



Adda Entertainment N.V.

Jurisdiction of incorporation: Curaçao

Prepared: 15th November 2023



Confidentiality Agreement

This is a confidential document between **Adda Entertainment 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

Adda Entertainment N.V. ("Adda Entertainment") was incorporated in **October 2021** 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, **Adda Entertainment** aims to establish itself as a leading online casino provider focused on the exclusive experience market, complying with all relevant regulations and providing 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.

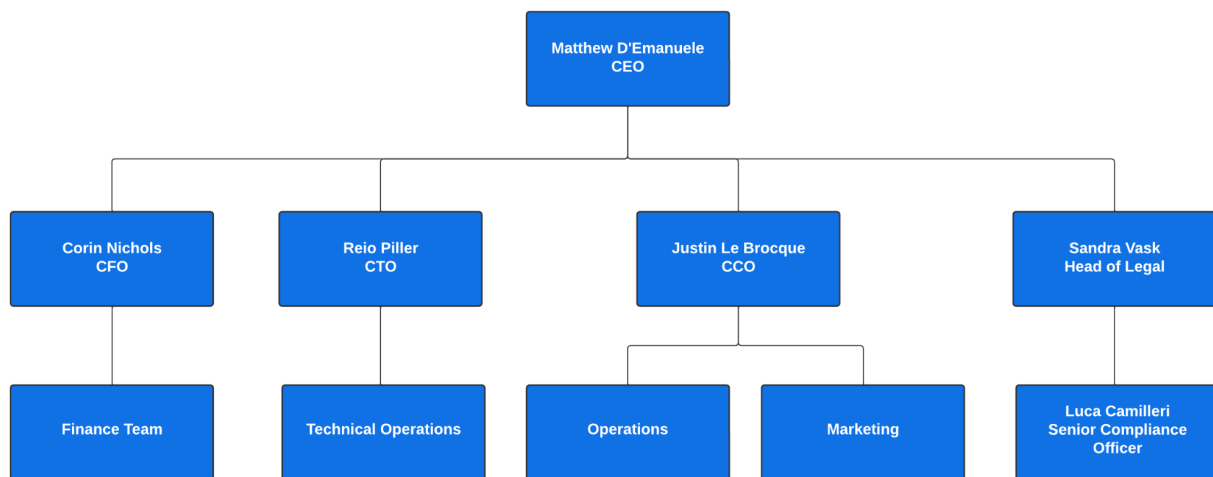
2. Business Profile

Structure	Limited Liability Company
Country	Curaçao
Established	07/10/2021
Registration #	158784
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://8.io/

3. Organisational Structure



4. Sales and Marketing plan

Overview

The online casino and sports betting market can be considered as fairly homogeneous in regards to the offering to players; the same providers, games, and bonus structures are abound on all sites. 8.io aims to differentiate in the market by offering a superior level of personalised service to preferred customers who appreciate a discrete, bespoke gameplay experience in a safe and trusted environment. Unlike other online casinos, 8.io will rely on word of mouth to acquire customers rather than more traditional methods of mass awareness amplification.

Key advantages for players

- Crypto only allowing players to enjoy fast transaction speeds
- An exclusive invite only casino lends to a sense of pride amongst approved players



- Personal concierge style assistance from dedicated account manager
- Simple but popular rewards that a customer self-selects based on their gameplay

Agent (affiliate) program

Customers of 8.io will be acquired via referral basis only, whereby agents of players refer them to the site. Only trusted agents can participate in the program, and all customers are vouched for prior to granting access to the site to play.

Service guarantee

8.io aims to deliver an industry leading experience for its customers, whereby all customers are provided with a 24/7 account manager who will be directly contactable to assist with any questions a customer may have.

Reward scheme

8.io offers simple to understand reward mechanics that are based on a customer's gameplay. These mechanisms include a first time deposit bonus, weekly reload bonus, weekly cashback and rebate, which are tiered in terms of return based on the amount required to trigger the offer.

5. Operational Structure

Adda Entertainment 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 Adda Entertainment. 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 Adda Entertainment, 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

8.io uses 4 key igaming 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 8.io;

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

Further to these numerical indicators above, 8.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.

Adda Entertainment 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:

- The player base is highly select and VIP based, thus participating is via exclusive invitation only. Hiring of customers to be done by VIP managers and through agents.
- The approximate monthly revenue per customer has been estimated at 15,000 EUR per customer per month.
- Initial growth has been estimated at 20 customers to be onboarded each month for year 1 with more modest growth in subsequent years.
- Business to commence accepting customers in January 2024.
- Reward & loyalty base to be 35% reflecting high rebate & cashback awards that VIPs demand.
- Upstream percentages are based on 8% sports and 12% casino reflecting commercial agreements with our internal brands (Tradeart & Hub88).
- An approximate 15% of NGR has been used to model relationships with agent introducers. This will be higher for those agents who introduce players (approximately 25-30%) but not all players will have agents and so this is a blended cost across all players.
- Other main costs include staffing reflecting VIP hosts, general operational management and some developers hosting and enhancing the site.
- IT support and hosting is included.
- Platform hosting and IP royalties have been estimated at 25% of GGR reflecting a commercial agreement that will be expected to be put into place for this entity.



10.1. 3-year forecast

	2023	2024	2025	2026
	EURm	EURm	EURm	EURm
Bet		873.3	2,015.2	2,351.1
GGR	-	23.4	54.0	63.0
Margin		2.7%	2.7%	2.7%
NGR	0.0	15.2	35.1	41.0
Cost of sales	0.0	-6.1	-14.0	-16.4
Gross profit	0.0	9.1	21.1	24.6
Other costs	-0.1	-7.4	-16.2	-18.9
Operating profit	-0.1	1.8	4.8	5.6
Other costs	0.0	0.0	0.0	0.0
Net profit	-0.1	1.8	4.8	5.6