

NGame N.V.

Company Registration Number: 151672

Annual Report and Financial Statements For the Year Ended 31 December 2023

NGame N.V.

For the Year Ended 31 December 2023

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NGame N.V.

Director's Report

For the Year Ended 31 December 2023

Director's Report

The Director presents the report and the audited financial statements of NGame N.V. ("the Company") for the year ended 31 December 2023.

Principal Activities

The Company's principal activity is to carry out remote gaming under B2C licences issued by the Ontarian and Curacao Authorities. The Company's remote gaming services relate to online and live casino games.

Review of Business

The Director notes that the gross gaming revenue decreased by 56% over the preceding year (2022: increase of 12%) whilst, the gross profit margin decreased to 55% of revenue (2022: 70%). Administrative expenses decreased by 40% to €5,065,322 (2022: €8,396,249) and as a result the Company registered a profit before taxation amounting to €1,417,396 (2022: €10,455,844). The decrease in the gross profit margin and the overall profit for the year is majorly attributable to the cessation of operations in some jurisdictions.

Financial Key Performance Indicators

Management measures its financial performance mainly using two broad measures: Profitability and liquidity. With respect to profitability, management analyses carefully the gross gaming revenue. Another measure of performance is also the Earnings before interest and taxation (EBIT).

Events after balance sheet date

No significant events have occurred after the balance sheet date which require mention in this report.

Future Developments

The Company is not envisaging any changes in operating activities for the forthcoming year.

Results and Dividends

The results for the year are set out in the statement of comprehensive income on page 7.

Dividends on ordinary shares in respect of the current year, amounting to EUR 5,000,000, were declared and paid during the year under review. The Director does not recommend the payment of a further final dividend and propose to transfer the remaining profit to reserves.

Directors

The Director of the Company who held office during the year was:

Dimche Karakabakov

In accordance with the Company's Articles of Association, the present Director remains in office.

NGame N.V.

Director's Report (continued)

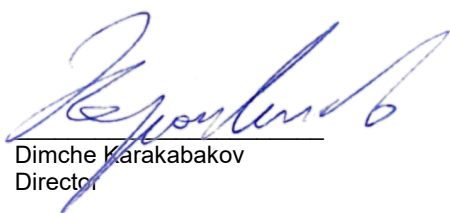
For the Year Ended 31 December 2023

Director's Report (continued)

Auditors

ZD Assurance Limited, Registered Auditors, have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

Approved by the Director on 25.04.2024 and signed by:



Dimche Karakabakov
Director

Registered Address:

Abraham de Veerstraat 9
Curaçao

Statement of Director's Responsibilities

For the Year Ended 31 December 2023

The Director has resolved to prepare the annual financial statements in accordance with IFRS as adopted by the EU which give a true and fair view of the state of the affairs of the Company at the end of each financial period and of the profit or loss of the Company for that year. In preparing these financial statements, the Director is required to:

- Select and apply appropriate accounting policies;
- Make judgments and estimates that are reasonable in the circumstances;
- Ensure that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU; and
- Prepare the annual financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The Director is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable the Director to ensure that the financial statements comply with the IFRS as adopted by the EU. The Director is also responsible for ensuring that an appropriate system of internal control is in operation to provide the Director with reasonable assurance that the assets of the Company are being properly safeguarded and that fraud and other irregularities will be prevented or detected.

Independent Auditors' Report

To the Shareholders of NGame N.V.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of NGame N.V. set out on pages 7 - 25 which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 11 of the financial statements, which describes the effects of the Company's operations in grey jurisdictions and the possible obligations related to such operations. Our opinion is not modified in respect of this matter.

Other Information

The Director is responsible for the other information. The other information comprises the director's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director.
- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditors' Report (continued)

We communicate with the Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



John Debattista (Partner)

for and on behalf of

ZD Assurance Limited

Registered Auditors

Company Reg No: C66286

zampadebattista.com

230, 230 Works Business Centre,
Second Floor,
Eucharistic Congress Road,
Mosta, Malta

Date: 25/04/2024

NGame N.V.**Statement of Comprehensive Income****For the Year Ended 31 December 2023**

		2023	2022
	Note	EUR	EUR
Revenue	3	11,688,666	26,837,351
Cost of sales		(5,270,592)	(7,985,258)
Gross profit		6,418,074	18,852,093
Administrative expenses		(5,065,322)	(8,396,249)
Gain on disposal of investment	5	35,000	-
Operating profit		1,387,752	10,455,844
Finance Income		29,644	-
Total comprehensive profit before tax	4	1,417,396	10,455,844
Income tax expense		-	-
Total comprehensive income for the year		1,417,396	10,455,844

There were no transactions to be reported as "other comprehensive income" during the year.

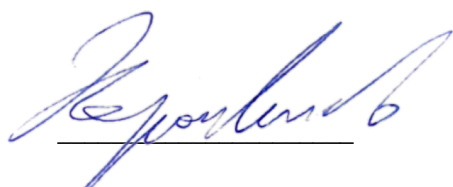
The notes on pages 11 to 25 form an integral part of these financial statements.

NGame N.V.**Statement of Financial Position****As at 31 December 2023**

	Note	2023 EUR	2022 EUR
ASSETS			
Non-current assets			
Investment in subsidiary	5	-	5,000
Total non-current assets		-	5,000
Current assets			
Trade and other receivables	6	6,073,874	10,116,823
Cash at bank and in hand	7	974,590	219,980
Total current assets		7,048,464	10,336,803
TOTAL ASSETS		7,048,464	10,341,803
EQUITY AND LIABILITIES			
Equity			
Share capital	8	4,912	4,912
Retained earnings	8	4,744,764	8,327,368
Total equity		4,749,676	8,332,280
Liabilities			
Current liabilities			
Trade and other payables	9	2,298,788	2,009,523
TOTAL EQUITY AND LIABILITIES		7,048,464	10,341,803

The notes on pages 11 to 25 form an integral part of these financial statements.

These financial statements on pages 7 to 25 were approved by the Director on 25.04.2024 and were signed by:



Dimche Karakabakov

Director

NGame N.V.**Statement of Changes in Equity****For the Year Ended 31 December 2023**

	Share capital	Retained Earnings	Total Equity
	EUR	EUR	EUR
Balance as at 01 January 2023	4,912	8,327,368	8,332,280
Comprehensive income			
Profit for the year - total comprehensive income	-	1,417,396	1,417,396
Dividends declared	-	(5,000,000)	(5,000,000)
Balance as at 31 December 2023	<u>4,912</u>	<u>4,744,764</u>	<u>4,749,676</u>

	Share capital	Retained Earnings	Total Equity
	EUR	EUR	EUR
Balance as at 01 January 2022	4,912	5,871,524	5,876,436
Comprehensive income			
Profit for the year - total comprehensive income	-	10,455,844	10,455,844
Dividends declared	-	(8,000,000)	(8,000,000)
Balance as at 31 December 2022	<u>4,912</u>	<u>8,327,368</u>	<u>8,332,280</u>

The notes on pages 11 to 25 form an integral part of these financial statements.

NGame N.V.**Statement of Cash Flows****For the Year Ended 31 December 2023**

		2023	2022
	Note	EUR	EUR
Cash from operating activities:			
Profit before tax		1,417,396	10,455,844
Interest income		(29,644)	-
Gain on disposal of assets		(35,000)	-
Profit from operations		1,352,752	10,455,844
Decrease (increase) in trade and other receivables		8,760,989	(2,372,607)
(Decrease) increase in trade and other payables		(399,131)	136,743
Net cash flows from operating activities		9,714,610	8,219,980
Cash flows from investing activities:			
Proceeds from disposal of subsidiary		40,000	-
Net cash flows from investing activities		40,000	-
Cash flows from financing activities:			
Loans granted to related party		(4,000,000)	-
Payments of dividends by reporting entity		(5,000,000)	(8,000,000)
Net cash flows used in financing activities		(9,000,000)	(8,000,000)
Net movement in cash and cash equivalents		754,610	219,980
Cash and cash equivalents at beginning of year		219,980	-
Cash and cash equivalents at end of year	7	974,590	219,980

The notes on pages 11 to 25 form an integral part of these financial statements.

1. General Notes

1.1 Basis of preparation

i. Statement of compliance

The financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) as adopted by the EU.

SB Lux Topco S.A.R.L. prepares the consolidated financial statements of the Group of which NGame N.V. forms part.

ii. Statutory information

NGame N.V. is a limited liability company and is incorporated in Curaçao having a registered address at Abraham de Veerstraat 9.

iii. Basis of measurement

The financial statements have been prepared under the historical cost convention.

iv. Functional and presentation currency

The financial statements are presented in Euro (€), which is the Company's functional currency and presentation currency.

v. Use of estimates and assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards adopted as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

vi. Critical judgements

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Director has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Significant increase in credit risk

Expected credit losses (ECL) are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 'Financial Instruments' does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Company takes into account qualitative and quantitative, reasonable and supportable, forward-looking information.

1. General Notes (continued)

1.1 Basis of preparation (continued)

vii. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below.

Calculation of loss allowance

When measuring ECL, the Company uses reasonable and supportable forward-looking information which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data assumptions and expectations of the future conditions.

Assets exposing the Company to credit risk are disclosed in notes 6 and 7.

1.2 Use of estimates and assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards adopted as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.3 Initial Application of IFRS

i. Initial application of International Financial Reporting Standards

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2022. Such amendments include:

- IFRS 17 'Insurance Contracts'
- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 – *Disclosure of accounting policies*.
- Amendments to IAS 12 'Income Taxes' – *Deferred Tax Related to Assets and Liabilities arising from a Single Transaction*.
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – *Definition of Accounting Estimates*.

1. General Notes (continued)**1.3 Initial Application of IFRS (continued)****i. Initial application of International Financial Reporting Standards (continued)**

- Amendments to IAS 12 'Income Taxes'— *International Tax Reform—Pillar Two Model Rules*

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

ii. International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

Standard, Amendment or Interpretation	Effective for Annual Periods on or After	EU Status
Amendments to IAS 1 'Presentation of Financial Statements' – <i>Classification of liabilities as current or non-current, Classification of liabilities as current or non-current – Deferral of effective date, Non-current Liabilities with Covenants</i>	1 January 2024	Endorsed
Amendments to IFRS 16 'Leases' – <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024	Endorsed
Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' – <i>Supplier finance arrangements</i>	1 January 2024	Endorsed

The Director does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

2. Material accounting policy information**2.1 Investment in subsidiary**

A subsidiary is an entity which is controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

An investment in a subsidiary is initially measured at cost. After initial recognition, an investment in subsidiary may be carried either under the cost method, that is at cost less any accumulated impairment losses or under the equity method.

After initial recognition the investment in subsidiary is carried under the cost method.

Under the cost method, the investment is measured at cost less accumulated impairment losses. Distributions received from the subsidiary are recognised as investment income in profit or loss when the Company's right to receive the dividend is established.

2. Material accounting policy information (continued)

2.2 Financial instruments

At 31 December 2023 and 31 December 2022 the carrying amounts of financial assets and financial liabilities classified within current assets and current liabilities respectively approximated their fair values due to the short term maturities of these assets and liabilities.

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for short term receivables and payables that do not have a significant financing component which are measured at transaction price.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Other transaction costs on financial instruments are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Classification and Measurement of Financial Assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the above, the Company may make irrevocable elections at initial recognition of financial assets:

- The presentation of subsequent changes in fair value of an equity investment in other comprehensive income, insofar as the equity investment is not held for trading and is not contingent consideration recognised by an acquirer in a business combination.
- The designation of debt investments meeting the amortised cost or FVTOCI criteria as measured at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch.

2. Material accounting policy information (continued)

2.2 Financial instruments (continued)

i. Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts excluding expected credit losses (ECL), through the expected life of the debt instrument to its gross carrying amount on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

ii. Debt instruments classified as at FVTOCI

FVTOCI debt instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount resulting from foreign exchange gains and losses, impairment gains and losses and interest income calculated using the effective interest method are recognised in profit or loss. These changes are the same as those for debt instruments classified at amortised cost. All other changes are recognised in other comprehensive income and are accumulated under the heading of the investments revaluation reserve. Upon derecognition, cumulative gains and losses are reclassified to profit or loss.

iii. Equity instruments classified as at FVTOCI

FVTOCI equity instruments are initially measured at fair value plus transaction costs. Subsequently, dividend income is recognised in profit or loss, unless it clearly represents a recovery of part of the cost of the investment. Dividend income is included under finance income. All other changes are recognised in other comprehensive income and are accumulated under the heading of the investments revaluation reserve. Upon derecognition, cumulative gains and losses are reclassified to retained earnings.

iv. Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

v. Impairment of financial assets

The Company recognises an impairment for debt instruments classified at amortised cost and FVTOCI. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The ECL on these financial assets are estimated using a provision matrix based on historical credit loss experience, adjusted for current and future (forecasted) conditions at the reporting date.

2. Material accounting policy information (continued)

2.2 Financial instruments (continued)

v. Impairment of financial assets (continued)

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. In other cases, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL expected to result from default events on a financial instrument possible within 12 months after the reporting date.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company considers both qualitative and quantitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

If a financial instrument has low credit risk, the Company assumes that the credit risk has not increased significantly since initial recognition. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations

The measurement of ECL is a function of the probability of default, loss given default and the exposure at default. The probability of default and the loss given default are assessed based on historical data adjusted by forward-looking information. The exposure at default is the asset's gross carrying amount at the reporting date.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount. In the case of debt instruments at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of Financial Assets

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the Company transfers the financial assets and substantially all risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset:

- In the case of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.
- In the case of a financial asset measured at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

2. Material accounting policy information (continued)

2.2 Financial instruments (continued)

v. Impairment of financial assets (continued)

- In the case of an equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is transferred to retained earnings.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and FVTOCI. For financial assets that have not become credit-impaired, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. Interest income is recognised in profit or loss

vi. Financial liabilities and equity

Classification as Debt or Equity

Debt or equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial Liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method, unless they are contingent consideration of an acquirer in a business combination, held-for-trading or designated as at FVTPL.

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

2.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2. Material accounting policy information (continued)

2.4 Revenue recognition

i. Gross Gaming Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer.

The Company earns revenue from gaming transactions. Revenue is recognised when the Company transfers the service to the customer, that is, the player. Revenue is measured by calculating the amount wagered by players minus the winnings returned to players and jackpot contribution.

Revenue includes the income generated as a result of the confiscation of player funds due to breach of the Company's terms and conditions. Income from confiscations is recognised at the point in time when players are identified to have been in breach of the terms and conditions.

ii. Interest income

Revenue is recognised as interest accrues (using the effective interest method). Interest income is included in finance revenue in the income statement.

2.5 Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates, referred to as the functional currency of the Company.

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

3. Revenue

	2023	2022
	EUR	EUR
Gross gaming revenue	11,688,666	26,837,351

4. Profit for the year

Profit before tax is stated after charging the following:

	2023	2022
	EUR	EUR
Audit fee	32,750	30,350
Loss on foreign exchange	165,170	476,896
Non-audit services	1,000	1,000

NGame N.V.**Notes to the Financial Statements (continued)****For the Year Ended 31 December 2023****5. Investment in subsidiary****5.1 Investments in subsidiary**

	2023	2022
	EUR	EUR
Opening balance	5,000	5,000
Disposal	(5,000)	-
Closing balance	-	5,000

Name	Registered Address	%	2023	2022
			EUR	EUR
NGame Services Limited	Avlonos, 1, Maria House, 1075, Nicosia, Cyprus	100	-	5,000

The Company held a 100% stake in NGame Services Limited. During the year under review, on the 25 October 2023, the Company disposed of its shareholding in NGame Services Limited at a consideration of €40,000 to the Company's shareholder. This yielded a gain on disposal amounting to €35,000 which is reported within the statement of comprehensive income.

5.2 Share capital and reserves of subsidiary

The share capital and reserves of the subsidiary at the balance sheet date stood as follows:

	2023	2022
	EUR	EUR
Ordinary shares	-	5,000
Retained earnings	-	5,293
	-	10,293

The subsidiary was disposed in 2023 as disclosed within note 5.1.

6. Trade and other receivables

	2023	2022
	EUR	EUR
Trade receivables	173,892	1,559,659
Amounts due from related parties	6,029,489	8,615,256
Expected credit loss	(384,828)	(151,331)
Prepayments	255,321	93,239
	6,073,874	10,116,823

6. Trade and other receivables (continued)

The balances held within trade receivables are due from related a related party for services rendered. Further information on the related party balances is included within note 10.

The terms and conditions of the amounts due from the related parties are as follows:

- Amounts receivable from NGame Services Limited, amounting to €1,999,845 (2022: €4,112,027), which is governed by a nominee agreement entered into between the parties on 15th September 2020. The balance is unsecured, interest free and repayable upon demand.
- Loan receivable from Super Bet Group of €4,000,000 to finance the day-to-day activities related to the main objects of the borrower, which balance is unsecured, bears interest at 2% per annum and is repayable by 31 December 2024. Accrued interest thereon amounts to €29,644.
- In 2022, the Company had a loan receivable from the former shareholder of the Company of €4,503,229, the purpose of which was to finance the day-to-day activities related to the main objects of the borrower. The balance was unsecured, interest free and repayable upon demand. The balance was repaid in full during 2023.

The expected credit losses relates to amounts due from related parties, whereas the trade receivables are also due from a related party on which the loss allowance is not deemed to be material.

Information about the impairment of trade receivables and the group's exposure to credit risk and foreign currency risk can be found within notes 12 below.

7. Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement are as follows:

	2023	2022
	EUR	EUR
Cash at bank and in hand	<u>974,590</u>	<u>219,980</u>

In determining the ECL for cash and cash equivalents, the Director of the Company has considered the perceived high credit quality of the financial institutions in question. The resulting ECL was deemed not material to be included in the financial statements.

Payment processor balances are held with the related party, NGame Services Limited, via a nominee agreement.

8. Share capital

8.1 Share capital

	2023	2022
	EUR	EUR
Authorised		
500 Ordinary Shares of USD 10 each	4,912	4,912
Issued and fully paid up		
500 Ordinary Shares of USD 10 each	4,912	4,912

8.2 Retained earnings

Retained earnings represent accumulated profits. Dividends declared and paid out of retained earnings during the year amounted to €5,000,000 (2022: €8,000,000).

9. Trade and other payables

	2023	2022
	EUR	EUR
Trade payables	772,298	1,288,697
Jackpot balance	150,242	124,768
Accruals	341,263	268,624
Player Liability	319,897	294,872
Amount due to related parties	702,146	13,750
Other payables	12,942	18,812
	<u>2,298,788</u>	<u>2,009,523</u>

Trade payables include amounts due to a related party amounting to €100,154 for services received. Further information on related party balances is included within Note 10.

Amounts due to related parties are considered to be unsecured, interest free and repayable upon demand.

10. Related party transactions

10.1 Related party relationships

The company is controlled by Montocelo Holdings Limited, a Company incorporated in Cyprus, with its registered address Naxou 4 Street, 1st floor, Office 101, 1070 Nicosia, Cyprus, which owns 100% of the Company's shares. The ultimate parent entity is SB Lux Topco S.a.r.l a company incorporated in Luxembourg. The ultimate controlling party of the group is Mr Sacha Dragic, an individual residing in Romania.

The Company has a related party relationship with its former shareholder, hereafter referred to as the related party.

SB Lux Topco S.A.R.L. prepares the consolidated financial statements of the Group of which NGame N.V. forms part.

10. Related party transactions (continued)**10.2 Related party transactions and balances**

	2023	2022
	EUR	EUR
Expenses paid for the Company by related party	343,446	123,805
Expenses paid by the related party/ former subsidiary on behalf of the Company	1,103,991	2,790,265
Services charged to related party	1,894,478	1,559,659
Payments received by related party/ former subsidiary on behalf of the Company	6,025,249	6,497,326
Payments made on behalf of the Company by related party/ former subsidiary	532,430	29,317,779
PSP deposits and withdrawals received by related party/ former subsidiary	10,555,042	21,958,337
PSP settlements made by the Company on behalf of the related party	-	192,334
PSP payments made by the Company on behalf of the related party	-	730,000
Deposits banked in the related party	1,777,468	9,220,925
Repayments made by related party	9,940,779	5,500,000
Dividends declared and paid	5,000,000	8,000,000
Services charged by related party	320,155	-
Repayments to related party	220,001	-

Related party balances are disclosed in notes 6 and 9.

11. Contingent liability

The Company does not operate in sanctioned jurisdictions or in jurisdictions where gambling is illegal or there is a clear requirement for a local license. The Company has a list of grey jurisdictions which it is constantly monitoring and takes actions based on developments. These grey jurisdictions are largely the same where other international operators offer their services. The Company may have exposure to VAT liabilities and gambling taxes arising on gaming operations arising from these jurisdictions but believe it is low risk and is not making any provision in the financial statements.

The entity is subject to a number of potential litigation claims that have arisen as part of the normal course of business. Provision has not been made against these claims as they are not considered likely to result in an economic outflow as such no obligations has been disclosed at the year end date. Consistent with any claims of this nature there can be uncertainty with the final outcome.

12. Financial risk management*Financial risk management*

The exposures to risk and the way risks arise, together with the Company's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below. The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Credit risk

Credit risk principally arises from trade and other receivables and cash and cash equivalents. The Company uses its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

12. Financial risk management (continued)

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any ECL.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below. The breakdown of the Company's credit risk exposures at the end of reporting periods is analysed as follows:

	2023	2022
	EUR	EUR
Financial assets measured at amortised cost		
Trade and other receivables (Note 6)	6,073,874	10,116,823
Cash and cash equivalents (Note 7)	974,590	219,980
	<u>7,048,464</u>	<u>10,336,803</u>

Risk management

Credit approvals and other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Company reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the Director of the Company considers that the Company's credit risk is significantly reduced.

Impairment of financial assets

The Company has two types of financial assets that are subject to the ECL model:

- Trade receivables and other receivables
- Cash and cash equivalents

Trade receivables

For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the ECL on these terms by using an estimate based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2023 or 1 January 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Irrecoverable debts consisting of amounts due from a related party, as at 31 December 2023, amounted to €368,782 (2022: €161,231). Trade receivables are declared irrecoverable when there is no foreseeable chance of recovery. Signs indicating such include a debtor's failure to enter a repayment agreement with the Company. Impairment losses on trade receivables are recorded as net impairment losses within operating profit. Any subsequent recoveries of previously written-off amounts are credited against the same line item.

Other receivables

While other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

12. Financial risk management (continued)

Cash and cash equivalents

For cash and cash equivalents, the Company normally considers these as low credit risk since funds are held with reliable financial institutions.

Liquidity risk

The Company monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments associated with financial instruments and by maintaining adequate banking facilities.

Liquidity exposure reflects the risk that the Company will have insufficient resources to meet its financial liabilities as they fall due. The Company is exposed to liquidity risk. In fact, the Company obtained funding from related parties to maintain liquidity. The Company's liabilities are disclosed in note 9.

	Carrying amount	Within one year	One to five years	Over five years
	EUR	EUR	EUR	EUR
31 December 2023				
Trade payables	1,276,745	1,495,015	-	-
Player liability	319,897	319,897	-	-
Amounts due to related parties	702,146	702,146	-	-
	<u>2,298,788</u>	<u>2,517,058</u>	<u>-</u>	<u>-</u>

	Carrying amount	Within one year	One to five years	Over five years
	EUR	EUR	EUR	EUR
31 December 2022				
Trade payables	1,700,901	1,700,901	-	-
Player liability	294,872	294,872	-	-
Amounts due to related parties	13,750	13,750	-	-
	<u>2,009,523</u>	<u>2,009,523</u>	<u>-</u>	<u>-</u>

Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposure. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities.

The Company is exposed to Canadian Dollar (CAD). The following table details the Company's sensitivity to a 10% increase and decrease in EUR against the relevant foreign currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

12. Financial risk management (continued)

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. If the relevant foreign currency strengthens or weakens by 10% against the functional currencies of the Company, profit or loss will increase/(decrease) by:

	2023	2022
	CAD	CAD
Cash and cash equivalents	602,970	319,585

If the relevant foreign currency strengthens or weakens by 10% against the functional currencies of the Company, the profit or loss will increase/(decrease) by:

	CAD impact 2023	CAD impact 2022
	EUR	EUR
10% strengthening		
Profit or loss	45,757	24,591
10% weakening		
Profit or loss	(37,437)	(20,120)

Capital risk management

The Company's objectives when managing capital are:

- to safeguard its ability to continue as a going concern; and
- to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The capital structure of the Company consists of items presented within equity in the statement of financial position. The Company's Director manages the Company's capital structure and makes adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the Director, the Company balances its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The Company's capital is disclosed within the statement of changes in equity.

The Company's overall strategy remains unchanged from the prior year.

13. Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's presentation. This reclassification arises from trade payables due to related parties and trade receivables due from related parties being presented with other amounts due to or due from related parties. Due to the nature of such amounts, these have been reclassified with trade payables and trade receivables respectively. There has been no impact on the net income after tax as a result of the reclassifications.