

Class Innovation B.V.

Financial Statements

for the years ended December 31, 2022 and December 31, 2021

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Statement of financial position

(All amounts in EUR)

		31-Dec	
	Note	2022	2021
Assets			
Current assets			
Cash and cash equivalents	4	1,767,066	1,383,141
Advances to service provider		3,516,002	3,309,170
Prepaid expenses		3,092	3,745
Total current assets		5,286,160	4,696,056
Non-current assets			
Other assets		-	-
Total non-current assets		-	-
Total assets		5,286,160	4,696,056
Equity and liabilities			
Current liabilities			
Accounts payable		825,950	694,552
Payable to players		1,507,601	1,474,107
Platform fee payable		1,844,893	1,881,559
Total current liabilities		4,178,444	4,050,218
Equity			
Issued capital	5	100	100
Retained earnings / (Accumulated losses)		1,107,616	645,738
Total equity		1,107,716	645,838
Total equity and liabilities		5,286,160	4,696,056

See accompanying notes.



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Statement of profit or loss

(All amounts in EUR)

	Note	2022	2021
Revenue	6	18,242,073	15,952,449
Direct cost	7	-12,015,996	-10,281,623
Gross profit / (loss)		6,226,077	5,670,826
Selling and marketing expenses	8	-3,842,177	-3,531,222
Administrative expenses	9	-471,601	-351,709
Profit / (loss) from operations		1,912,299	1,787,895
Finance cost		-1,450,421	-1,287,603
Profit / (loss) before tax		461,878	500,292
Profit tax expense	3	-	-
Profit / (loss) for the year		461,878	500,292
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		461,878	500,292
Attributable to the owners		461,878	500,292

See accompanying notes.



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Statement of changes in equity

(All amounts in EUR)

	Issued capital	Retained earnings / (Accumulated losses)	Total
Balance, December 31, 2020	100	145,446	145,546
Profit / (loss) for the year	-	500,292	500,292
Other comprehensive income	-	-	-
Total comprehensive income / (loss) for the year	-	500,292	500,292
Balance, December 31, 2021	100	645,738	645,838
Profit / (loss) for the year	-	461,878	461,878
Other comprehensive income	-	-	-
Total comprehensive income / (loss) for the year	-	461,878	461,878
Balance, December 31, 2022	100	1,107,616	1,107,716

See accompanying notes.



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Statement of cash flows

(All amounts in EUR)

	Note	2022	2021
Cash flow from operating activities			
Profit / (loss) for the year		461,878	500,292
(Increase) / decrease in advances to service provider		-206,832	-481,252
(Increase) / decrease in prepaid expenses		653	-1,444
Increase / (decrease) in accounts payable		131,398	286,614
Increase / (decrease) in payable to players		33,494	-994,518
Increase / (decrease) in platform fee payable		-36,666	-53,024
Increase / (decrease) in tax payable		-	-13
Increase / (decrease) in other payables		-	-2,700
Net cash generated from operating activities		383,925	-746,045
Cash flow from investing activities			
(Increase) / decrease in other assets		-	-
Net cash generated from investing activities		-	-
Cash flow from financing activities			
Capital issued		-	-
Net cash generated from financing activities		-	-
Net increase / (decrease) in cash		383,925	-746,045
Cash at the beginning of the year		1,383,141	2,129,186
Cash at the end of the year	4	1,767,066	1,383,141

See accompanying notes.



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Notes to financial statements**1. General information**

Class Innovation B.V. (the company) was established on September 12, 2018 in Curaçao as a private limited liability company. The address of its registered office is Franche Bloemweg 4, Curaçao. The company was registered in the Commercial Register of Curaçao Chamber of Commerce & Industry under number 148054.

The main objectives of the company are:

1. To organize, market, promote, manage, support and operate all types of remote gaming activities, comprising of all types of games, betting and other operation of betting exchange, interactive casinos, bingos, lotteries, poker -and other interactive games, for clients established or residing outside of Curaçao.
2. The corporation is authorized to perform everything requisite or profitable to the accomplishment of its purpose or incidental thereto or connected therewith in the widest sense of the word.
3. The corporation has no authority to invoke the annulment of legal acts performed by the corporation, which exceeded the corporate objective.

The management of the company is borne by a board of directors. As of December 31, 2022, the management of the company is borne by a single managing director:

- Xecutive Corporate Management B.V.

Managing Director

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of presentation

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention. The financial statements are presented in EUR and all values are presented in actual, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies.



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Foreign currency transactions

The financial statements are presented in EUR, which is the company's functional and presentation currency. Transactions denominated in foreign currencies are translated at the exchange rate prevailing when the transaction is realized. The exchange results are recorded in the statement of profit or loss.

Monetary assets and liabilities denominated in foreign currencies are translated into EUR at the exchange rates prevailing at the end of the year.

Financial instruments**Financial assets****Initial recognition and measurement**

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss or other comprehensive income or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

The company's financial assets include cash and cash equivalents, advance to service providers and prepaid expenses.

Financial liabilities**Initial recognition and measurement**

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The company's financial liabilities include accounts payable, platform fee payable, and other payables.

Subsequent measurement

The subsequent measurement of financial assets and liabilities depends on their classification.



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Impairment of long-lived assets

Long-lived assets, other than goodwill, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets is measured by comparison of the carrying amount of the asset to the net undiscounted future cash flows expected to be generated from the asset. If the future undiscounted cash flows are not sufficient to recover the carrying value of the assets, the assets' carrying value is adjusted to fair value. The company regularly evaluates its long-lived asset for indicators of possible impairment. To date no impairment has been recorded.

Revenue and costs

Casino revenue is represented by the difference between the amounts of bets placed by customers less amounts won, net of bonuses and loyalty points, if any. The revenue is recognized at the fair value of the consideration.

Concentration of credit risk and certain other risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The company does not have significant exposure to any individual client or counter party. Management of credit risk involves a number of considerations, such as financial profile of the counter party, specific terms and duration of the contractual agreement. There exists a risk of non-performance, however management believes that the company's exposure to credit risk associated with non-performance of its counter party is minimum.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2022 and not early adopted

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the company.

3. Profit taxes

The company is subject to a territorial tax system, wherein the income earned in Curaçao is subject to 22% of profit taxes and the foreign source income is subject to 0% of profit taxes.

4. Cash and cash equivalents

	2022	2021
Balance at bank	885,618	783,426
PSP Accounts	487,977	352,229
Cash on hand	393,471	247,486
	1,767,066	1,383,141



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5. Issued capital

The issued capital of the company as at the balance sheet date consists of 100 common shares with a nominal value of EUR 1 subscribed for EUR 100.

No dividends were declared in 2022 and 2021.

6. Revenue

	2022	2021
Gross revenue	24,876,478	22,695,734
Less: Bonus	-6,473,623	-6,417,015
Less: Partner earnings	-160,782	-326,270
Net revenue	18,242,073	15,952,449

7. Direct cost

	2022	2021
Platform and commission fees	5,767,218	4,580,491
PSP costs	3,585,881	3,231,718
Service provider fees	2,513,769	2,192,329
Royalty fees	54,475	211,174
Software maintenance	53,239	48,682
Domain and hosting	41,414	17,229
	12,015,996	10,281,623

8. Selling and marketing expenses

	2022	2021
Affiliate commission	3,035,183	3,146,054
Marketing expenses	806,994	385,168
	3,842,177	3,531,222




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9. Administrative expenses

	2022	2021
Professional fees	245,900	102,563
Consultancy fees	218,582	243,985
Other expenses	7,119	5,161
	471,601	351,709

10. Fair value

Fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to arrive at the fair value:

Cash and cash equivalents, advance to service providers, prepaid expenses, accounts payable, platform fee payable, and other payables approximate the carrying amount largely due to the short-term maturity.

11. Contingencies, commitments and legal proceedings

The company has no contingent or future purchase liabilities and is not involved in any legal actions.

12. Subsequent events

In connection with the preparation of the financial statements, the company evaluated subsequent events after the balance sheet date of December 31, 2022. Based on their evaluation there are no subsequent events that have a significant effect on the financial statements as at December 31, 2022.

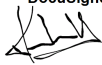


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13. Authorization for issue

These financial statements for the year ended December 31, 2022 were approved by the board of directors and authorized for issue on April 27, 2023.

Board of Directors:

<u>Name</u>	<u>Function</u>	<u>Signature</u>
Xecutive Corporate Management B.V.	Statutory Director	DocuSigned by:  8780458C677848F... DocuSigned by:  3508179679034CB...