

LUCKYROO N.V.

AML/CFT Policy



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1. Purpose of the Policy

The purpose of the **Anti-Money-Laundering Policy (the AML Policy)** is to combat money laundering and terrorism financing, implement best AML/CFT industry standards, and promote company-wide compliance with the local and international Anti-Money Laundering/ Counter Terrorism Funding (AML/CFT) legislation. The AML Policy's uniform framework is based on robust AML/ CFT measures, including the identification and mitigation of the inherent risks associated with customers, products and services, payment methods, countries, and delivery channels.

The design, implementation, and monitoring of the AML policy's framework is approved by the Luckyroo N.V.'s Board of Directors (BoD) and is subject to an annual review. In addition to the annual review process, the AML Policy may be amended from time to time to reflect material changes in the AML/CFT legislation or operator practices. Furthermore, a nominated officer may put forward suggestions to implement urgent internal and third- party AML audit recommendations as regards risk probability and risk impact.

First and foremost, the AML Policy is a reflection of the main international objectives highlighted by the current AML/ CTF legislation in Curacao i.e. the upcoming National Ordinance for Games of Chance (LOK), the Criminal Code of Curacao, The National Ordinance on Offshore Games of Hazard (PB 1993, no.63) (NOOGH) as well as National Ordinance Penalization of Money Laundering (NOPML), the National Ordinance on the Reporting of Unusual Transactions (NORUT), and the National Ordinance on Identification of clients when Rendering Services (NOIS). The AML Policy also reflects the international legislation and policy initiatives such as Recommendations of the Financial Action Task Force (The FATF Recommendations), the European Anti-Money Laundering Directives (the 4th, 5th and the 6th AMLDs), and the Wolfsberg Principles.

As of May 15, 2024, new regulations for combating money laundering, the financing of terrorism, and the proliferation of weapons of mass destruction have become applicable to online casinos in Curaçao. New regulations came into force September 1, 2024. Non-compliance with these regulations can result in severe administrative and criminal sanctions, underscoring the seriousness with which Curaçao authorities are approaching AML/CFT enforcement

The AML/CFT/CFP Regulations are aligned with the FATF Recommendations, alongside the various AML/CFT/CFP legislations in Curacao.

To summarize, the AML Policy was drafted with the view of complying with the recommendations of the AML/CFT supervisor in Curacao, namely the Curacao Gaming Control Board. The Company's directors, officers, and personnel are committed to upholding the set of standards set in the Policy. The Policy applies to all persons at all levels working for the Company and third-party consultants whose services are enlisted from time to time for audit purposes.

2. Online Gaming Industry Specifics

Luckyroo N.V. is a Curacao-based legal entity which currently runs the following websites: www.betwinner.llc

Luckyroo N.V. operates under the Curacao online gaming OGL/2024/1371/0694 issued by Curacao Gaming Control Board. It therefore complies with the licensing requirements as well as regional operational restrictions imposed on it by the Curacao regulatory authorities which explicitly bans their remote gaming licenses from offering their services in the US, Australia, Dutch West Indies (Aruba, Bonaire), Curacao, France, Germany, the UK, Belize, and the Netherlands. The Company only operates in markets where it is permitted to operate and does not solicit customers from those jurisdictions where online gambling is explicitly banned i.e. Qatar or where it is imperative to have a locally obtained permit/ license.

Overall, gaming and betting operators are susceptible to the money laundering risks spanning identity theft and fraud, structuring, layering and collusion of the employees with the customers or the external payment providers to help them bypass internal safeguards.

3. Key Definitions

AML Policy- The Policy on Prevention of Money-Laundering Terrorist Financing.

Anti-Money Laundering and Counter -Financing of Terrorism Program- programs are established to fight against money laundering and terrorist financing and consist of written internal policies, procedures and controls, overseen by AML compliance team headed by Compliance Officer, who is also responsible for AML training as well as arranging an independent review to audit the program.

Alert - a notification that an analysis of red discrepancies is required based on defined red flags and underlying typologies.

AML/CFT Supervisor- the Curaçao Gaming Control Board (GCB) and a relevant local master license holder where applicable.

Automated Screening Tool (AST)- Software systems that automate the customers' screening process including against sanctions lists.

Beneficial Owner – a natural person who ultimately owns or controls an account through which a transaction is being conducted.

FATF high-risk list- An internal list of names (including places, persons, entities, and individuals) that are screened to identify any sanctions exposure, in addition to government and vendor-maintained sanctions lists.

Comprehensive Sanctions- Sanctions that prohibit all transactions and activity with a sanctioned country by the sanctioning country except in rare, specific instances.

Criminal Proceeds- Any property derived from or obtained, directly or indirectly, through the commission of a crime. **Customer-** a person that opens an account and transacts with the Company.

Customer Relationship- a customer relationship encompasses all contact with a prospective customer during onboarding and while using the Company's services and products.

Customer Due Diligence- a set of internal controls that internet gambling operator establish a customer's identity, predict with relative certainty the types of transactions in which the customer is likely to engage, and assess the extent to which the customer exposes it to a range of risks (i.e., money laundering and sanctions). Organizations also need to know their customers through CDD to guard against fraud and comply with the requirements of relevant legislation and regulation. **"High-risk third country"**- a third country, which is flagged by the European Commission under the provisions of paragraph (2) of Article 9 of the EU Directive by means of delegated powers and by FATF, and which has strategic deficiencies in its national AML/CFT regime that pose significant threats to the financial system of the Union, and a third country which is classified by the Company as high risk, according to the risk assessment referred to in Article 58a of the Law.

Due Diligence-The investigation and examination of a company or group, conducted in the process of preparing for a business transaction. Due diligence should be completed before entering into any financial transaction or business relationship.

Economic Sanctions- The imposition of trade or financial restrictions and penalties by one or more countries against another country, entity, or individual with the purpose of changing a behavior. Economic sanctions can include actions such as tariffs, trade restrictions, and financial limitations.

Embargo- An official government action to ban trade or commercial activity with a specific country, sometimes involving a specific trade product (e.g., a grain embargo or an oil embargo). **Enhanced Due Diligence (EDD)-** In conjunction with Customer Due Diligence, EDD calls for additional measures aimed at identifying and mitigating the risk posed by higher risk customers. It requires developing a more thorough knowledge of the nature of the customer, the customer's business and understanding of the transactions in the account than a standard or lower risk customer.

European Union (EU)- The modern EU was founded in the Treaty of Maastricht on European Union, signed in 1992 and effective in 1993. The EU is a politico-economic union of member states located primarily in Europe. European Union Directive on Prevention of the Use of the Financial System for the Purpose of Money Laundering and

Terrorist Financing- First adopted by the European Union in June 1991 and updated in 1997, 2005, 2015, 2018 and 2020 the directive requires EU member states to prohibit and manage the risks of money laundering and terrorist financing.

Exclusions List- A list of names that are excluded from the screening process. These are names that the compliance team has verified do not actually match a name on a sanctions list.

Financial Action Task Force (FATF)- FATF was created in 1989 by the Group of Seven industrial nations to foster the establishment of national and global measures to combat money laundering. It is an international policy-making body that sets anti-money laundering standards and counter- terrorist financing measures worldwide.

Financial Intelligence Unit (FIU)- A central national agency responsible for receiving, analyzing, and transmitting disclosures on suspicious transactions to appropriate authorities.

First Line of Defense- within the governance structure of a sanctions compliance program, the first line of defense (also referred to as the "front line") includes relationship managers and other customer-facing employees who are closest to the customers and counterparties during the onboarding and contracting phase of relationships. The first-line defense is responsible for ensuring that adequate information is obtained so that effective screening of customers and their owners and controllers can be performed. In general, the first-line defense owns and manages the collection of SDD information.

Greylist- A grey list is a list of entities that are suspicious or higher-risk for causing a negative impact to a firm. Within the context of sanctions, the greylist includes the names of countries with strategic deficiencies in anti-money laundering and counterterrorism financing regimes. Moreover, these countries have also not made sufficient progress or otherwise committed to action plans to address deficiencies identified by FATF

Minor – under the 18 years of age

Inherent Risk- The level of sanctions risks that exist before controls are applied to mitigate them. There are four main inherent risk categories: customers, products and services, countries, and delivery channels. Inherent risk is linked to the risk assessment process, which evaluates the effectiveness of an institution's risk controls. Inherent risk considers the likelihood and impact of noncompliance prior to considering any mitigating effects of risk management processes.

Investigation- The process of obtaining, evaluating, recording, and storing information about an individual or legal entity with whom one is conducting business, in response to an alert indicating a possible sanctions violation. Investigations often begin with simple checks before progressing to further investigation such as account review, customer outreach, and possible escalation to the compliance function.

Know Your Customer (KYC)- Anti-money laundering policies and procedures used to determine the true identity of a customer and the type of activity that is "normal and expected," and to detect activity that is "unusual" for a particular customer.

Know Your Employee (KYE)- Anti-money laundering policies and procedures for acquiring a better knowledge and understanding of the employees of an institution for the purpose of detecting conflicts of interests, money laundering, past criminal activity and suspicious activity.

Layering- The second phase of the classic three-step money laundering process between placement and integration, layering involves distancing illegal proceeds from their source by creating complex levels of financial transactions designed to disguise the audit trail and to provide anonymity.

Mandatory Sanctions Lists- Supranational sanctions lists, such as those including targets designated by the United Nations Security Council Resolutions (UNSCR), which must be screened against. Depending on the country in which a business is located and operates, local sanctions regimes may be required (i.e., mandatory) and would need to be included within a firm's sanctions compliance program.

Money Laundering- The process of concealing or disguising the existence, source, movement, destination or illegal application of illicitly- derived property or funds to make them appear legitimate. It usually involves a three-part system: placement of funds into a financial system, layering of transactions to disguise the source, ownership and location of the funds, and integration of the funds into society in the form of holdings that appear legitimate. The definition of money laundering varies in each country where it is recognized as a crime.

Compliance Officer A term used in various international rules to refer to the person responsible for overseeing a firm's anti-money laundering activities and program and for filing reports of suspicious transactions with the national FIU. The Compliance Officer is the key person in the implementation of anti-money laundering strategies and policies.

Monitoring- An element of an institution's anti-money laundering program in which customer activity is reviewed for unusual or suspicious patterns, trends or outlying transactions that do not fit a normal pattern. Transactions are often monitored using software that weighs the activity against a threshold of what is deemed "normal and expected" for the customer.

Office of Foreign Assets Control (OFAC)- the agency within the US Department of the Treasury responsible for administering and enforcing economic sanctions issued as part of US foreign policy and by international organizations like the United Nations against targeted foreign countries. It often works in consultation with other agencies, such as the Department of State, to oversee national security goals. A core component of the agency's responsibilities is the creation and maintenance of the Specially Designated Nationals (SDN) list.

Politically Exposed Person (PEP) - According to FATF's revised 40 Recommendations of 2012, a PEP is an individual who has been entrusted with prominent public functions in a foreign country, such as a head of state, senior politician, senior government official, judicial or military official, senior executive of a state-owned corporation or important political party official, as well as their families and close associates. The term PEP does not extend to middle - ranking individuals in the specified categories. Various country regulations will define the term PEP, which may include domestic as well as foreign persons.

Red Flag (similar to alert)- A warning signal that should bring attention to a potentially suspicious situation, transaction or activity.

Regulatory Agency- A government entity responsible for supervising and overseeing one or more categories of financial institutions. The agency generally has authority to issue regulations, to conduct examinations, to impose fines and penalties, to curtail activities and, sometimes, to terminate charters of institutions under its jurisdiction.

Risk Appetite- The amount of risk that a firm is willing to accept in pursuit of value or opportunity. A firm's risk appetite reflects its risk management philosophy and comfort level for undertaking business in situations in which there could be an elevated sanctions risk. In turn, risk appetite influences the firm's culture and operating style and guides resource allocation. An organization's risk appetite is determined through the risk-assessment process and formalized in a Risk Appetite Statement or Framework. A business should determine its risk appetite based on the resources it has to invest in controls, staffing, and measures to protect its reputation. Firms can have an overarching risk appetite (i.e., enterprise-wide) and/or have risk appetites defined on a more granular level (e.g., by department).

Risk Assessment- A tool that allows a business to identify and assess the extent to which it may be exposed to risks.

Risk-Based Approach- The assessment of the varying risks associated with different types of businesses, clients, accounts and transactions to maximize the effectiveness of an anti-money laundering program.

“Senior Management”- an officer or employee of the Company with sufficient knowledge of the Company’s money laundering and terrorist financing risk exposure and sufficient seniority to take decisions affecting its risk exposure and need not to be a member of the Board of Directors.

“Structuring” - small transfers or small deposit amounts from customers that are trying to avoid recordkeeping requirements or trigger AML flag alerts from any company (EMI).

Sanctions- Sanctions are punitive or restrictive actions taken by individual countries, regimes, or coalitions with the primary purpose of provoking a change in behavior or policy. Sanctions can restrict trade, financial transactions, diplomatic relations, and

movement. They can be specific or general in their implementation and enforcement. Sanctions are also referred to as restrictive measures.

Sanctions Evasion- The deliberate attempt to remove or conceal the involvement of sanctioned places, entities, or individuals in a transaction or series of transactions. When sanctions evasion is successful, a business that would have been flagged, taxed, restricted, or prohibited is allowed to proceed unhindered. **Sanctions Due Diligence (SDD)** -A similar process to Know Your Customer (KYC) / Customer Due Diligence (CDD) that focuses on the risks specific to sanctions, taking into account governance and risk assessment. SDD builds upon the KYC/CDD information an organization collects as part of its existing AML program. SDD is applied throughout the life cycle of a relationship at the start of a relationship (i.e., onboarding); when new products are introduced, in response to trigger events during a relationship, such as a "match" generated by a screening tool; during periodic reviews; and when a relationship ends.

Sanctions List- A document or database listing individuals, legal entities, and countries with whom it is illegal to do business.

Sanctions Regime - A set of sanctions that have a common nexus or theme. These are either referred to by the issuer of the set of sanctions or by the intended purpose of the set of sanctions. For example, the "OFAC sanctions regime" or the "North Korea sanctions regime." Depending on the context, a sanctions regime may be limited to unilateral sanctions or may include multilateral sanctions.

Sanctions Compliance- The act of adhering to the sanctions-related legislation, regulations, rules, and norms that make up the complex sanctions landscape.

Second Line of Defense - The sanctions compliance function, the larger compliance function, and the human resources and technology departments comprise the second line of defense within the governance structure of a sanctions compliance program. The sanctions Compliance officer ensures ongoing monitoring for sanctions compliance to enable the escalation of identified issues. In general, the second line exists to ensure that SDD procedures and processes applied by the first line are designed properly, firmly established, and applied as intended. The second-line defense reviews the effectiveness of controls used to mitigate sanctions risks; provides information to the first line; and investigates possible noncompliance with sanctions restrictions.

Simple Checks - One of the first steps in an investigation, simple checks are those initial actions taken to discount or confirm a sanctions link; an example of a simple check includes comparing data about a sanctions target with a firm's Know Your Customer (KYC) data.

Specially Designated Nationals and Blocked Persons List (SDN List) - A list of individuals and companies, published by OFAC, that are owned, controlled by, or acting on behalf of a targeted country. The list also includes groups and people, such as terrorists or drug traffickers, who are associated with a specific crime as opposed to a country. The

US Department of the Treasury maintains the list and may name a person or company as an SDN. When the government identifies a person or company as an SDN, it blocks their assets and forbids US persons to do business with them. The government may also impose fines and imprison lawbreakers.

Suspicious Activity - irregular or questionable customer behavior or activity that may be related to a money laundering or other criminal offense, or to the financing of a terrorist activity. May also refer to a transaction that is inconsistent with a customer's known legitimate business, personal activities, or the normal level of activity for that kind of business or account.

Suspicious Transaction Report (STR) - A government filing required by reporting entities that includes a financial institution's account of a questionable transaction. Many jurisdictions require financial institutions to report suspicious transactions to relevant government authorities such as its FIU on a suspicious transaction report (STR), also known as a suspicious activity report or SAR.

Terrorist Financing - The process by which terrorists fund their operations in order to perform terrorist acts. There are two primary sources of financing for terrorist activities. The first involves financial support from countries, organizations or individuals. The other involves a wide variety of revenue-generating activities, some illicit, including smuggling and credit card fraud.

Third Line of Defense - The third-line defense within the governance structure of a sanctions compliance program is the internal audit, which involves independent reviews of the controls applied by the first two lines of defense. It independently evaluates the risk management and controls of the bank through periodic assessments, including the adequacy of the bank's controls to mitigate the identified risks. It also evaluates the effectiveness of the staff's execution of the controls, the effectiveness of the compliance oversight and quality controls, and the effectiveness of the training.

Third-Party Database- Third-party databases can be a good source of both primary and secondary information sources. Examples of third-party databases include rating agencies, stock exchanges, and legal databases.

Unilateral Sanctions - These are sanctions imposed by a single country against a targeted entity. These are generally considered less effective than multilateral sanctions. Still, they serve to target specific offensive practices on behalf of imposing nations.

United Nations (UN)- An international organization that was established in 1945 by 51 countries committed to preserving peace through cooperation and collective security. Today, nearly every nation in the world belongs to the UN. See also Vienna Convention. The United Nations contributes to the fight against organized crime with initiatives such as the Global Program against Money Laundering (GPML), the key instrument of the UN Office of Drug Control and Crime Prevention in this task. Through the GPML, the UN helps member states to introduce legislation against money laundering and to develop

mechanisms to combat this crime.

Unusual Transaction - Transaction that appears designed to circumvent reporting requirements, is inconsistent with the account's transaction patterns or deviates from the activity expected for that type of account.

Abbreviations

AML – Anti-Money Laundering

Compliance Officer – Anti-Money Laundering Compliance Officer

BoD – Board of Directors of the Company

CDD - Customer Due Diligence

EDD - Enhanced Due Diligence

CFT- Combating the Financing of Terrorism

EU – European Union

FATF – Financial Action Task Force

NOOGH- The National Ordinance on Offshore Games of Hazard (Landsverordening buitengaatsse hazardspelen, P.B. 1993, no. 63)

PEP- Politically Exposed Person

UN- United Nations

CFP Counter-Proliferation Financing

4. Money-Laundering

Organized crime operations are based on money laundering, often on an international scale. The illegal origin of criminal proceeds from such crimes as financial fraud, tax evasion, violations of sanctions, bribery, illegal arms trade, drug trafficking, extortion, kidnapping etc. is disguised during its processing, including their identity, source and the destination and equals money-laundering. Therefore, the goal of money-laundering is to make the criminal proceeds appear legitimate from the time the money is placed into the financial system (placement stage), layered in order to hide the audit trail through the web of complex financial transactions at various financial institutions (the layering stage), to the time it is integrated back into the financial system through the purchase of luxury items or cash-intensive businesses (integration stage). Money-laundering has social, economic, legal and regulatory implications on the world economy and leads to increasing costs of monitoring businesses from a compliance standpoint.

The gambling and betting industry therefore is considered high risk since online platforms are vulnerable to money-launderers since online gambling transactions are cross-border and services are often anonymous in a non- face-to-face business. VIP accounts, money services businesses and multiple accounts are just a few challenges that the industry is known for.

Based on the results of the complex business risk assessments, Luckyroo N.V.'s main priority is to detect and deter money laundering threats as well as mitigate such risks in the following areas:

- Using the online platform as a player-to-player transfer route to funnel funds between sellers and buyers and cashing out when necessary.
- Depositing funds obtained from illicit operations and/or using the online platform as “parking”, rather than with the goal of engaging in online gambling or online sports betting.
- Verification fraud and identity theft (customer due diligence covering documentation verification, age verification and location verification)
- Operation of multiple accounts and high transaction volumes

This list is not exhaustive and whereas additional risks may materialize from time to time, the Company implements robust KYC procedures to identify high-risk customers, utilizes advanced proprietary software to detect suspicious transaction patterns, offers regular AML trainings to the employees, and conducts regular audits of AML controls and systems.

5. Terrorism- Financing

Providing funds via different methods and sources for carrying out terrorist activities defines the term terrorism financing, including but not limited to direct funding for the planning and execution of terrorist acts or financial support enabling terrorism such as training, recruitment, and propaganda. Money laundering and terrorism financing are two separate crimes which, nevertheless, are often mentioned together. Countering the financing of terrorism is as important as combating money-laundering but its pattern is largely different and is known to comprise small donations from legitimate sources in the form of charitable donations, personal income or business revenue. Illegitimate sources of funds include fraud, criminal activities and money laundering whereas the methods of transfers differ from payment institutions, cash mules and cryptocurrencies, inter alia. Overall, the FATF (The Financial Action Task Force) Recommendations 2012-2023 identify customer due-diligence, record-keeping, and reporting suspicious activity as main preventive measures that help businesses combat money-laundering. Furthermore, the FATF produced strategic guidance on the AML/ CFT risk-based approach for online casinos where it highlights the vulnerability of online casinos, and gaming sector as regards money laundering (ML) and terrorist financing (TF) risks (page 59, Vulnerabilities of Casinos and Gaming Sector- March 2009) due to the key industry threats associated with the ever evolving techniques of online gambling fraud within the context of limited AML/CFT controls or regulatory responses in many jurisdictions. From the payment methods standpoint, the volume of remote gambling transactions taking place over the online platforms with 24/7 accessibility is so large and the payment methods are so varied, that it is of paramount importance to develop efficient internal controls based on the periodic reviews of the results of the internal AML/CFT risk-assessments. Notably, the 2022 Supranational Risk Assessment Report by the European Commission identified the “gambling sector” and online gambling, as a “high risk” area of AML/CFT concern due to “the non-face-to face element, huge and complex volumes of transactions and financial flows” involving cryptocurrencies among other payment instruments. Prepaid cards have been identified as a highly popular method to acquire materials for the terrorist attacks and therefore it is important to conduct staff training based on newly available information.

The non-exhaustive list of conduct that may be indicative of terrorist financing risk include the following examples:

- The parties to a transaction are based in a country or countries that are on a list of state sponsors of terrorism or a sanctions list.
- Adverse media/ negative news screening reports indicative of links to the terrorist organizations.
- Small regular deposits that are structured to avoid detection.

6. Proliferation Financing

Proliferation Financing (PF) refers to the use of financial resources to support the development, manufacture, or distribution of weapons of mass destruction (WMD), including their delivery systems. Recognizing the severe global security risks posed by PF, Luckyroo N.V. is committed to preventing its platform from being used, even indirectly, to facilitate such activity.

The company takes a proactive approach by embedding PF-specific controls into its AML compliance framework. These include enhanced risk assessments focused on jurisdictions and customer profiles associated with proliferation risk. Where elevated risk is identified, Enhanced Due Diligence is applied to verify the legitimacy of both the customer and the financial activity in question.

Luckyroo N.V. strictly adheres to the sanctions regimes issued by the United Nations Security Council, the European Union, the Sanctions National Ordinance, and the Kingdom Sanction Act. All transactions are screened against relevant sanctions lists to ensure no dealings occur with entities or individuals linked to WMD proliferation. By maintaining this level of diligence, the company supports international non-proliferation efforts and safeguards the integrity of its operations.

7. Risk- Based Approach (ML/ TF risks' detection)

Company applies a risk -based approach in combating exploitation of its online platform for the purposes of ML and TF. The methodology the Company adopts is based on the Guidance of the Financial Action Task Force (FATF) as regards ML/ TF Risk Assessments and determines a risk level by evaluating types of risk, threats, vulnerabilities, controls, consequences, the likelihood of it happening, and the impact it may have on the business model in a particular geographical location.

Luckyroo N.V. conducts a formal Business Risk Assessment (BRA) annually and upon any significant operational change. This BRA evaluates money laundering and terrorism financing risks associated with customers, products, delivery channels, geographical exposure, and technological developments. The assessment is documented, approved by the Board of Directors, and revised in accordance with the latest regulatory updates or business model changes

Specifically, AML/CFT risk assessment categories center around the risks associated with:

- the range of products and services the Company offers,
- transaction risks,
- players' risks,
- geographical risks
- employee risk.

Based on the analysis of the risk indicators, the risk model calculates a risk rating of low, medium or high which is then used to create a risk profile which is then assigned to the players and payment service providers at the onboarding stage and is reassessed and amended during the business relationship within the framework of periodic KYC/KYB reviews. Online casinos possess inherent high risks, so the Company strives to rely on its AML and Anti-Fraud key personnel to maintain effective internal controls and CDD

measures as reflected in relevant policies.

Sector-Specific Risks in iGaming

Given the specific vulnerabilities within the online gambling industry Luckyroo N.V. has tailored its compliance controls to meet the challenges unique to the sector. Gambling platforms can be exploited to obscure the origin of funds, particularly through layered betting patterns, rapid fund turnover, and irregular payout behaviors. Criminals may use these tactics to convert illicit funds into seemingly legitimate winnings.

To counteract this, the company ensures that all deposits and withdrawals are routed exclusively through licensed financial institutions. Payments using anonymous or untraceable instruments, such as certain cryptocurrencies or unregistered prepaid cards, are restricted or entirely prohibited. Monitoring tools have been configured to detect unusual betting patterns, excessive deposit frequency, and sudden withdrawals that deviate from typical gaming behavior.

Employee training plays a vital role in strengthening the company's overall risk posture. Compliance staff and customer-facing teams are routinely trained to recognize red flags, report suspicious activity, and stay informed of evolving criminal methodologies within the gambling landscape.

Mitigation Measures

When a risk is identified—whether at the customer, transaction, jurisdictional, or service level, Luckyroo N.V. responds with tailored mitigation strategies. EDD is applied to higher-risk profiles, requiring additional documentation and background checks. The company collects detailed information on the source and intended use of funds, while conducting ongoing screenings against global sanctions lists and watchlists.

Sophisticated transaction monitoring systems operate continuously in the background, equipped with real-time alerting capabilities. These systems analyze transaction flow and behavior to detect anomalies, flagging them for internal review. Alerts generated are triaged and, when necessary, escalated for formal investigation and reporting to the Financial Intelligence Unit (FIU).

To protect against identity fraud, strict verification processes are enforced. These include cross-referencing customer data against sanctions databases, screening for duplicate accounts, and performing regular updates to maintain the accuracy of stored information.

Monitoring, Policy Adaptation and Reporting

Luckyroo N.V. understands that financial crime risks are dynamic, requiring constant vigilance. To ensure our controls remain effective, we conduct periodic internal reviews of transaction activity, customer risk ratings, and compliance procedures. These findings inform policy updates and the adaptation of monitoring tools, ensuring alignment with both regulatory changes and emerging criminal tactics.

All suspicious transactions are promptly reported to the appropriate authorities in accordance with regulatory obligations. Record-keeping is maintained at a high standard—covering customer onboarding details, transaction data, risk classification documentation, and due diligence records—for the required legal retention period. These records are securely stored and made available for inspection during audits or regulatory

reviews, reflecting the company's commitment to transparency and accountability.

Integrated Risk Governance

Through this holistic and risk-focused compliance strategy, Luckyroo N.V. demonstrates its commitment to preventing financial crime within the iGaming sector. By integrating compliance into every level of operations—from onboarding to transaction oversight—the company ensures that it not only complies with Curaçao's AML/CTF/CPF requirements but also contributes to the integrity and trustworthiness of the broader financial system.

Technological Developments Risk Assessment

Luckyroo N.V. acknowledges that rapid technological evolution in the iGaming space brings both opportunities and risks. To prevent financial crime from taking advantage of emerging tools, the company incorporates technology-specific risk assessments into its compliance framework. Each new product, service, or platform enhancement is reviewed in advance to determine whether it introduces any new vulnerabilities.

Risk assessments are triggered by the introduction of new business models, payment systems, account access features, or backend technologies—such as blockchain, artificial intelligence, or cybersecurity enhancements. Before deployment, the company evaluates each innovation for potential misuse and documents all findings in line with AML/CTF best practices. These records not only help ensure internal accountability but also support regulatory review.

If risks are identified, Luckyroo N.V. implements tailored countermeasures. These may include reinforcing authentication processes with MFA or biometrics, encrypting data streams, or enhancing transaction monitoring capabilities with AI-based analytics. Monitoring systems are configured to detect subtle behavioral deviations and to respond dynamically to new fraud typologies.

Compliance policies are updated continuously to align with these technological shifts. Luckyroo N.V. ensures that its internal controls evolve in tandem with both operational innovations and emerging financial crime trends. This proactive approach ensures the platform remains resilient and compliant without compromising on innovation or user experience.

Through vigilant evaluation and integration of technology controls, Luckyroo N.V. upholds a secure, adaptable, and forward-thinking compliance environment. This commitment ensures that regulatory requirements are not only met but exceeded, and that the company remains a trusted operator in the global iGaming industry.

8. Customer Due Diligence Guidelines (CDD, EDD) and Acceptance Policy (CAP)

When establishing a business relationship with customers it is imperative to identify whether a customer wishing to use the Company's online platform poses any money-laundering, terrorist financing or proliferation financing threats to its ecosystem. CDD forms the basis of the risk-based assessment for risk scoring purposes based on the

analysis of various types of suspicious activities including behavioral indicators, transactional indicators, customer profile and product and services' indicators. In the context of AML, customer due diligence process is a procedure which includes the identification of the potential customer, verification of his/her identity and age, collection of additional information to construct an economic profile of the account holder, assign a risk rating, and monitor his/her behavioral and transactional patterns for any deviations that may be construed as a violation of AML/CFT legislation and policies. Research into the customers can be done via open- source tools such as social media checks, property ownership checks, employment checks, insolvency checks etc. Due Diligence measures may be simplified when the analysis of the initial customer data places such applications in a low-risk category, whereas Enhanced Due Diligence (EDD) is applied to cases that require additional screening due to the system flagging certain data entries such as PEPs (politically-exposed persons), customers from high-risk jurisdictions etc .

Luckyroo N.V. created a risk scoring system by categorizing customers in accordance with set risk profiles which are construed from the physical location of the customers, their transactional behavior and the products they use. The integrity of the Luckyroo N.V. 's gaming environment is maintained through the application of protocols based on utilizing advanced technology and third-party databases including a proprietary anti-fraud system for onboarding and transaction monitoring, artificial intelligence tools (AI), biometric identification in some instances and RegTech screening tools such as WorldCheck, LexisNexis, SEON etc.

The company is dedicated to maintaining compliance with regulatory standards that prohibit the establishment of anonymous or fictitious accounts within the casino sector. To effectively combat risks related to money laundering, terrorist financing, and proliferation, it is imperative to verify player identities and comprehend their business relationships. A comprehensive Customer Due Diligence (CDD) policy is essential for evaluating risks and ensuring adherence to all regulatory obligations. Any activities deemed suspicious will be reported to the Financial Intelligence Unit (FIU) and, if necessary, to the Public Prosecutor's Office.

A Customer Acceptance Policy (CAP) has been established to categorize players into low, medium, and high-risk profiles based on geographical location, transaction behavior, income source, and other factors. The CAP outlines enhanced due diligence measures and specifies scenarios where services will be denied due to elevated ML/TF risk

The company will implement CDD measures under the following conditions:

- **Transactions of NAF 4,000 or more:** CDD measures are applied to any single transaction that meets or exceeds this threshold.
- **Occasional transactions exceeding NAF 4,000:** This includes infrequent transactions that surpass the specified limit.
- **Suspicion of illicit activities:** Any indication of money laundering or terrorist financing will trigger CDD protocols.
- **Uncertainties in customer identification:** If previously obtained identification data raises doubts, CDD measures will be activated.

- **Linked transactions:** This applies to either a single transaction or multiple transactions that collectively exceed NAF 4,000. Even if individual transactions are below this threshold, linked transactions will still necessitate CDD. High-risk transactions will require Enhanced Due Diligence (EDD).

The company's CDD procedures will encompass the following actions:

- **Identity Verification:** Players will be identified using credible, independent documents or data. This process includes confirming the ultimate beneficial owner of legal entities and understanding their ownership structure.
- **Ongoing Monitoring:** Continuous due diligence will be conducted to monitor transactions, ensuring alignment with the company's understanding of the player and their risk profile, including the source of funds as needed.
- **Confidential Reporting:** Employees are instructed to maintain confidentiality regarding reports made to the FIU, thereby preventing players from being alerted. If suspicions of money laundering or terrorist financing arise, the company will bypass standard CDD processes and report directly to the FIU.

To establish a player's identity, the following information will be collected:

Full name
Permanent residential address
Date of birth
Place of birth
Nationality
Identity number

For low-risk scenarios, only basic information will be required. In higher-risk situations, more detailed information will be collected to mitigate the risks associated with money laundering and terrorist financing.

- **Risk Evaluation:** Players will be assigned initial risk ratings based on collected information, which will be revised as more data becomes available to determine the appropriate level of CDD.
- **Verification Methods:** Identity verification will be executed through:
 - Government-issued photo identification (e.g., passport or ID card).
 - Supplementary documents (e.g., utility bills or bank statements) confirming the address, dated within the last six months.
 - Verification of the address through communication methods such as letters, email, or phone.
 - Biometric checks, cross-referencing database information, IP addresses, and funding methods.
 - If initial information is insufficient, further verification steps may include requesting a selfie with the ID or confirming the first deposit through a regulated financial institution.

The company will seek to identify the purpose and nature of its relationships with players as part of the CDD process. While some relationships may be clear, the company will gather sufficient information to detect any unusual or suspicious activities. For

higher risk

clients, detailed documentation of their source of wealth and expected activity levels will be collected to ensure legitimacy. For lower and medium-risk players, basic employment or business information will suffice, supplemented by independent verification for higher-risk individuals.

Timing of Customer Due Diligence Measures

Luckyroo N.V. enforces the timely implementation of Customer Due Diligence (CDD) procedures to ensure full compliance with applicable Anti-Money Laundering (AML), Counter-Terrorism Financing (CTF), and Counter-Proliferation Financing (CPF) regulations. These procedures are designed to proactively identify and verify customers in accordance with regulatory requirements and internal risk assessments.

CDD Triggered by Transaction Thresholds

At the point of account registration, Luckyroo N.V. collects and verifies core customer information, including full legal name, permanent residential address, and date of birth. Additionally, customers undergo Politically Exposed Person (PEP) screening and are cross-checked against relevant sanctions lists to ensure they are not linked to prohibited or high-risk entities.

In line with the company's risk-based approach, full identity verification is completed prior to processing any financial transaction that reaches or exceeds the threshold of NAF 4,000. This requirement applies to both individual transactions and cumulative transactions—such as multiple deposits, withdrawals, or player-to-player transfers—that collectively meet the threshold within a relevant time frame.

Luckyroo N.V. actively monitors all financial activity on a continuous basis. Transaction data is aggregated daily to ensure that the cumulative behavior of each player is considered when assessing risk exposure and determining the need for additional due diligence.

When the threshold of NAF 4,000 is met, the company conducts a comprehensive customer risk assessment. This includes reviewing all previously collected information, completing any outstanding CDD obligations, and updating the customer's risk classification as needed.

Early Execution of CDD Procedures

As a proactive measure, Luckyroo N.V. aims to complete CDD procedures at the earliest opportunity—preferably during account registration—regardless of whether a financial threshold has been reached. By verifying customer identities prior to their participation in financial transactions, the company reduces the likelihood of criminal actors exploiting the platform before thorough due diligence has been conducted.

Temporary Restrictions for Incomplete CDD

In circumstances where a customer reaches the NAF 4,000 threshold before completing full CDD verification, Luckyroo N.V. applies specific transactional restrictions to preserve regulatory compliance:

- If the threshold is met due to a deposit, the customer is prevented from making

further deposits or withdrawals. However, they may continue using existing funds for gameplay activities.

- If the threshold is reached due to a withdrawal request, the customer's account is temporarily frozen, and all gaming activity is suspended until the verification process has been finalized.

Addressing CDD Non-Compliance

If a customer fails to submit the required CDD documentation within 30 days of reaching the NAF 4,000 threshold, Luckyroo N.V. initiates corrective action. The business relationship is terminated, and depending on the circumstances, the company takes the following steps:

- If the situation gives rise to a reasonable suspicion of ML or TF, a Suspicious Transaction Report (STR) is submitted to the Financial Intelligence Unit (FIU).
- In the absence of such suspicion, the remaining funds are returned to the original deposit source (e.g., the customer's verified bank account or digital wallet).

If there are lingering concerns about possible financial crime, the company evaluates whether the funds should be frozen in accordance with its internal escalation procedures and regulatory requirements.

Preventing Tipping-Off

Luckyroo N.V. is mindful of the risks associated with tipping off a customer during account restriction or closure. In such cases, the company ensures that all actions are carried out discreetly and in accordance with legal obligations. Staff are guided by internal procedures designed to avoid breaching anti-tipping-off provisions while maintaining full regulatory compliance.

By ensuring that CDD measures are implemented swiftly and in alignment with financial activity thresholds, Luckyroo N.V. strengthens its defenses against financial crime, upholds transparency, and safeguards the integrity of its gaming platform across all operational channels.

Continuous Surveillance of Existing Customers

Luckyroo N.V. applies Customer Due Diligence (CDD) not only at the onboarding stage but also throughout the duration of the customer relationship. The company is committed to maintaining a high standard of compliance by performing ongoing monitoring and routine reassessments, ensuring that all client activity remains consistent with prevailing Anti-Money Laundering (AML), Counter-Terrorism Financing (CTF), and Counter-Proliferation Financing (CPF) regulations.

Ongoing Review and Risk-Based Monitoring

Customer relationships are subject to continuous due diligence measures. This includes the regular monitoring of transactions and the reassessment of customer risk profiles in light of new behaviors or patterns. Where necessary, the company re-evaluates previously collected data to ensure it remains accurate, complete, and relevant. Any deviation from expected conduct prompts further review and, where applicable, the application of enhanced scrutiny.

For customers who were previously onboarded with limited or incomplete CDD, Luckyroo N.V. initiates retrospective due diligence procedures. These are prioritized based on risk, with high-risk customers undergoing immediate verification. Periodic updates are also conducted in accordance with both internal policies and regulatory guidance to ensure that CDD measures remain aligned with risk exposure and evolving compliance standards.

Reapplication of CDD Based on Risk Triggers

Luckyroo N.V. applies full CDD measures to existing customers under specific conditions that indicate increased risk or regulatory necessity. These conditions include, but are not limited to:

- A material change in the customer's behavior or risk profile, such as sudden high-value transactions, relocation to a higher-risk jurisdiction, or being identified as a Politically Exposed Person (PEP).
- Legislative or regulatory amendments that require updated or additional customer verification.
- The customer engaging in one or more transactions totaling NAF 4,000 or more, which automatically triggers full identity verification and documentation review under the company's CDD policy.

Remediating Gaps in Historical CDD

In instances where customers were previously allowed to transact without complete CDD—such as during legacy onboarding procedures or prior to the implementation of current regulatory standards— Luckyroo N.V. takes corrective action. High-risk customers are prioritized for immediate verification, while others are subject to a scheduled review based on the level of risk they present.

CDD is applied using a proportional and risk-sensitive approach, ensuring that resources are allocated where they are most needed and that lower-risk clients are still monitored effectively. Verification processes may include updated identity checks, refreshed PEP and sanctions screenings, and a reassessment of the customer's source of funds and wealth.

By extending due diligence practices beyond initial onboarding and embedding them into the ongoing management of customer relationships, Luckyroo N.V. strengthens its regulatory compliance, reduces its exposure to financial crime, and upholds the integrity of its platform across all customer segments.

Termination of Business Relationships

Luckyroo N.V. maintains the right to terminate business relationships with customers who fail to comply with Customer Due Diligence (CDD) requirements or who present heightened financial crime risks. This measure ensures the company's adherence to Anti-Money Laundering (AML), Counter-Terrorism Financing (CTF), and Counter-Proliferation Financing (CPF) regulations while preserving the security and integrity of its operations.

Business relationships are subject to termination when a customer engages in suspicious

or unexplained financial activities, fails to submit required CDD documentation within the prescribed timeframe, or is determined to pose a significant risk of involvement in money laundering or terrorist financing. The decision to terminate a relationship is subject to formal internal review and must be approved by senior management.

Prior to termination, a final review of the customer's account activity is conducted to identify any outstanding irregularities. If any transaction raises suspicion of ML, TF, or PF Luckyroo N.V. submits a Suspicious Transaction Report (STR) to the Financial Intelligence Unit (FIU) without delay. All records associated with the terminated relationship are retained securely for a minimum of five years in accordance with regulatory requirements. This approach reinforces the company's commitment to proactive risk management and ensures regulatory compliance through the entire customer lifecycle.

Where risk cannot be adequately mitigated—such as uncooperative customers, unresolved discrepancies, or confirmed links to sanctioned entities—Luckyroo N.V. will terminate the business relationship and report such instances to the Financial Intelligence Unit (FIU)

Third-Party Reliance for Customer Due Diligence

Luckyroo N.V. may, under controlled circumstances, rely on qualified third parties to carry out specific components of the Customer Due Diligence (CDD) process. Such reliance is implemented strictly within the boundaries of applicable AML/CTF/CPF laws and does not absolve the company of its legal responsibility to ensure full compliance. Luckyroo N.V. remains ultimately accountable for the accuracy, completeness, and timeliness of all CDD-related activities performed on its behalf.

When relying on a third party, the company ensures that all relevant customer identification and verification information is accessible without delay upon request. Third-party arrangements are governed by formal agreements that clearly outline data-sharing protocols, compliance obligations, and procedures for independent compliance audits. These agreements require the third party to be a regulated entity subject to robust AML/CFT supervision and to maintain an independent relationship with the customer.

Importantly, Luckyroo N.V. differentiates between third-party reliance and outsourcing. In a reliance scenario, the external party performs selected CDD tasks independently, while Luckyroo N.V. retains full responsibility for assessing customer risk, verifying Politically Exposed Person (PEP) status, and maintaining ongoing transaction monitoring. In an outsourcing arrangement, the third party operates under Luckyroo N.V.'s direct oversight, following its internal policies and regulatory framework.

Before engaging with any third-party service provider, Luckyroo N.V. conducts a comprehensive risk assessment of the provider's jurisdiction, evaluating its regulatory environment and compliance history. This is supported by intelligence from international watchdogs and enforcement bodies. Regular assessments—both quantitative and qualitative—are performed to monitor the third party's performance and ensure the

effectiveness of their procedures. These reviews verify that decisions regarding business relationships and risk classification remain under the exclusive control of Luckyroo N.V.

Through structured oversight and stringent regulatory controls, Luckyroo N.V. ensures that any third-party involvement in CDD processes contributes to a secure, transparent, and compliant operational environment.

9. Transaction Monitoring

Transaction monitoring in the betting and gambling industries is a critical component of regulatory compliance and anti-money laundering (AML) efforts. Given the high volume of transactions and the potential for misuse, these industries are closely monitored by regulatory bodies to prevent illicit activities such as money laundering, fraud, and financing of terrorism. Luckyroo N.V.'s objective is to mitigate challenges arising from the high volume and velocity of transactions where makes challenging to monitor each transaction effectively, and the use of cryptocurrencies and other digital payment methods that complicate the monitoring process.

In a nutshell, the Curacao regulatory landscape focuses on defining the indicators that may suggest the transaction is of an unusual nature so that it may be reported to the Curacao Financial Intelligence Unit (FIU Curacao). Therefore, an adequate transaction monitoring system is a vital part of complying with the licensing requirements in Curacao.

Luckyroo N.V.'s anti-fraud team is in charge of operating a proprietary anti-fraud system which analyzes players' data on the basis of the automatic checks performed through a number of electronic systems such as WorldCheck and manual checks performed by a team of analysts via various data sources. Any discrepancies identified by the first line of defense are escalated to the team lead and then may be ultimately reported to the AML/CFT Officer in writing through an internal suspicious activity report (SAR).

This system is an automated monitoring system which allows to monitor transactions in real-time, flagging suspicious activities based on predefined rules and thresholds. The anti-fraud team uses machine learning and data analytics to enhance detection capabilities and reduce false positives. Additionally, the system is configured in a such a way as to focus on high-risk transactions, such as large cash deposits, frequent transfers, and cross-border transactions and the parameters reflect current and emerging threats to capture bad actors by flagging suspicious activity internally, and, where necessary, to financial intelligence units (FIUs).

Components of Luckyroo N.V.'s transaction monitoring system:

Automated System: Advanced software solutions are employed to monitor transactions in real-time. These systems use algorithms and machine learning to identify patterns and anomalies that may indicate suspicious activities.

Risk Assessment: customers and transactions are assessed for risk based on various factors, including the amount and frequency of transactions, geographic location, and customer behavior.

Alert Generation: When suspicious activity is detected, the system generates alerts that

are reviewed by Compliance Officer. Alerts are based on predefined rules and thresholds, such as unusually large transactions or frequent deposits and withdrawals. Common techniques include geolocation tracking, source of funds verification for high-value transactions, behavioral analysis by monitoring changes in betting patterns or gambling behavior that deviate from the norm for a specific customer as well as transaction velocity (quick movement of funds between accounts and/or frequent high-value transactions within a short period).

CDD is triggered in the following scenarios: creation of an online account; doubts about the authenticity of the provided information and documents; suspicious customer profile and/or transactional activity, unauthorized attempts to change the player's profile and a transaction or transactions that appear to be linked amount to 4000 NAF or more. When a transaction or a series of transactions that appear to be linked amounts to more than 2000 euros, the CDD measures are applied automatically (the wagering of a stake, the deposit of funds or the collection of the winnings through the withdrawal of the funds constitute a transaction in such cases). Periodic reviews of the existing records and ongoing monitoring of the transactional patterns of the regular players also form an integral part of the CDD measures.

As part of combating money-laundering, fraud and terrorist financing, players' IP addresses are tracked via an embedded tool in the proprietary anti-fraud system in order to ensure the site is accessed from non-restricted countries. This measure also helps detect suspicious activity such as attempts to set up multiple accounts by the same individual, or block individuals who have been blacklisted or self-excluded. The proprietary software also monitors data as regards the players' transaction history, betting amount, information on wins and losses, players' geolocation, pattern of gambling activity and duration of playing. These tools may be used in instances where a customer risk's rating is deemed to be high due to presence of some behavioral or transactional triggers that point to a potential AML/CFT breach.

In cases where the CDD measures cannot be applied, the account gets locked during an attempt to complete CDD and ultimately the business relationship with the customer gets terminated due to the failure to satisfy AML/ CFT legislative requirements and the funds are refunded back to the customer through the same payment channel and account used to deposit the funds.

10. Politically- Exposed Persons (PEPs)

Enhanced Due Diligence (EDD) is a crucial process in the online betting and gambling industries aimed at preventing money laundering, fraud, and other illicit activities. EDD refers to the additional measures taken by companies to thoroughly verify the identity and background of their clients, particularly those posing higher risks. High-risk customers in the online gambling and betting setting are those who have high transaction volumes, deposit or withdraw large amounts, exhibit unusual betting patterns or are Politically Exposed Persons (PEPs). A PEP is an individual who recently held or is currently holding a prominent public position such as a head of state, member of the Parliament, government, directors of international organizations etc. Family members of PEPs and close associates are also considered PEPs, so their applications are also treated as high-risk by the Anti- Fraud team and relevant risk management procedures are

activated when processing such requests through the senior management.

At Luckyroo N.V. PEPs' cases are handled by the senior management team whose approval is necessary to transact with such individuals. Furthermore, an internal register of such cases is kept by the Compliance Officer.

11. Sanctions Management, FATF high-risk list, License Restrictions

Sanctions screening is the process of checking individuals, organizations, and transactions against various sanctions lists to prevent illegal activities and ensure compliance with international regulations. The purpose of sanctions screening is to comply with international, national, and regional sanctions regulations, prevent financial crimes such as money laundering and terrorism financing and to protect the reputation and integrity of the betting and gambling industry and Luckyroo N.V. in particular. Whereas EDD focuses on enhanced verification of high-risk customers, sanctions screening specifically checks against sanctions lists to identify prohibited entities.

As a Curacao-based entity with an EU-based payment agent Luckyroo N.V. complies with the key sanctions lists which are part of the international regulatory framework, including:

- ✚ United Nations Security Council (UNSC) Sanctions

<https://www.un.org/securitycouncil/content/un-sc-consolidated-list>),

- European Union (EU) Sanctions

https://www.eeas.europa.eu/eeas/european-union-sanctions_en

- ✚ United States (OFAC) Sanctions: Office of Foreign Assets Control.

<https://sanctionssearch.ofac.treas.gov>

- ✚ UK Sanctions: HM Treasury Sanctions.

<https://www.gov.uk/government/collections/financial-sanctions-regime-specific-consolidated-lists-and-releases>

- ✚ Other Jurisdictions: Local sanctions regulations.

If a match is identified on a sanctions list, Luckyroo N.V. will immediately freeze associated assets without prior notice and notify the FIU in accordance with the Process for Freezing of Resources as published by the National Gazette (2016). Sanctions screening tools are updated in real-time, and a review of Curaçao Gaming Control Board sanctions amendments is conducted at least monthly. All updates are reflected promptly in internal systems.

12. Suspicious Activity Reporting Guidelines

Reporting suspicious activities in the gambling and betting industries is a critical component of maintaining the integrity of these sectors and preventing them from being exploited for illegal purposes such as money laundering, fraud, and corruption. Suspicious activity is reported for legal compliance purposes as failure to report can result in significant fines and legal consequences for individuals and businesses. It also helps ensure customer protection and helps safeguard customers from fraud and

exploitation, ensuring a fair and safe environment for betting and gaming. Suspicious activity includes unusual transactions, structuring, unusual account activity and non-typical behavioral pattern, either too excessive or too disinterested in the betting outcomes, for instance. Unusual gambling patterns are investigated first to determine whether the exact nature of the transaction is just unusual or there are grounds to believe that it may be affiliated with the proceeds of a crime. According to article 1 of the Norut, it is an internet gambling entity's duty to report unusual transactions through the FIU Curacao's goAML portal which has been in use since January 1, 2021. Therefore, if the nominated officer determines that the internally reported suspicious activity should be disclosed to the regulatory authorities, he does so via the portal to comply with the Company's AML/CFT reporting protocol and obligations. In the meantime, the business relationship with the suspected customer is to be paused or terminated, depending on the circumstances.

In cases where employees of the Company know, suspect or have reasonable grounds to believe that a person is attempting to finance terrorism or launder money, a relevant reporting protocol is activated, and a suspicion report must be submitted to the nominated officer who then determines whether there are grounds for further regulatory action.

Suspicious activity may include using several anonymous payment methods i.e. prepaid cards; location of the payment method does not correspond to the geolocation of the customer; depositing a large sum and withdrawing it after no gaming or little gaming activity; a withdrawal request to a third-party payment method.

Suspicious activity may include using an intermediary for document-related requests; source of wealth does not match the reported financial data; frequent changes of ownership in a short time; lack of willingness to provide due diligence documentation.

Luckyroo N.V. keeps detailed records of all transactions and activities that seem suspicious, including dates, amounts, methods, and any other relevant details. As regards customers, the anti-fraud and AML teams document all available information about the individuals or entities involved, including names, addresses, account numbers, and identification.

Identifying Unusual Transactions

Luckyroo N.V. defines an unusual transaction as any financial activity that deviates materially from a customer's established behavior or declared financial profile. These may include large or unexpected cash movements, transactions involving unknown or unverified third parties, or financial activity lacking a clear legal or economic purpose.

The company relies on advanced transaction monitoring systems to detect such anomalies. When flagged, these transactions are forwarded to the Compliance Officer for deeper review. Staff members are trained to recognize behavioral and transactional red flags and to act promptly in escalating concerns.

The following categories of transactions are considered particularly noteworthy and may trigger further examination or reporting:

Previously Reported Activities: Transactions already identified and forwarded to judicial or law enforcement agencies—such as the police or public prosecutor—for potential links to ML or TF are automatically categorized as unusual.

Dealings with Sanctioned Persons or Entities: Any transaction involving a party listed under the Sanctions National Ordinance (N.G. 2014 no. 55), or other relevant sanction regimes, is flagged and treated as unusual.

High-Value Transactions: Transactions equal to or exceeding NAF 5,000—regardless of the method of payment—are subject to scrutiny. This includes:

- Deposits or withdrawals at or above the threshold.
- Purchases of gaming tokens, digital credits, or chips meeting or exceeding the limit.
- Redemptions or payouts of winnings at or above the specified amount.

The threshold also applies to a series of transactions that cumulatively total NAF 5,000 or more within a single gaming day. Such cumulative activity is evaluated in aggregate when determining whether reporting is necessary.

In cases where there is a reasonable basis to suspect that a transaction is connected to ML, TF, or PF—whether due to the nature of the transaction, the behavior of the client, or other risk indicators—it must be treated as suspicious and subject to internal escalation procedures.

Confidentiality in Reporting

Maintaining strict confidentiality around Suspicious Activity Reports (SARs) is fundamental to preserving the effectiveness of the company's compliance regime and fulfilling its legal obligations. Employees are strictly prohibited from disclosing any details of a SAR to the person under review or to any unauthorized third party. Breaches of this confidentiality can undermine investigations, result in regulatory violations, and constitute a tipping-off offence under applicable legislation.

Only authorized personnel—such as the Compliance Officer and designated members of the compliance team—may handle SAR-related information. All such communications must be treated with the highest level of discretion. Luckyroo N.V. provides regular training to ensure staff understand the importance of maintaining confidentiality in all aspects of the reporting process.

Violations of this confidentiality policy are treated as serious compliance breaches and may lead to disciplinary action, including termination of employment. These protocols are critical to maintaining the integrity of the reporting framework and the company's ability to respond effectively to financial crime risks.

By fostering a culture of awareness, discretion, and accountability, Luckyroo N.V. strengthens its ability to identify suspicious behavior, uphold its obligations under AML/CTF/CPF regulations, and support broader efforts to prevent financial crimes across the iGaming sector.

13.Compliance Officer

Compliance Officer, or Money Laundering Reporting Officer is a designated individual who oversees compliance with AML regulations at Luckyroo N.V. It is a crucial role which encompasses being authorized to communicate with the relevant authorities in Curacao as well as supervise a team of AML compliance officers and their day-to-day operations, including maintaining robust age verification protocols, promoting responsible gambling practices, preventing gambling-related addiction, promoting self-exclusion tools.

The Compliance Officer is also responsible for disclosing suspicious activity, including suspicious transactions, to the FIU in Curacao. Internally, the AML/CFT Officer is requested to prepare quarterly AML reports for the Board of Directors to keep the Board members informed of any recommended changes that may be required to manage the AML/CFT compliance program.

The Compliance Officer is tasked with several critical functions to ensure the effectiveness of our AML program. These primary duties include:

- Policy Implementation: Overseeing the execution of AML policies and procedures to ensure alignment with current regulations.
- Central Point of Contact: Serving as the main contact for all AML-related issues.
- Policy Review: Regularly reviewing and updating AML policies to address evolving regulatory standards and emerging risks.
- Training Oversight: Managing the AML training program to ensure employees are adequately informed about AML requirements and their roles in maintaining compliance.
- The Compliance Officer is entrusted with several essential responsibilities:
- Transaction Monitoring and Reporting: Continuously analysing transactions and client activities to identify suspicious behaviour. They are responsible for filing Suspicious Activity Reports (SARs) with the Financial Intelligence Unit (FIU) when necessary and maintaining accurate records of these reports.
- Policy Development and Updates: Crafting and revising AML policies and procedures to adhere to the latest Curaçao gaming regulations and international best practices. This includes adapting the AML framework to address new risks and regulatory changes.
- Employee Training and Awareness: Ensuring that all staff receive comprehensive AML training and understand their responsibilities in detecting and reporting suspicious activities. The Compliance Officer must regularly update training materials to reflect legislative or policy changes.
- Regulatory Liaison: Acting as the primary contact with regulatory bodies, law enforcement, and other relevant authorities on AML matters. This includes responding to information requests and participating in regulatory inspections or audits.
- Compliance Audits: Conducting regular reviews and audits of the AML program to evaluate its effectiveness and compliance with legal requirements. The Compliance Officer is responsible for addressing any identified issues and

implementing necessary corrective measures.

- Record-Keeping: Maintaining detailed records of all AML-related activities, including SARs, internal reports, training sessions, and policy updates. These records must comply with legal requirements and be readily available for regulatory review.
- Through the execution of these functions and responsibilities, the Compliance Officer plays a vital role in safeguarding the organization against money laundering and terrorist financing risks, ensuring rigorous compliance with Curaçao's AML regulations.

14.Senior Management Responsibility

The Company's senior management is fully engaged in the process of assessment of inherent risk categories. It is required by the Board of Directors that a nominated AML/CFT Officer regularly updates the Members on any significant deviations related to the control environment and produces an annual report covering the operator's systems and controls that mitigate the risks of money-laundering, terrorist financing and proliferation financing. Periodic reviews of the relevant policies and procedures take place quarterly based on monthly risk assessments' results and the AML/CFT Officer may request the approval of the Board of Directors for any changes in Luckyroo N.V.'s AML/CFT policy in order to remedy any identified weaknesses in the internal controls and risk management practices, should they arise.

Policy Review and Risk Assessment

Senior management is accountable for conducting comprehensive reviews of all relevant policies and procedures at least once each year. These reviews are guided by monthly risk assessments, enabling the identification and timely addressing of any potential vulnerabilities in internal controls and risk management practices. If any deficiencies are identified, the AML/CTF/CPF Officer can recommend necessary adjustments to the Board for approval, thus enhancing the company's risk management and compliance framework.

Employee Training Programs

In alignment with global best practices, senior management is responsible for overseeing the creation and execution of extensive employee training programs. These initiatives are designed to increase awareness and understanding of AML/CTF/CPF risks among all employees, especially those in critical roles, ensuring they are equipped to effectively recognize and respond to suspicious activities.

Internal Control Framework

Senior management also ensures that the company maintains a robust internal control framework. This includes establishing adequate segregation of duties, implementing clear authorization processes, conducting ongoing monitoring, and ensuring thorough documentation. To uphold regulatory compliance and enhance the effectiveness of the AML/CTF/CPF program, regular independent audits and assessments are performed to provide objective evaluations and identify areas for improvement.

15. Employee Training Program

Employees in the betting and gambling industries are on the front lines of AML compliance. Luckyroo N.V. conducts its operations with a high standard of ethics, ensuring full compliance with laws and regulations governing financial transactions. The company has implemented policies and procedures for screening employees for criminal records, as part of its ongoing commitment to integrity.

Luckyroo N.V.'s employees play a crucial role in Anti-Money Laundering (AML) compliance within the betting and gambling industries. Their actions and vigilance are essential in preventing these sectors from being exploited for money laundering and other illicit activities. They are made aware of the fact that failing to report potential breaches of AML Policies may lead to administrative and criminal charges.

The Company's employees, especially those in customer-facing roles or positions that involve handling financial transactions, must have a thorough understanding of the company's AML policies and procedures. This includes knowing the types of transactions that should be considered suspicious, the process for reporting such transactions, and the importance of maintaining customer confidentiality.

A key part of an employee's role in AML compliance is to be vigilant and identify any activities that seem unusual or do not fit with the normal behavior of a customer. This could include large and inconsistent bets, frequent changes in betting patterns, or transactions that seem to have no apparent purpose other than to move money through the system.

Once an employee identifies a potentially suspicious transaction, they must report it through the appropriate channels to the Compliance Officer. The reporting protocol involves filling out a Suspicious Activity Report (SAR) and using the company's internal reporting system. Employees are trained on how to report suspicions and the importance of doing so promptly on an annual basis or more frequently in line with the needs of a particular department.

Employees involved in customer onboarding or account management are responsible for conducting due diligence checks on customers. This includes verifying their identity, understanding the source of their funds, and ensuring that they are not listed on any sanctions or watch lists. Employees are trained on how to conduct such checks diligently and escalate any concerns where necessary.

Employees involved in AML compliance at Luckyroo N.V. understand the importance of maintaining the confidentiality of their reports and any information related to suspicious activities. They are made aware of data protection laws and ensure that customer information is handled in compliance with these regulations.

16.Record- Keeping

Luckyroo N.V. is subject to The Company complies with all the relevant legislation as regards having an audit trail in cases where it is asked to assist in the investigations by law enforcement agencies. Generated records are retained in electronic form for a period of 5 years in accordance with the data protection regulations from the date of the establishment of a business, commercial or a professional relationship with an employee, a customer or a business partner.

To adhere to stringent record-keeping standards, our company implements robust procedures for managing documentation associated with AML/CTF/CPF. We maintain comprehensive records, which include customer identification information, transaction details, suspicious activity reports (SARs), training logs, and audit records, all preserved for a minimum of five years.

The company securely maintains detailed records, including:

- Customer identification information.
- Transaction histories.
- Suspicious activity reports (SARs).
- Staff training logs.
- Audit records.

We ensure the security of these records through advanced encryption techniques and strict access controls to prevent unauthorized access. Regular audits are conducted to verify the integrity of the data and safeguard against potential breaches.

A systematic approach is adopted for organizing records, allowing for efficient retrieval by authorized personnel and regulatory bodies. We conduct continuous internal monitoring and periodic audits to ensure compliance with established protocols.

By effectively managing our records, the company not only meets regulatory requirements but also facilitates auditing processes and contributes to the overall integrity of the gaming industry.

17.AML Compliance Audit

Auditing procedures are systematic examinations of a company's financial records, operations, and compliance practices. Auditing begins with the planning stage, continues with collecting and analyzing data, and concludes with reporting and follow up to ensure the corrective actions are effective.

As such, maintaining effective defenses against financial crimes is at the cornerstone of the Luckyroo N.V AML Compliance Audits which are carried out annually and/or when there are significant changes in regulations, the nature of company's operations or detected non- compliance cases.

The audit process follows international standards and specific requirements set forth by the Gaming Control Board. Key elements of the audit process include:

- Evaluation of AML/CTF/CPF Policies and Procedures: Confirming that policies are up-to-date and compliant with legal standards.
- Risk Management Assessment: Analysing the effectiveness of risk assessments and mitigation strategies.
- Transaction Monitoring Review: Evaluating the efficiency of systems used to detect and report suspicious activities.
- Staff Training Evaluation: Assessing the adequacy and effectiveness of employee training programs.
- Reporting Mechanism Audit: Reviewing procedures for reporting suspicious transactions and compliance issues.
- Customer File Review: Ensuring adherence to KYC (Know Your Customer), KYB (Know Your Business), and CDD (Customer Due Diligence) protocols.

The results of the compliance audits allow Luckyroo N.V. to establish internal controls which consist of policies and procedures designed to ensure compliance with law and regulation and aid the prevention of fraud, financial misstatement, and operational inefficiencies, thereby promoting integrity and accountability throughout the organization.