

Brightstar N.V.

Business Plan

1) Overview of the Business

Brightstar N.V., (“the Company” and/or “Brightstar”) was incorporated on 17 February 2023. The sole owner of the Company and investor in the business as UBO is Vladimir Gueorguiev.

The Company has been operating since June 2023 under a B2C license, gaining significant experience in the i-Gaming industry. As of the start of the operations and currently, the operating markets include Canada, New Zealand and Finland.

The Company's brand, i.e., GrandZ at grandzrace.com reflects its commitment to innovation and customer-centric offerings in the online gaming space. The evaluation of the markets and the current performance has proven that the markets can be considered as low business risk and high value in terms of target audience.

2) Company Management Structure

Brightstar aims to comply with industry standards of corporate governance with a focus on the compliance function. Thus, the Company has employed a Curacao-based professional Director to oversee the activities of the Company and to ensure it is in compliance with local regulations. In addition, the Company has engaged a professional to perform the functions of a Chief Money Laundering Reporting Officer which ensures clear independence and separation of the compliance roles from the commercial ones carried out by the investor. In fact the compliance and MLRO roles are carried out by professionals residing in Curacao and knowledgeable of local laws and regulations thereby ensuring the Company adheres to the local requirements and regulations.

In terms of the business functions and processes related to the operation of the brand GrandZ, the Company employs a business model where professional services providers are in charge of the major functions, including but not limited to Chief Operations Officer, Chief Financial Officer, Chief Business Development Officer, Chief Technical Officer together with the respective teams onboard. In this regard, the organizational structure ensures clear separation of responsibilities and logical reporting lines.

3) Business Forecasts

Brightstar has been operational for almost a year now. It has completed its start-up phase of business development and the related initial investments. In this regard, the projected business forecast for the following three years demonstrates the Company's growth line and financial viability utilizing the generated working capital of the business. All amounts indicated are in EUR.

	2023	2024	2025	2026
Income	352.979	3.199.654	5.986.575	8.381.205
Affiliation marketing	-145.115	-1.196.450	-1.443.000	-2.020.200
Cost charged by game providers	-49.505	-439.152	-793.371	-1.084.318
Cost charged by Payment providers	-46.593	-412.755	-712.402	-938.695
Other costs	-60.000	-65.000	-72.000	-85.000
Cost of sales	-301.213	-2.113.357	-3.020.773	-4.128.213
Marketing and Operations	-105.894	-1.514.038	-1.533.000	-1.992.900
Operating expenses	-14.818	-90.848	-99.292	-129.079
Operating costs total	-120.712	-1.604.885	-1.632.292	-2.121.979
Net result	-68.945	-518.589	1.333.510	2.131.012

In the early stage of operation, the primary focus was on establishing strong marketing presence and various partnerships. Through diligent cost management, we aimed to secure our future growth. Looking ahead to the next three years, we foresee substantial expansion driven by our

strategic revenue generation and cost-efficiency efforts. This strategic blueprint ensures our sustained success and profitability.

Cost of sales consist of expenses directly linked to revenue, such as affiliation costs and other costs associated with sales.

Operating expenses primarily encompass corporate professional expenses, which are recorded on an accrual basis together with operating and marketing expenditures.

In addition, the Company closely monitors its liquidity position in order to meet its players' balance-related obligations. In particular and as an example the players' balances as at 31 March 2024 amounted to EUR 41 347. The funds available in the bank accounts of the company during the said period amounted to, approximately, EUR 128k. Enclosed is a bank statement evidencing the availability of funds covering the relevant players' balances.

4) Business Strategy

The Company's growth strategy focuses on securing and expanding its market share in the main markets where it currently operates, i.e., Canada, New Zealand and Finland. In this regard, the main drivers include development of innovative products and strategic marketing initiatives. The target audience from the said markets is multi-cultural and characterized with large variety of nationalities, thus, the used language of the brand is English. The relevant currencies facilitated include EUR, CAD, NZD.

In terms of regulation of accessibility to the website under the brand, the Company applies geo-blocking to manage and restrict access with regard to forbidden/restricted territories.

Brightstar's Principles of Operation include:

- Aim to become a market leader as an online Casino provider in the targeted markets.
- Customer Experience comes first.
- In time, fast payments to both Customers and Affiliate Partners.

Competition

- Due to the competitive nature of the industry, a multi-channel marketing strategy for both Retention and Acquisition is envisaged.
- Innovative design build with approach "Mobile First".
- Next generation Games & Live Casino Tables.

- Empowered platform with market leading BI System for in depth analysis and customer retention.

Customer Value Proposition

Brightstar aims to provide;

- Extensive live casino coverage of Blackjack tables.
- Exclusive treatment towards VIP customers, with organized events.
- A comprehensive portfolio of first-rate gaming products

The products available on the GrandZ brand include:

i. Casino

The games will be offered not only in real money but also in Free Play mode with virtual money for the customers that would like to test our brand.

Games can be divided in the following macro categories:

- Slot Machines
- Latest Games
- Tables Games
- Video Poker
- Scratchgames

ii) Live Casino

Targets are to provide premium live casino experience with a vast variety of live games.

Games can be divided in the following macro categories:

- BlackJack
- Roulette
- Live Shows
- Other

We believe that the Company operates and develops an online brand which features a best-in-class UI and UX functionalities and vision. This provides good grounds to develop and apply a comprehensive marketing strategy focused on developing a robust network of reputable affiliation marketing service providers. This would ensure a steady and gradually increasing inflow of first-time depositors.

As a next step, it is planned to focus on the retention by developing a lasting customer experience. The business strategy in this regard includes preparation and implementation of attractive bonus programs.

As a key function related to customer experience, a special focus is also put on the customer support function applying a customer-centric strategy in communication with the customers.

5) Key Suppliers and Dependencies

Brightstar relies on strategic partnerships with reputable suppliers and service providers critical to its operations in the following main streams:

- i) Platform use - the Company has concluded a long-term agreement for platform services use and provision of related services with a Cyprus based company, i.e., DDTT Digital Technology Limited.
- ii) Payment gateway - the platform used has integrated the solution of Worldline which provides a payment gateway. It should be noted that the Company has diversified the relevant risks related to payment processing by securing the relevant payment solutions of Genome, Gumball, Noda pay and others.

It should be noted that Brightstar has a payment agent agreement with a 100% owned Cyprus based company, i.e., Kallik Investments Limited. The latter is in charge of securing a diversified portfolio of payment solutions to ensure effective risk management around loss or interruption in this regard.

- iii) In terms of game providers, Brightstar has concluded long term agreements with ALEA and SoftSwiss as game aggregators. The latter provide the Company with game content from reputable game providers such as Play'n GO, Playtech, Playson, Ruby Play, Pragmatic, Booongo, NetEnt and others.

6) Risk Evaluation and Management

A comprehensive risk management framework assesses and mitigates potential risks across operational and regulatory domains.

Regarding the main business risks, the Company performs Due Diligence of major suppliers and clients applying a risk score assessment.

In terms of regulatory risks, Brightstar applies a comprehensive KNOW YOUR CLIENT (KYC) ANTI-MONEY LAUNDERING (AML) & COUNTER TERRORIST FINANCING POLICY (CTF). Also, the effective application of the relevant Responsible Gaming Policy, Terms & Conditions, Privacy Policy, etc., ensures that the Company manages the relevant regulatory risks effectively. In addition, the platform used integrates technical tools which allow early detection of sanctions list and PEPs. The Company applies stringent procedures under which no sanctions listed or PEPs are accepted as clients.

7) Legal and Governance Framework

The business model of Brightstar includes reliance on professional service providers when it comes to legal requirements and support.

With regard to the Managing Board membership, the Company's Director is Starkeast Management B.V., whereby the Director and the UBO sit on the Managing Board. The latter takes decisions related to review of the financial results and approval of the financial statements of the Company as well as decisions related to appropriation of the financial results, including decisions for additional funding if needed. The Management Board cannot be deadlocked as the ultimate decision-making authority rests with the UBO as a representative of 100% of the share capital.

8) Target KPIs and Business Objectives

The Company measures success and sets long-term objectives through various KPIs that offer insights into the financial health, operational efficiency, and overall growth trajectory of the organization. The Company applies the below major KPIs in this regard.

Revenue Growth Rate: Measures how quickly the Company's sales are increasing over time, indicating market demand and business expansion success.

EBT (Earnings Before Taxes): Reflects profitability before accounting for taxes, highlighting the financial performance from core operations and other activities.

EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization): Shows earnings from operations without the impact of financial and accounting decisions, useful for comparing profitability across companies.

EBITDA Margin: The percentage of revenue that turns into EBITDA, showing operational profitability and efficiency.

Gross Profit: The difference between revenue and the cost of goods sold, indicating how well a company generates profit from its core business.

Operating Income: Profit from core operations, excluding non-operational income and expenses, indicating operational efficiency.

Return on Investment (RoI): The gain or loss from an investment relative to its cost, measuring the efficiency and profitability of investments.

In the early years of the Company's establishment, several KPIs such as EBITDA, Gross Profit, and RoI may initially be negative or lower than expected. This trend is often due to significant upfront investments in product development, market entry, and operational setup, which precede revenue generation and require time to yield profitable returns. As the Company transitions into the growth stage of its development and scales, these metrics are expected to improve, reflecting the success of its strategic investments and operational efficiencies.

9) Policies and Procedures

Brightstar maintains stringent policies and procedures which are prepared primarily by third party professional service providers. This ensures that the relevant policies and procedure are prepared by qualified competent and independent parties. The performed internal and external audits, along with regular updates to regulatory bodies, demonstrate the Company's commitment to transparency and integrity.