

mBet Solutions N.V.

Jurisdiction of incorporation: Curaçao

Prepared: 15th November 2023

Confidentiality Agreement

This is a confidential document between **mBet Solutions N.V.** (the 'Company') and the **Curaçao Gaming Control Board** (the 'Authority'). It contains confidential and/or proprietary information that may not be disclosed or discussed with anyone outside the aforementioned organizations without the written approval of the Company and the Authority.

1. Executive Summary

mBet Solutions N.V. ("mBet Solutions") was incorporated in **May 2013** for the principal purpose of supplying its customers with certified and licensed online games.

Armed with the necessary skills, industry knowledge, operational setup, technical setup, integration capability, and sales pipeline, **mBet Solutions** has established itself as a leading online crypto sportsbook provider, which is fully compliant with all relevant regulations and provides high-quality content in the regulated Curaçao gaming market.

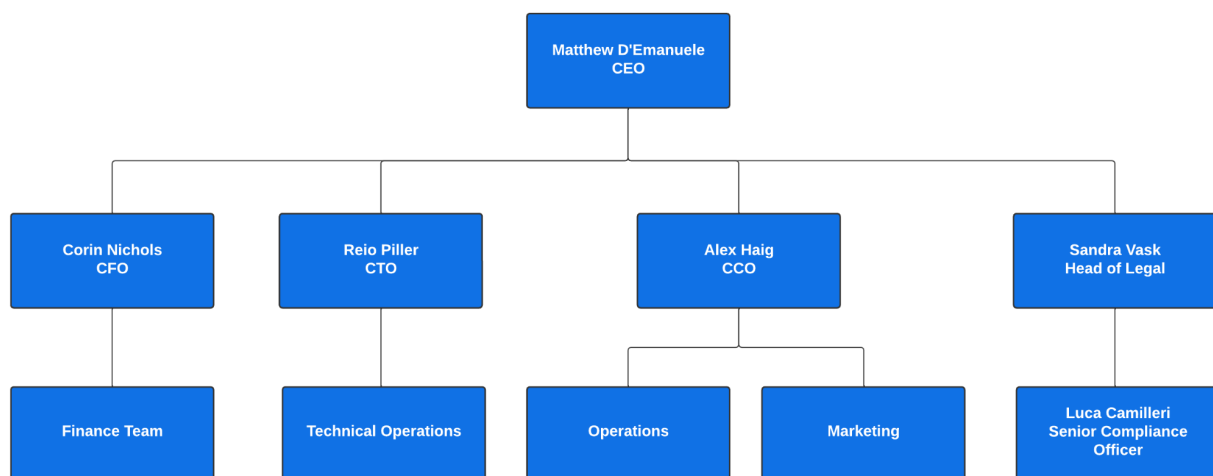
All of our employees, including our senior management have decades of experience in the online betting field. Their main goal is to continue operating a sustainable and high-quality product.

2. Business Profile

Structure	Limited Liability Company
Country	Curaçao
Established	02/05/2013
Registration #	129230
Business Location	Office in Curaçao (Location #1) Schout Bij Nacht Doormanweg 40 P.O. Box 4745 Curaçao

	Office in Estonia (Location #2) Suur-Patarei tn 13 10415 Tallinn Estonia
Website	https://sportsbet.io/

3. Organisational Structure



4. Sales and Marketing plan

Overview

Sportsbet.io's marketing efforts are primarily focused towards the crypto niche allowing for global reach across the core marketing verticals highlighted below. The marketing team strives to deliver best in breed comms messaging and promotions to create an entertaining sports betting experience. Despite the global reach, Sportsbet.io restricts players from specific countries in accordance with existing Curacao licensing guidelines and the FATF black list, among those include US, UK, Australia, France, Germany, Netherlands and Curacao itself.

Media Buy

Media buy activity is run by a specialised team which runs activity and manages the ad-ops for creative and landing pages. Main activity is via programmatic which runs via multiple DSP partners as well as some direct deals.

Activity is split to cover retention, conversion and acquisition flows in order to maintain and grow the user base. Measurement and optimisation of strategies are done on a performance basis with specific testing to measure top of the funnel impact.

Monthly budgets tend to be in the around \$100k per month but varies depending on seasonality and strategic initiatives.

Target markets do vary depending on the strategy. The majority of budget sits on acquisition is focused on the SE Asian markets, the retention and conversion re-targeting activity is more open as it depends on users location.

Affiliate Marketing

The Affiliate team is run by Global Head of Affiliates and team of Account Managers in specific sectors depending on the Geo of Affiliate, who actively manages existing affiliates and looks for new affiliates to work with. There is a dedicated team member whose sole responsibility is to manage and maintain all creative assets within the affiliate programme.

The main objective is for new acquisition of players and ensuring that retention & conversion and flows are in order to maintain and grow the database of players acquired.

The team work on and prioritise revenue share deals with all affiliates as set out in our Affiliate programmes T&Cs, which is the software of CellXpert.

Monthly budgets tend to be in the around \$2-300k per month but does vary depending on seasonality and strategic initiatives.

Target markets do vary depending on the strategy. The majority of budget sits on acquisition is focused on the SE Asian markets, the retention and conversion re-targeting activity is more open as depends on users location

SEO

Our SEO strategy is integral to our business growth and market share acquisition. The dedicated SEO team is structured with specialised roles, including strategists, content creators, and analytics experts to ensure a comprehensive approach. We focus on optimising our content for market-specific keywords and trends. The strategy hinges on robust keyword research, creating high-quality, relevant content, and building a strong profile of backlinks from authoritative sites within the industry. We leverage tools such as SEMrush and Ahrefs for keyword tracking and backlink analysis. Budgets for SEO are approximately \$100k per month.

CRM

All retention activities are customer-centric, data-driven and focused around automating and optimising the customer lifecycle by testing the performance against control groups for each player lifecycle stage.

The team of CRM specialists is focused on KPIs around new customer conversion, early-life retention, in-life retention, reactivation and key-accounts retention as well as improving the existing user performance with an upsell and cross-sell strategy.

The retention strategy is based on utilising the highest engagement channels, data-insights platform and CRM workflow tools to increase the customer LTV and shorten the time to reach ROI on acquisition cost.

The campaign cost goals are measured vs the GGR with a benchmark that should not exceed 20% on a monthly level and is focused on SE Asian markets, Africa, Brazil and India.

Social Media

Sportsbet.io's social media use aims to build communities in the regions of Japan, Brazil, Eng. speaking Africa, Canada, Scandinavia, Eastern Europe and South-East Asia.

Regarding content on the social media channels, the use of short vertical video, crypto/sports(football) related aims for constant channel growth whilst keeping high engagement, whilst also using giveaways and sharing content produced with our sponsorships

The team of 4 are supported with social media tools like Sprout Social to plan, execute and analyse content, with an ongoing budget of \$100k per year (not including above the line activities with sponsorships).

5. Operational Structure

mBet Solutions understands the importance of transparency, accountability and risk management and as such maintain comprehensive policies, structures and oversight to ensure that any reliances or other material dependencies (and any potential subsequent impacts) are fully mitigated. Furthermore, our diverse group structure has a proven track record of investing heavily in numerous key aspects of our ecosystem - meaning we are able to effectively mitigate reliance on third party suppliers and dependencies where possible - which forms a key part of our overall dependency mitigation strategy.

We focus heavily on building and maintaining strong business relationships with all of our third party providers to further minimise the potential risks, propensity and impact of any issues, as well as maintaining our own in-house incident response team who maintain monitoring, alerting and disaster recovery plans so that we can minimise any disruption wherever possible.

Game providers

Our core business revolves around providing a broad and diverse entertainment experience for our customers. To ensure the highest quality and variety, we therefore collaborate with a range of renowned and trusted game providers, as well as investing in the production and development of games ourselves. We focus heavily on establishing and maintaining relationships with all of our third party partners, and therefore have no single reliance or point of failure. Furthermore, we obtain all our games through a single integration with Hub88 which is an aggregator platform, owned and operated within the wider group structure.

Payment processors

Efficient and secure payment processing is a fundamental aspect of our business. We therefore have a dedicated team, including a Head of Payments, to ensure that we can provide our customers with reliable, fast and secure payment options that cater to both their geographical needs and preferred payment methods. In all of our core markets we provide our customers with a number of payment method options - not only to provide them with a better user experience, but also to ensure that we have no key dependencies on any individual payment processor.

Regulatory Compliance Services

We consider our continued compliance with local and international regulations as being of the utmost importance to our business, our customers' expectations, and the wider industry. Where we rely on the outsourcing of any aspect of our regulatory compliance to third parties, we conduct thorough due diligence and testing of any potential providers - including on reliability, availability and accuracy, to ensure that we can effectively adhere to any applicable regulations. We have our own dedicated in-house fraud and compliance teams to ensure that all day to day operations are running smoothly, as well as product managers and a full-stack engineering team to work on constant monitoring and improvement of our third party compliance services. We also continuously ensure that we have a number of suppliers available to ensure no single key supplier can result in either a failure to adhere to our obligations or the unavailability of services to our customers.

Technological infrastructure

Our business heavily relies on a robust technology infrastructure. We therefore utilise and maintain our own player account management and funds management systems internally to reduce reliance on external suppliers that would carry material dependencies wherever possible. Our data storage is provided by Amazon Web Services on rented private servers with long term contractual commitments, and across multiple regions (Germany, Tokyo and Sao

Paolo). We have established redundancy and disaster recovery plans to minimize the impact of any technical failures or disruptions.

6. Risk Assessment

The assessment and management of risks play a pivotal role in ensuring the success and sustainability of mBet Solutions. We understand that the gaming industry is dynamic and filled with both internal and external factors that can significantly impact our operations. To effectively address this, we have implemented a comprehensive risk management framework that encompasses various phases.

First and foremost, our risk assessment process involves a meticulous examination of potential threats and opportunities. We consider both internal factors such as project complexity, resource availability, and team expertise, as well as external factors like market trends, competition, and regulatory changes. This broad perspective allows us to identify risks proactively and respond with agility.

To mitigate these risks, we employ a multi-pronged strategy. Internally, we emphasize robust project planning and team collaboration to streamline development processes. We allocate resources efficiently, maintain strict quality control, and continuously enhance our product offerings to keep pace with the industry's evolving standards. Externally, we diversify our market presence, engaging in market research and establishing strategic partnerships to reduce our vulnerability to market fluctuations.

Auditing is a critical component of our risk management framework, ensuring accountability and transparency. Regular audits and reviews of our projects, financials, and compliance standards are conducted to identify vulnerabilities and track progress. This internal oversight is complemented by third-party audits that provide an unbiased evaluation of our risk management practices.

At the heart of our risk management approach is a dedicated oversight team. This team is responsible for monitoring and responding to emerging risks and opportunities. By staying attuned to the ever-changing gaming landscape, we adapt our strategies, refine our products, and implement corrective actions swiftly.

7. Legal and governance framework

The board of directors plays a crucial role in providing strategic guidance and oversight, ensuring corporate governance, and protecting the interests of shareholders. At mBet Solutions, the board consists of experienced individuals with expertise in various fields, including gaming, finance, technology, and legal matters. The board's primary responsibilities include:

- **Strategic Direction:** The board sets the company's strategic direction by reviewing and approving the business plan, including long-term goals and financial targets.
- **Risk Management:** The board assesses and manages risks associated with the gaming industry, such as regulatory compliance, cybersecurity, and market volatility. It establishes risk mitigation strategies and monitors their implementation.
- **Financial Oversight:** The board reviews financial statements, budgets, and capital allocation decisions. It ensures that the company maintains financial transparency and adheres to ethical financial practices.
- **Compliance and Legal Matters:** The board oversees compliance with gaming regulations, licensing requirements, and other legal obligations.

While the board primarily focuses on strategic and governance matters, it must interact effectively with senior management for the business to succeed. This interaction involves:

- **Regular Reporting:** Senior management provides regular updates to the board on the company's performance, key performance indicators (KPIs), and any significant developments. This reporting ensures transparency and alignment with the business targets.
- **Decision-Making:** The board empowers senior management to make day-to-day operational decisions. Senior executives are responsible for executing the strategies outlined in the business plan while adhering to board-approved policies and budgets.
- **Alignment with Strategic Goals:** Senior management ensures that their decisions and actions are aligned with the strategic goals set by the board. They use the business plan as a guiding document for daily operations.

- Risk Management: Senior management identifies and manages operational risks and informs the board of any material issues that may affect the company's financial health or reputation.
- Collaboration: The board and senior management collaborate on critical decisions that may require strategic adjustments, significant investments, or changes in corporate direction. Such decisions should be well-documented and justified.
- Crisis Management: In the event of a crisis, the board and senior management work closely to navigate challenges and protect the company's interests.

8. Target KPIs and Business Objectives

Sportsbet.io uses 4 key gaming KPIs to measure the performance of the business, which are forecasted on a quarterly basis for the brand as a whole, and also broken down further where relevant to the focus markets or countries of Sportsbet.io;

- Net Gaming Revenue (NGR)
- Active Player Days (APDs)
- First Time Depositors (FTDs)
- Second Time Depositors (STDs)

Further to these numerical indicators above, Sportsbet.io also utilises the OKR framework to ensure activities of the business are pushing towards objectives agreed on a quarterly basis.

9. Policies and Procedures

The gaming industry is subject to various regulations and legal requirements. Well-defined policies and procedures ensure the company complies with these regulations, reducing the risk of legal issues and fines.

mBet Solutions produces its own policies and procedures internally. These are managed by the legal and compliance team which consists of a number of highly qualified and vastly experienced individuals, boasting expertise in varying fields, ensuring a holistic approach to the outlining of our policies and procedures.

The company is committed to its regulatory obligations and has every intention of ensuring the timely submission of its audited policies and procedures to the GCB.

10. Financial Forecasts

The financial forecasts for the company have been prepared on the basis of the following assumptions:

- Sportsbet.io, as the mature crypto sportsbetting brand has been enjoying successful growth in recent years. It achieved good tournament success during the World Cup held in November and December 2022 and is anticipating that the Euro 2024 tournament held in summer 2024 will have a similar strong benefit in attracting players, both into sports betting and in crossover business to casino, a trend we see during each major tournament.
- Additionally, we have expansion plans for the business to grow the business into further evolving markets such as pan-Africa, into more Asian markets and where we believe that we can utilise crypto-currencies in existing markets. We see that there are still opportunities to invest to grow into these markets.
- As a result we are anticipating growth of 15% GGR in 2024 for sports betting with a mix between tournament based growth and growth arising in new markets. Because of the nature of the acquisition prospects, we do not anticipate such a rise in casino revenue in the same year and have forecast 10% growth across the same year.
- Because of the lack of similar tournament based football in 2025 we have not projected any additional growth in sports betting revenues as we consolidate the growth from previous years with a modest 2% rise in casino GGR anticipated.
- We can then look forward to the World Cup in 2026 again providing a springboard for growth for sportsbet.io sports betting revenues and we again believe that there will be a combination of new market growth and event based growth giving an overall level rise of 10% in sports betting GGR in that year. Casino is expected to rise by a more modest 6%.
- We recognise that expansion into these territories will not be cheap and anticipate that our marketing costs will continue to rise. We are forecasting closing 2023 at approximately 33.5m EUR spend and would anticipate that extra spending around promoting the Euro 2024 tournament and new market growth will cost us up to 40m EUR.
- We expect a fall in marketing expenditure in 2025 down to 37.5m EUR before a further rise to 42.5m EUR around promotion of the World Cup in 2026.
- Upstream costs (casino and sports royalties) are expected to fall around 12% and 8% of GGR respectively based on commercial agreements with our internal brands. The additional volumes that sports betting growth will bring will allow those brands to build

better volumes and commercial agreements so we are confident that those percentages will stand.

- Affiliate costs are currently at 7% of GGR and we anticipate some increase in this cost base to 8% over the forecast period.
- We anticipate that other costs, such as staff costs and platform charges will rise by approximately 5-10% reflecting inflationary and cost of living increases.

10.1. 3-year forecast

	2023	2024	2025	2026
	EURm	EURm	EURm	EURm
Bet	9,819.9	8,767.0	8,901.3	9,517.5
GGR	229.0	256.8	259.7	279.7
Margin	2.3%	2.3%	2.9%	2.9%
NGR	172.2	192.6	194.8	209.8
Cost of sales	-65.1	-68.8	-69.5	-74.5
Gross profit	107.2	123.8	125.3	135.2
Other costs	-107.8	-121.3	-120.4	-130.5
Operating profit	-0.6	2.5	4.8	4.7
Other costs	6.0	7.9	-0.2	-0.2
Net profit	5.3	10.5	4.7	4.5