertising materials including any branding, electronic displays and other materials of similar nature.
- vi) Preserve confidentiality of all customer information on the NLA 5/90 USSD Online Lottery platform at all times, in line with the provisions of the Data Protection Act, 2012 (Act 843). Any data captured as a result of this license, shall not be used for any other purpose(s) aside the sales, marketing and operations of the NLA USSD Lottery Games and shall remain the proprietary data of NLA and subject to NLA's Data security policies.
- vii) Except by written consent of NLA, LICENSEE shall not assign or transfer any part or whole of its rights under this provisional license to a third party.
- viii) Bring to the attention of NLA within twenty-four (24) hours, any event that may impair its ability to perform its duties and obligations stated herein.
- ix) Not to employ non-citizens contrary to the provisions of ACT 722 and Ghana Investment Promotion Centre Act, 2013 (ACT 865).
- x) Comply with any guidelines, instructions, directives and/or notices issued by the NLA from time to time.

### 13.0 COOPERATION WITH NLA ACCREDITED REPRESENTATIVES

LICENSEE shall:

- i) Fully cooperate with employees or agents of NLA and law enforcement agencies in the investigation of altered or counterfeit tickets, and in all other investigations.

N.T.V.  
27/07/2020





II) Immediately report to NLA any knowledge of unlawful activities or other improprieties about NLA's operations in Ghana.

III) Cooperate in the collection of revenue owed NLA and in the review of and/or physical inspection of the NLA 5/90 USSD Online Lottery Sales tickets, records and equipment by employees or agents of NLA, upon demand by notice.

**14.0 NON-TRANSFERABILITY AND NON-ASSIGNABILITY OF PROVISIONAL LICENSEE OBLIGATIONS BY LICENSEE**

**LICENSEE shall:**

- I) Not or assign or transfer in whole or in part this provisional license or its obligations hereunder to any other person or entity.
- II) Obtain the prior written approval of NLA pertaining to any changes in its ownership, partners, corporate officers or directors (Executive and Non-Executive).

**15.0 INDEPENDENT CONTRACTOR**

I) Notwithstanding any provisions herein stated, the Parties agree that the LICENSEE is an independent contractor and not an employee of NLA. LICENSEE shall be liable for all its acts of omission and commission.

II) LICENSEE shall exercise ultimate control and supervision over its employees; and

III) LICENSEE shall provide proper training and instructions to its employees, agents and assigns concerning the rules and procedures of NLA.

**16.0 ACCESS TO RECORDS**

I) LICENSEE shall maintain such financial and accounting records as NLA shall direct from time to time and as prescribed in ACT 722 and L.I. 1948.

II) LICENSEE shall make its records and USSD Online Lottery Platform available for inspection and review at any time it is requested by NLA or any authorized agent of NLA.

III) LICENSEE shall make available for review by NLA any other system, books, documents, papers, records and data that are directly pertinent to the NLA USSD 5/90 Online Lottery for the purposes of investigation or audit, or making excerpts, transcripts and copies to certify NLA's financial records.

**17.0 REPORT OF CHANGE IN CONDITION**

I) If, at any time during the term of this provisional License, LICENSEE is convicted of, or enters a plea of guilty, regardless of adjudication, to an offense punishable as a felony or an offense involving fraud, dishonesty or illegal lottery, or if it incurs a tax delinquency with the government or any tax authority within Ghana, LICENSEE shall report such event to NLA in writing within seven days of the occurrence of that event.

II) Pursuant to this Clause 17.0(I), in the event that LICENSEE fails to report any such occurrence, NLA may suspend or terminate this License and may decline any subsequently application for a new license.

NLA  
29/07/2020





**18.0 RETAIL, SALE OR DISTRIBUTION OF NLA USSD 5/90 ONLINE LOTTERY GAME**

LICENSEE represents that it is not prohibited from the sale of any NLA Online Lottery Game by any law currently in force. If it is established or determined that any restriction or document exists which may be applicable to LICENSEE and which would prohibit the sale of NLA Online Lottery Game, or restrict the sale of NLA Online Lottery Game in any manner, the existence of such restriction or document shall be grounds for termination, revocation or suspension of this license.

**19.0 NO GIFT POLICY**

i) NLA's employees are prohibited by the NLA's ethics rule from accepting gifts in excess of US\$50.00 or its cedi equivalent from entities doing business with the NLA. LICENSEE agrees that it will not offer or provide to any NLA employee any gift or other item of value that would violate the NLA's ethics rule and acknowledges that the NLA may unilaterally cancel this license if LICENSEE violates this provision.

ii) Pursuant to this License, LICENSEE acknowledges that it has received a copy of the NLA's ethics rule.

**20.0 TERMINATION/ REVOCATION/CANCELLATION OF PROVISIONAL LICENSE**

i) NLA reserves the right to revoke, terminate, cancel and/or determine this provisional license in the event of a breach by LICENSEE of the provisions of ACT 722 and L.I. 1948 and the terms, conditions and stipulations stated herein.

ii) LICENSEE shall within three (3) working days of termination transfer to NLA any and all proprietary data without keeping or maintaining duplicate copies and settle all outstanding revenue, prize and other obligations stated herein, to NLA.

iii) NLA may terminate this license at any time upon thirty days' prior written notice to LICENSEE if NLA determines that, due to a change in the type of Online Lottery games to be played, a change in the method by which Online Lottery games are to be played or for any other reason, it is in the best interest of NLA to terminate.

iv) In the event of termination of this Agreement LICENSEE shall not receive, activate, validate, sell and pay prizes, and NLA may reject any subsequent application filed by LICENSEE for a new license.

v) Notwithstanding Clause 21.0 herein, NLA may terminate or suspend this Provisional license on any of the following grounds:

- a. LICENSEE has provided false or misleading information which was relied on by the NLA to grant this provisional license.
- b. LICENSEE has entered a plea of guilty or has been convicted of a felony under Criminal and Other Offences Act, 1960 (ACT 29).
- c. LICENSEE has outstanding tax delinquencies owed to the Government or any tax authority within the Republic of Ghana.
- d. LICENSEE has jeopardized the integrity, security or efficient operation of the NLA 5/90 USSD Online Lottery or as an LMC.

N.N.

29/07/2020





- e. The ownership or registered location of the business has changed without prior notice to, and approval by NLA.
- f. LICENSEE has failed to meet the NLA 5/90 USSD Online Lottery sales or financial obligation set by NLA.
- g. LICENSEE has committed fraud, deceit or misrepresentation to NLA or to any individual purchasing the NLA 5/90 USSD Online Lottery product or redeeming a prize.
- h. LICENSEE has sold the NLA 5/90 USSD Online Lottery or paid a prize to any person under 18 years of age.
- i. LICENSEE has sold the NLA 5/90 USSD Online Lottery at any place other than the place authorized in this licence.
- j. LICENSEE has not prominently displayed its provisional LMC License at the approved sales location for instance its website or electronic and non-electronic materials or channel.
- k. LICENSEE has not prominently displayed and maintained ticket displays/vending points and advertising materials provided by the NLA in its adverts or publications.
- l. LICENSEE has not made point-of-sale information for NLA products accessible to the public on its website or electronic and non-electronic materials or channel.
- m. LICENSEE has sold NLA 5/90 Online Lottery tickets at a price other than that approved by NLA.
- n. LICENSEE has materially changed any factor considered by NLA in granting this license.
- o. LICENSEE has engaged in conduct prejudicial to public confidence in NLA.
- p. LICENSEE has charged an authorised fee to redeem NLA prize or has required a customer to purchase another item in order to purchase an NLA ticket.
- q. LICENSEE has paid a prize over and above the approved limits.
- r. LICENSEE has violated any rule or regulation regulating lotto and/or lottery in Ghana.
- s. LICENSEE has violated any directive or instruction issued by NLA.
- t. LICENSEE has violated NLA's ethics rules or policies.
- u. LICENSEE employs aliens for its Lottery business in Ghana.

vi) Upon termination, revocation or cancellation of this License, LICENSEE shall within seven (7) days from the effective, transfer, handover, release, deliver or forward to NLA any and all tangible and Intangible I.T. Infrastructure which it deployed in the Implementation of the NLA 5/90 USSD Online Lottery.

## 21.0 RECONCILIATION

21.1 The Parties shall conduct weekly reconciliations on transactions (pre and post draw, revenue, wins, prize and prize payments) during the term of this provisional License. For the avoidance of doubt, the reconciliation is to ensure the avoidance of any discrepancies in the

N.N.

29/07/2020 7





financial records of the NLA and LICENSEE pursuant to Section 51 of ACT 722.

21.2 For the avoidance of doubt, this Provisional Licence shall only be converted into a substantive license upon satisfactory reconciliation of transactions (pre and post draw, revenue, wins, prize and prize payments) by NLA.

KGL Technologies Limited agrees to be bound by the Terms and Conditions of this provisional License to operate the NLA 5/90 USSD Online Lottery and as an LMC pursuant to the provisions of ACT 722 and L.I. 1948, by appending their signature and providing proof of identities (passport, national identification card, voter's identification card or driver's license) below.

FOR: NATIONAL LOTTERY AUTHORITY

FOR: KGL TECHNOLOGIES LIMITED

Name: Hon. Kofi Osei - Ameyaw  
Position: Director General  
Date:

Name: Mr. Alex Dadey  
Position: Executive Chairman  
Date:

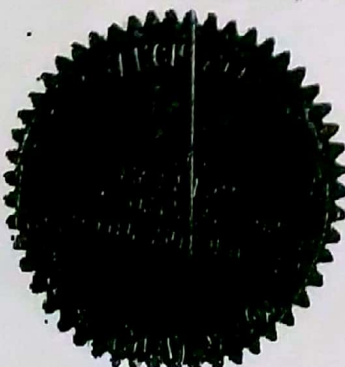
Name: Ernest Ntiri  
Occupation: Director of Finance  
Address: National Lottery Authority

Name: Seanore H. Williams  
Occupation: Senior Executive  
Address: Box CT 8460 Accra

THIS PROVISIONAL LICENSE IS ISSUED, SIGNED AND SEALED BY THE BOARD CHAIRMAN AND THE BOARD SECRETARY AND SUBMITTED FOR IMPLEMENTATION BY THE DIRECTOR GENERAL

Name: Hon. Emmanuel Torgbu Francis Nyonyo  
Position: Board Chairman  
National Lottery Authority

Name: Ms. Modesta Fosu  
Position: Board Secretary  
National Lottery Authority





REF: C505323828



NATIONAL LOTTERY AUTHORITY  
Developed through eGems

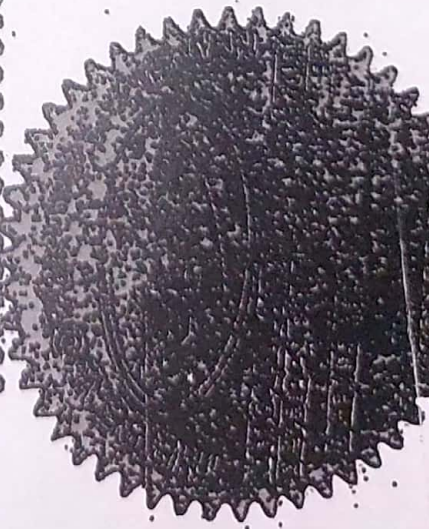
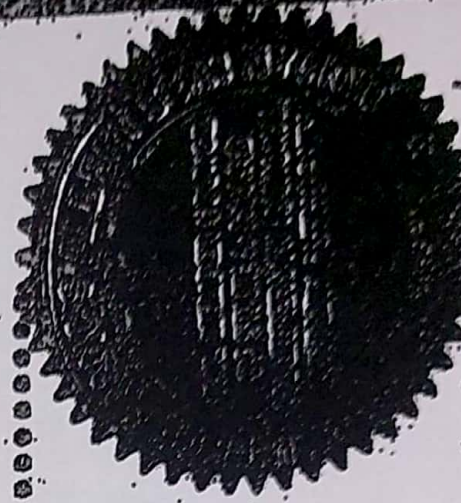
# PROVISIONAL LICENSE

*In the exercise of powers conferred on the Governing Board by the National Lotto Act, 2006 (ACT 722) and Lottery Regulations, 2008 (L.I 1948), this Provisional License is issued to:*

KGL TECHNOLOGY LIMITED

*[Signature]*  
BOARD CHAIRMAN

DIRECTOR-GENERAL



License Number: NLA RB17V\_1\_20

License Validity: From 01/11/2019 To 31/12/2022