

CLASS INNOVATION B.V.

Financial Statements

For the year ended December 31, 2023 and December 31, 2022

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Statement of Financial Position
(All amounts in EUR)

	Note	31-Dec 2023 (EUR)	31-Dec 2022 (EUR)
Assets			
Current assets			
Cash and cash equivalents.	4	1,568,590	1,767,066
Advances to service provider		3,855,219	3,516,002
Prepaid expenses		10,195	3,092
Total current assets		5,434,005	5,286,160
Non-current assets			
Other assets		-	-
Total non-current assets		-	-
Total assets		5,434,005	5,286,160
Equity and liabilities			
Current liabilities			
Accounts payable		379,170	825,950
Payable to players		505,936	1,507,601
Platform fee payable		2,704,470	1,844,892
Total current liabilities		3,589,576	4,178,443
Equity			
Issued capital		100	100
Retained earnings / (accumulated loss)		1,844,329	1,107,616
Total equity		1,844,429	1,107,716
Total liabilities and equity		5,434,005	5,286,160

See accompanying notes.

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Statement of Income
(All amounts in EUR)

	Note	Jan 01 - Dec 31, 2023	Jan 01 - Dec 31, 2022
Revenue	6	20,227,372	18,242,073
Direct cost	7	12,781,193	12,015,996
Gross profit		7,446,179	6,226,077
Administrative expenses	9	544,329	471,601
Selling and marketing expenses	8	5,055,471	3,842,177
Profit / (loss) from operations		1,846,379	1,912,299
Finance and other costs		1,109,667	1,450,42
Profit / (loss) before tax		736,712	464,878
Profit tax expense	3	-	-
Profit / (loss) for the period		736,712	468,878
Other comprehensive income		-	-
Total comprehensive income / (loss) for the period		736,712	461,878
Attributable to the owners			

See accompanying notes.

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Statement of Changes in Equity

(All amounts in EUR)

	Issued Capital (EUR)	Retained earnings / (Accumulated loss) (EUR)
Balance, December 31, 2021	100	645,738
Profit / (loss) for the period	-	461,878
Other comprehensive income	-	0
Total comprehensive income / (loss) for the period	-	461,878
Balance, December 31, 2022	100	1,107,616
Profit / (loss) for the period	-	736,712
Other comprehensive income	-	0
Total comprehensive income / (loss) for the period	-	736,712
Balance, December 31, 2023	100	1,844,329

See accompanying notes.

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Statement of Cash Flows

(All amounts in EUR)

	Note	Jan 01 - Dec 31, 2023 (EUR)	Jan 01 - Dec 31, 2022 (EUR)
Cash flow from operating activities			
Profit / (loss) for the year		736,712	461,878
Add: Depreciation / amortization		-	-
(Increase) / decrease in advances to service provider		-339,216	-206,832
(Increase) / decrease in prepaid expenses		-7,104	653
Increase / (decrease) in payable to players		-1,001,665	33,494
Increase / (decrease) in accounts payable		-446,780	131,398
Increase / (decrease) in platform fee payable		859,578	-36,666
Increase / (decrease) in tax payable		-	-
Increase / (decrease) in other payables		-	-
Net cash generated from operating activities		-198,475	383,925
Cash flow from investing activities			
Increase / (decrease) in other assets		-	-
Net cash generated from investing activities		0	0
Cash flow from financing activities			
Capital issued		-	-
Net cash generated from financing activities		0	0
Net increase / (decrease) in cash		-198,475	383,925
Cash at the beginning of the year		1,767,066	1,383,141
Cash at the end of the year	4	1,568,590	1,767,066
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 Curacao as a private limited liability company. The address of its registered office is Fransche Bloemweg 4, Curacao Chamber of Commerce & Industry under number 148054

Unaudited financial statements

The director is pleased to present to the shareholder, the unaudited financial statements of Class Innovation B.V.. (the "Company") for the financial period ended 31 December 2023. The underlying administration of these financial statements was provided by an external accounting office. In the director's opinion, the Company's financial statements are prepared based on the documents and information provided to the accounting office. The financial statements, based on these documents and information, give a true and fair view of the financial position of the Company as at December 31, 2023 and the financial performance, changes in equity and cash flows of the Company for the financial period ending on that date.

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 Curacao.
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, 2023, the management of the company is borne by a single managing director:

- Downtown E-Commerce Company 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.

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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.

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.

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Subsequent measurement

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

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 2023 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

	<u>2023</u>	<u>2022</u>
Balance at bank	660,899	885,618
PSP Accounts	799,017	487,977
Cash on hand	<u>108,674</u>	<u>393,471</u>
	<u>1,568,590</u>	<u>1,767,066</u>

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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 2023 and 2022.

6. Revenue

	<u>2023</u>	<u>2022</u>
Gross revenue	26,686,136	24,876,478
Less: Bonus	-6,458,764	-6,473,623
Less: Partner earnings	0	-160,782
Net revenue	<u>20,227,372</u>	<u>18,242,073</u>

7. Direct cost

	<u>2023</u>	<u>2022</u>
Platform and commission fees	5,137,928	5,767,218
PSP costs	3,460,568	3,585,881
Service provider fees	4,037,659	2,513,769
Royalty fees	4,155	54,475
Software maintenance	87,372	53,239
Domain and hosting	53,510	41,414
	<u>12,781,193</u>	<u>12,015,996</u>

8. Selling and marketing expenses

	<u>2023</u>	<u>2022</u>
Affiliate commission	4,248,197	3,035,183
Marketing expenses	<u>807,273</u>	<u>806,994</u>
	<u>5,055,471</u>	<u>3,842,177</u>

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9. Administrative expenses

	<u>2023</u>	<u>2022</u>
Professional fees	134,532	245,900
Consultancy fees	404,358	218,582
Other expenses	<u>5,440</u>	<u>7,119</u>
	<u>544,329</u>	<u>471,601</u>

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, 2023. Based on their evaluation there are no subsequent events that have a significant effect on the financial statements as at December 31, 2023.

13. Authorization for issue

These financial statements for the year ended December 31, 2023, were approved by the board of directors and authorized for issue on June 19, 2024.

Board of Directors:

<u>Name</u>	<u>Function</u>	<u>Signature</u>
Downtown E-Commerce Company B.V. Represented by: Glenn C. Rellum	Statutory Director	