

Innovus N.V.

Willemstad, Curacao

Registered at the Curacao Commercial Registry under the number 140473

ANNUAL REPORT AND FINANCIAL STATEMENT 2017

In EUR

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Report of management

The management herewith presents to the shareholder the annual accounts of Innovus N.V. (hereinafter "the Company" for the year 2017.

General

The company was incorporated on June 09, 2017 and is established in Curacao.

Nature of business

- 1a. To provide off-shore games of chance, interactive games and wagering services through the internet, including but not limited to games of skill and chance in compliance with the regulations of the Government of Curacao;
- b. To organize, market, promote, manage, support and operate all types of e-commerce and remote gaming activities, comprising all types of games of skill, chance, betting and other operation of betting exchange, interactive casinos, bingos, lotteries and other interactive games.
- 2 Arforementioned services will be rendered from an area that has been designated as an E-zone in conformity with the local E-Zone laws. (Official Gazette 2001 number 18)

COMPILATION REPORT

Balance Sheet as of December 31, 2017

ASSETS		Notes	31-Dec-17 EUR	31-Dec-16 EUR
Fixed assets				
Domains		1	750,000	-
Current assets				
Current account Functional Games SA		2	-	3,455
Total assets			750,000	3,455
EQUITY AND LIABILITIES				
Shareholders' equity		3	707,369	(7,885)
Current liabilities				
C/A Shareholder			19,496	8,952
Other current payable		4	<u>23,135</u>	<u>2,388</u>
			42,631	11,340
Shareholder's equity and liabilities			750,000	3,455

Statement of income for the year 2017

		2017	2016
		EUR	EUR
Operating expenses			
IT Services	5	5,978	2,450
Administrative fees	6	8,190	2,382
Annual administrative fees	7	2,455	4,053
		16,623	8,885
		(16,623)	(8,885)
Financial result			
Release of debt	2	746,545	-
Net result before tax		729,921	(8,885)
Taxation		(14,668)	-
Net result for the year		715,254	(8,885)

Notes to the financial statement

General accounting principles for the preparation of the financial statements

The financial statements are prepared according to the stipulations in chapter 9 Book 2 of the Netherlands Civil Code.

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

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

Translation of foreign currency

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

Principles of valuation of assets and liabilities

Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year.

Tangible fixed assets

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use. Land is not depreciated.

Financial fixed assets

Where significant influence is exercised participations in non-consolidated group companies are valued under the net asset value method, but not lower than a nil value. This net asset value is based on the same accounting principles as applied by the holding company.

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

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions.

Receivables

Upon initial recognition the receivables are included at fair value and then valued at amortised cost. The fair value and amortized cost equal the face value. Any provision for doubtful accounts deemed necessary is deducted. These provisions are determined by individual assessment of the receivables.

Principles for the determination of the result

Net turnover

Net turnover represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts and value added taxes.

Revenues from services are recognised in proportion to the services rendered, based on the cost incurred in respect of the services performed up to balance sheet date, in proportion to the estimated costs of the aggregate services to be performed. The cost price of these services is allocated to the same period.

Taxation

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

Extraordinary income and expense

Extraordinary income and expense arise from events or transactions that are clearly distinguishable from the ordinary operating activities and have a highly incidental character and are therefore not expected to recur frequently or regularly.

Notes to the Balance Sheet as per December 31, 2017**Note 1, Fixed Assets****Domains**

As per agreement on May 31, 2017, the domains of Functional Games SA has been transferred to Innovus N.V. for the amount of EUR. 750,000,=

Note 2, C/A Functional Games SA

	31-Dec-2017 EUR	31-Dec-2016 EUR
Beginning balance	3,455	-
Additions	-	3,455
Acquisition of domains	(750,000)	-
Debt release as per agreement	746,545	-
Ending balance	<u>-</u>	<u>3,455</u>

Note 3, Shareholders equity**Issued and paid up share capital**

The nominal capital is 1,000 share(s) with a nominal value of Euro 1. At the incorporation date 1,000 shares have been issued.

Sharecapital	1,000	1,000
Retained earnings	(8,885)	-
Result for the year	715,254	(8,885)
Ending balance	<u>707,369</u>	<u>(7,885)</u>

Note 4, Other current payable

	31-Dec-2017 EUR	31-Dec-2016 EUR
Profit tax payable	14,668	-
Accounting, corporate services and tax payable	8,467	2,388
	<u>23,135</u>	<u>2,388</u>

Notes to the statement of income

	2017 EUR	2016 EUR
Operating expenses		
IT Services	5,978	2,450
Administrative fees	8,190	2,382
Annual Administrative fees	2,455	4,053
Total operating expenses	<u>16,623</u>	<u>8,885</u>
Note 5, IT Services		
IP Compliance	5,946	-
eGaming licensing application	-	2,450
SSL	31	-
Total IT Services	<u>5,978</u>	<u>2,450</u>
Note 6, Administrative fees		
Corporate services	4,565	-
Accountancy fees	2,950	1,788
Tax and Legal expenses	675	600
Other general expenses	-	(6)
Total Administrative fees	<u>8,190</u>	<u>2,382</u>
Note 7, Annual administrative fees		
Standard management disbursement	2,093	-
Domiciliation fee	233	1,558
Chamber of commerce	84	-
License fees national bank	47	45
Standard incorporation fee	-	2,450
Total Annual administrative fees	<u>2,455</u>	<u>4,053</u>

OTHER INFORMATION

Allocation of result profit pursuant to the Articles of Association

With regard to result according to the articles of association, the result will be distributed to the other reserves.

Appropriation of result

The annual report 2017 is determined in the general meeting of shareholders. The general meeting of shareholders has determined the appropriation of result in accordance with the proposal being made to that end.

Events after balance sheet date

There are no other events after the balance sheet date that have a significant impact on these financial statements, than in these financial statements are explained events.

Approval of financial statement

According to the Articles of Association the annual financial statement is approved by the following member of the board of directors:

Name:

Position:

Signature:

Global Related Services B.V.

Managing Director
